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Author(s): William H. Overholt

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THE RISE AND FALL OF FERDINAND MARCOS

William H. Overholt

Ferdinand Marcos became President of the Philippines in 1965 at a time when his country was viewed as one of the great models of Third World political and economic success.¹ His presidency coincided with a great Pacific Asian economic boom, the broadest-based rapid economic takeoff world history has yet seen, and with a similarly broad-based political consolidation throughout the region except for Indochina.² Marcos himself was widely acknowledged as one of the most brilliant lawyers and political leaders among a generation of great Asian leaders. When he proclaimed martial law in 1972, he pledged to imple-

William H. Overholt is Vice President, Economics Department, Bankers Trust Company, and editor of *Global Assessment*. The article does not reflect the views of the author's employer.

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1. This article is largely based on interviews I conducted on 15 research trips to the Philippines during the Marcos era. Formal publication of this research has previously been inhibited by the sensitive nature of much of the material. Detailed citation of interviews remains inhibited. I have, however, presented the central theses of the article regarding the deinstitutionalization of the Philippines under Marcos and the potentially catastrophic consequences in numerous forums, which should be acknowledged here: at various Hudson Institute meetings at the Pentagon during the late 1970s; an address at the University of the Philippines College of Public Administration on October 15, 1980; in internal Bankers Trust Company papers of March 1980, February 1981, September 1981, November 1982, and each subsequent year; most comprehensively at a joint meeting of the Asia Society and the Council on Foreign Relations in New York on April 12, 1982; in various issues of *Global Political Assessment*; in presentations at the Pentagon, the State Department, and the National Defense University in October 1983; at a State Department meeting in October 1984; and at a meeting at the National Defense University in August 1985. See also "Pressures and Policies: Prospects for Cory Aquino's Philippines," presented at the Washington Institute for Public Policy, April 1986, and scheduled for publication in a forthcoming volume edited by Carl Landé.

2. On the context of Pacific Basin economic takeoff, the policies that created that takeoff, the political and social concomitants of those policies, and the Philippines' failure to join the Pacific Basin system, see William H. Overholt, "Progress and Politics in Pacific Asia," *International Security*, Spring 1983, and "The Moderation of Politics," in James Morley, ed., *The Pacific Basin* (New York: Academy of Political Science, 1986), especially the latter.

ment the lessons of development learned by successful neighboring countries. Yet the confluence of all these auspicious circumstances was followed by national tragedy.

The Emergence of Martial Law

As soon as Manila's political, civil service, and military institutions were partially revitalized after World War II with the help of the United States, the government defeated the communist Hukbalahap insurgency; by 1967, there were fewer than 170 communist guerrillas in the country. From 1950 to 1965, the Philippines' average economic growth rates exceeded all of Southeast Asia, Taiwan, and South Korea, and, after the defeat of the Huks, the Philippines had no rival in the region other than Japan for political stability. During a period when the population was rising from 30 million to 40 million, Philippine democracy maintained peace with total armed forces (army, navy, air force, and constabulary) of only 60,000. Democracy in the Philippines seemed far more complete and deeply rooted than in India, Malaysia, Colombia, and Venezuela. The press was freer than elsewhere. Two parties regularly alternated in office. There were no political prisoners or other human rights abuses. The democratic parties had deep roots in nearly every village, and their patronage system integrated an extraordinary diversity of competing regional and ethnic groups.

Nonetheless, democracy could not cope with several vital problems. The U.S.-style judicial system, with an adversary process that emasculated the poor, and complex procedures that endlessly delayed decisions, could not cope with injustice and crime. Private weapons were more widespread than in any other country, and it was common for cars to be stopped and robbed in daylight on major streets. The democratic patronage system inhibited removal of corrupt and incompetent civil servants. Democracy directly inhibited measures designed to ameliorate some of the world's worst social inequality: a Congress of elected landlords dragged its feet in passing land reform legislation and then in funding it. A series of presidents who were landholders (including Ferdinand Marcos) initially refused to spend land reform funds. The landholders' lawyers defeated the valid claims of peasants, who could afford no lawyers, and exploited the complexity of U.S.-style court procedures to delay adverse judgments for a decade or more. Judgments were rendered by judges who were landlords and enforced by sheriffs and officials who were landlords.³

3. Marcos and his land reform minister, Conrado Estrella, relied heavily on these classic Marxist-sounding arguments, which are not valid for modern democracies but were entirely valid in the Philippines. They were formulated and brilliantly articulated for Marcos by former communist guerrilla leader Luis Taruc and liberal agrarian reform leader of the Fed-

Toward the end of the 1960s, moreover, Philippine economic growth slackened. Import substitution policies, which interest groups pressed upon Philippine legislators, no longer encouraged rapid growth. The Congress passed contradictory laws, and bureaucratic corruption and red tape prevented implementation of sound policies. The Philippines' neighbors, from Thailand and Malaysia in the south to South Korea in the north, instituted reforms, became stronger competitors, and achieved superior growth. The late 1960s also brought Vietnam-era student demonstrations and a mass movement for U.S. statehood in which millions of Filipino petitioners for statehood embarrassed Marcos and Philippine nationalists.

In this context, Marcos in the early 1970s faced a constitutional prohibition on running for a third term and the certainty that his life-long enemy, Benigno Aquino, would be elected as his successor. Marcos argued to close associates that the country's problems required drastic solutions. He initiated a two-year study of successful Asian martial law regimes. Leftist intellectual Adrian Cristobal, leftist leader Blas Ople, and others labored over a study of regimes that had successfully used authoritarian methods to impose reforms. Rightist defense chief Juan Ponce Enrile designed a detailed plan for martial law.

Marcos also initiated a constitutional convention, justified by nationalistic arguments about changing an unsuitable American-imposed constitution. A crucial argument at the constitutional convention concerned the duration of the interim period between the two constitutions, when the chief of state would have both the powers of the president under the old constitution and the powers of the prime minister under the new constitution. Marcos wanted this period to be indefinitely long, whereas a majority at the constitutional convention wished for a brief period. One by one, the delegates to the convention were summoned by intelligence chief General Ver, who reviewed with them their various failures to pay taxes, occasions on which their security guards had killed people under dubious circumstances, and other misdeeds which, according to the general, the judicial system would of course have to confront unless the delegates saw fit to serve their nation by voting appropriately on the duration of the interim period.

The results of this process foretold much of the future. Marcos won. General Ver ensured himself a top role. The cream of the national political elite proved extraordinarily vulnerable to personal pressures and frequently valid accusations of felony. The nation's political parties, which

eration of Free Farmers Jeremias Montemayor. See William H. Overholt, "Land Reform in the Philippines," *Asian Survey*, 16:5 (May 1976), for a summary of these issues based on a conference where Taruc and Montemayor were the most eloquent participants.

were almost exclusively instruments of patronage rather than principle, proved impotent at defending democracy when confronted by a brilliant manipulator of personal and family interests. A society riven by poverty, inequality, corruption, and crime, and accustomed to a view of democratic politics as mere conflict over patronage, proved utterly unwilling to defend democratic principles in the face of promised improvements in economic and social conditions.

With the new constitutional arrangements well advanced and the study completed, Marcos portrayed the Vietnam-era student demonstrations as evidence of a gigantic communist conspiracy and the stratagems of his political opponents as evidence of an equally threatening right-wing conspiracy. Government soldiers shot the empty white Mercedes Benz of Minister of Defense Enrile full of holes, and the government announced that communist guerrillas had attempted to assassinate the Defense Minister. Under orders, a sergeant from the Firearms and Explosives unit of the Philippine Constabulary blew up a series of minor power pylons and other targets around Manila, and the government announced that communist guerrillas were threatening the security of Manila itself. Using such threats to justify his policy, Marcos declared martial law in 1972.

In actuality, there were fewer than 800 communist guerrillas in the Philippines when Marcos declared martial law, according to interviews with the Chief of Staff of the Armed Forces of the Philippines. The Vietnam-era demonstrations were no more threatening to the stability of the government of the Philippines than to many other governments. The threat from the right, which Marcos portrayed in equally dire terms, was just as remote. And these facts were widely understood. But the bulk of the population supported Marcos, and the U.S. government acquiesced in Marcos's declaration of martial law, out of a broad consensus on the need for social and economic reforms that the democratic government of the Philippines had been unwilling to carry out.

Marcos proceeded to implement reforms seemingly modeled on those that had produced relatively broad and stable public support for authoritarian regimes in other Pacific Asian countries. He improved public security by prohibiting demonstrations and strikes and by confiscating tens of thousands of weapons, and introduced summary procedures to cope with street crime and other crime. The diminution of fear in the streets was palpable. He rationalized key parts of the bureaucracy, trumpeted the elimination of congressional corruption, and appointed to high office or strengthened the powers of a group of world-class technocrats such as Alejandro Melchor, Vicente Paterno, and Cesar Virata. These men inspired confidence on the part of foreign governments and attracted the support of

international banks. Virata was subsequently elected the world's outstanding finance minister by vote of a group of senior international bankers.

Marcos introduced a series of wide-ranging reforms aimed at enhancing economic growth and social equality. He made huge investments to expand the nation's infrastructure. He improved the laws on taxation and investment, reorganized the management of foreign investment rules, and promised to attract foreign investments and promote exports rather than persisting with import substitution. He initiated projects and policies that attracted the strong support of the World Bank. He quickly implemented more land reform than had occurred in all 25 years of democratic rule. Associated agrarian reforms, including roads, subsidized credit for farmers, rural electrification, and irrigation led to a boom in rice production and to near self-sufficiency in rice by 1976. Dissidents nearly disappeared from Central Luzon, hitherto the country's hotbed of both religious and communist uprisings. Through various means, Marcos destroyed most of the old landed oligarchy that had dominated Philippine economic and social life since Spanish times. Marcos also reduced the Philippines' traditional discrimination against its Chinese minority by providing them greatly increased access to formal citizenship and to participation in sectors of the economy formerly closed to them.

To provide the Philippines with analogues of South Korea's Hyundai, Daewoo, and Samsung, Marcos sponsored the formation of a group of large conglomerates run by trusted associates. In the early 1970s, the most notable was the Construction and Development Corporation of the Philippines (CDCP). For the entire democratic period, the Philippines had been plagued by poor roads that had been constructed with adulterated cement and thus were largely washed away every rainy season. When martial law began, Marcos's aide Alejandro Melchor fostered a consortium of construction companies, subsequently named CDCP, and told them to complete the Manila-Baguio road on their own, with the possibility of becoming wealthy from tolls if they did it properly and the prospect of severe retribution if they did not. This project, and many similar ones, quickly improved the transportation and irrigation systems. CDCP gradually acquired a \$600 million portfolio of overseas contracts and did widely admired work even on such difficult projects as the renovation of Indonesia's ancient Borobudur Temple.

Even more quickly than in South Korea and Taiwan, the Marcos reforms expanded the regime's political support. The growth rate under martial law appeared impressive and attracted support from foreign financial institutions and some domestic businessmen. The land reforms, rural infrastructure programs, and destruction of much of the landed oligarchy, along with massive credit subsidies, attracted the support of farmers. The

appearance of roads built with real cement attracted the enthusiasm of the middle class. The improvement of law and order attracted the approbation of nearly everyone. Apparently decisive moves to deal with crime, corruption, and security problems attracted the support of many generals, and Marcos exiled to ambassadorships all the powerful generals who opposed martial law. The political left came strongly to the support of Marcos. Blas Ople, formerly a leftist labor leader, became Minister of Labor. Adrian Cristobal, formerly a leftist intellectual and bookshop owner, became head of the Social Security System, a principal speech writer for President and Mrs. Marcos, and the President's official spokesman. Luis Taruc, formerly Supremo of the Hukbalahap communist guerrillas, became a land reform organizer for Marcos and a principal spokesman for the Marcos land reforms. Jeremias Montemayor, head of the reformist Federation of Free Farmers, became the single most eloquent advocate of the martial law regime. The financial elite and the Chinese community supported Marcos because of reforms favorable to them. All of this occurred in the context of dramatic improvements in the cleanliness and attractiveness of Manila inspired by Mrs. Marcos.

There was opposition, of course. Democratic politicians, the press, and supporters of democracy in the universities, the Catholic Church, and significant parts of the middle class demanded a return to democracy and an end to political arrests and military courts. A Christian-Muslim conflict, which had simmered for generations in the southern Philippines, exploded into a revolt of 10,000 Muslim guerrillas when the largely Christian military sought to implement the national policy of collecting firearms. To ensure military acquiescence, Marcos had to exile the country's leading military officers, including the immensely respected General Iieto, who became ambassador to Iran and later Thailand. Most businessmen other than those close to Marcos adopted a "wait and see" attitude, appreciative of real and promised reforms, but cautious regarding ultimate implementation.

Thus, the vast majority of Philippine society strongly supported Marcos. Most of the rest acquiesced in his reforms. Most people were convinced that Philippine democracy could not in any case long survive the perpetuation of crime, inequality, poverty, and incoherent economic policy. Marcos dealt ruthlessly and decisively with the senior democratic politicians and generals who represented the only serious elite opposition to martial law. Opposition by the senior generals was in any case inhibited by a strong tradition of respect for civil authority and by their own abhorrence of the social disorder and corruption that Marcos promised to abolish. Opposition by the democratic political elite was muted by the patronage orientation of so much of that elite and by the vulnerability of

an overwhelming proportion of them to blackmail. Both at home and abroad, human rights protests were muted by the reassurance that “Martial Law Philippine Style” was accomplishing needed reforms with a much lighter touch than had been used in South Korea and elsewhere.

Post-1975 Deterioration

The Economy: The progress of reform and the expectation of further reforms, and subsequently of further successes on the models of Singapore and South Korea, persisted through 1975. After 1975, the reform drive stagnated, and even reversed. As Adrian Cristobal said to me in an interview, “It was like an old lady taking off her girdle. Everything just fell out.”

Land reform became bogged down in corruption and red tape. The Ministry of Agrarian Reform announced that growing numbers of Certificates of Land Transfer were being issued; it failed to mention that, after being issued, they were stored in a safe at the Ministry rather than being given to tenants. Only 10% of tenants made payments on the government loans they received to purchase their land. Hence, despite enormous early land reform efforts and successful investments in rural credit and rural infrastructure, reforms slowed and the problem of rural land ownership was deferred to the indefinite future. Gradually, peasants began selling their land back to the landlords illegally. Many Marcos cronies, including General Ver, became wealthy by accumulating supposedly land-reformed land for their own crops or fishponds.

The old landed oligarchy that Marcos had destroyed was quickly replaced by a new oligarchy composed of gigantic business conglomerates run by the President’s cronies. Instead of promoting employment by focusing investment on labor-intensive industries, the Marcos regime focused on nuclear power, steel, aluminum, copper, and other capital-intensive industries, known as the eleven major industrial projects. With these developments, all hope for a reduction of the country’s crushing unemployment and for a more egalitarian social structure disappeared. The eleven projects were justified by the rhetoric of nationalism and dependency theory: the Marcos regime would relieve the oppressed Filipino people of their excessive dependence on imperialist Western corporations. Much of the liberal academic and media elite believed these arguments. The business community understood the real reasons: these huge projects, utterly unsuited for the nation’s skills and comparative advantages, permitted equally huge foreign borrowings, and much of the foreign borrowing could be siphoned off to Swiss bank accounts. Marcos had substituted a ruthless elite for a merely inefficient one.

Likewise, policies to promote greater efficiency and growth stagnated. Administrative reform never proceeded beyond the top. The ministers were frequently world-class managers, but underneath them there remained a morass of corruption and incompetence. Key technocrats lost jobs or confidence: Melchor was fired; Paterno eventually quit; Virata began his decade-long, Hamlet-like contemplation of a move to Washington. Instead of forcing the favored industrial groups to become more competitive and efficient by gradually increasing domestic and international competition, Marcos decreed an endless series of measures to protect his friends' conglomerates from domestic and foreign competition. CDCP became a bloated, subsidized organ of patronage. Using leftist slogans about avoiding dependency on exploitative multinational corporations, the regime created vast monopolies that squeezed the Philippine poor to the physical limit and destroyed the Philippines' system of independent entrepreneurship. Industry eventually became an incredible gridlock of monopolies. Red meat, aluminum, paper, and even videocassettes (a monopoly created especially for the President's son-in-law) became monopolies or near-monopolies enforced by presidential decrees and by special action of the tax authorities, the customs authorities, the licensing authorities, and numerous other agencies of government.

Using similar leftist and nationalistic slogans about replacing exploitative foreigners and corrupt Chinese intermediaries and improving the welfare of poor farmers, the regime created monopolies for the sugar and coconut industries. These monopolies taxed the farmer for benefits that he would never receive, increased the difference between what the farmer received and what the world market paid for his crop, and successfully siphoned off a large proportion of farmers' incomes into the hands of Marcos's cronies. Even as the regime published its denunciations of exploitation by multinational commodity firms, Marcos issued decrees that forced companies like Lever Brothers and Proctor & Gamble out of coconut products markets, where they were paying market prices to farmers, and enforced a monopoly run by his friend Eduardo Cojuangco, who paid half the world market price. The farmers' funds were used to fund three banks, which were then employed to transform the ownership of much of the Philippine economy into a small group of gigantic conglomerates. The sugar-based conglomerate expanded to include a major newspaper, radio and television stations, shipping, bus lines, automobile repair shops, and a host of other industries. The ruthless means by which this was accomplished quickly denuded the center of the country, the Visayas, of much of its middle class. The coconut conglomerate was even more far-reaching. The siphoning off of a large proportion of farmers' incomes decreased stan-

dards of living and prevented modernization of these industries in the face of foreign competition.

Improvements in certain kinds of infrastructure were offset by key lapses. The power industry greatly reduced planning and investment for the future. Eventually this created a massive shortage of capacity and spare parts and left much of the Philippines, including Manila, to experience almost daily power failures. Enraged at the efforts of an American telephone company to comply with U.S. anti-corruption laws, the regime turned instead to vastly inferior European equipment, thereby worsening the unreliability of the national telephone system for the ensuing decade.

Despite impressive paper revisions of the foreign investment laws, red tape and corruption continued to hamper foreign investment. Whereas foreign investment expanded enormously in Pacific Asia during the Marcos years, and although the Philippines had previously been a focus of foreign investment in Pacific Asia, during the Marcos years the Philippines became the least favored site for foreign investment among the market-oriented economies of Pacific Asia.⁴ Foreign investment incentives were offset by dozens of presidential decrees and restrictive practices that created monopolies and near-monopolies in nearly every imaginable corner of the economy. Export promotion policies, including the creation of export processing zones of the kind that have been so successful in Taiwan, South Korea, and elsewhere, could not overcome the flood of protectionist decrees. Despite export-promotion rhetoric and individual export promotion measures, Marcos's policies on balance inhibited exports. Tariff reductions that should have reduced exporters' machinery and material costs were outweighed by quotas, licenses, customs practices, and tax harassment. Currency overvaluation penalized exporters. Export taxes were imposed. Efficient producers with export potential were driven out of business to protect inefficient friends of the President with no export potential. Multibillion dollar corruption constituted a prohibitive tax that fell disproportionately on importers (thereby raising exporters' input costs), exporters, and foreign investors.⁵ In consequence, by the late

4. For detailed data, see Overholt, "Pressures and Policies: Prospects for Cory Aquino's Philippines."

5. Most commentators, as opposed to businessmen who made their decisions based on comprehensive reviews of costs and benefits, have accepted Marcos's rhetoric at face value or looked at export promotion programs without studying the offsetting decisions. Among the few who had a broader view are Raul Fabella, "Rhetoric and Reality in Export Promotion," *Business Day*, August 25, 1986, which cites some systematic studies, and Gustav Ranis, testimony to Subcommittee on Asia and Pacific Affairs, U.S. House of Representatives, Washington, D.C., September 20, 1984.

1970s, growth rates were well below the disappointing growth rates of the late democratic period.

Meanwhile, the regime began accumulating a huge debt. The emphasis on capital intensive projects contributed greatly to this debt. Other contributors were massive expenditures on hotels, showcase cultural projects, and expensive international assemblages, ironically including an annual meeting of the International Monetary Fund where every delegate was assigned a brand new Mercedes Benz that was sold as a used car after the meeting. Above all, a nearly complete substitution of foreign borrowing for domestic investment ensured the rapid accumulation of foreign debt.

The net effect of these policies on the economy can be summarized in a single figure: the incremental capital-output ratio. In order to raise annual national output by one dollar, the typical Pacific Asian country had to invest two dollars. Indonesia, hobbled by inefficiency and corruption, spent four dollars. India, with worse inefficiency and corruption, has recently been spending six dollars. The Philippines in the early 1980s was spending nine dollars.

Politics: Political trends followed economic trends. Marcos had initially reduced disorder and created a broad coalition of left and right. Such coalitions come in three varieties. In India during the Janata period, the broad governing coalition represented pure electoral opportunism and quickly fell apart. In Pacific Asian countries like Taiwan, Singapore, and South Korea, a broad coalition sternly implemented reforms that created strong institutions, increased economic competition, improved income distribution, and focused the economy on serving international markets; by doing so, they created rapid and egalitarian growth, followed by substantial political consolidation. In Spanish America, the leftist rhetoric of anti-imperialism and dependency theory has been used to justify import substitution policies abroad and statist, monopolistic economies at home, which protect the interests of entrenched inefficient industries and landed oligarchies. The elite keeps national institutions weak and therefore pliable. The result is stagnation rather than competition, accumulation of debt rather than foreign and domestic investment, huge unemployment, and rising social inequality. This Spanish American pattern leads to bankruptcy, unrest, and political turmoil. Marcos promised the Pacific Asian program, but delivered the Spanish American syndrome. His nation suffered the familiar consequences.

Crime began to rebound. Initially street robberies in broad daylight had been suppressed. But then quiet burglaries gradually increased until they completely offset the decline in street robberies. Then street robberies began to increase also. The 167 communist guerrillas in 1967 became 800 in

1972, a small guerrilla presence in four key regions of the country by 1975, and five to ten thousand guerrillas by 1980. This rise was offset temporarily by increasing successes in dealing with Muslim guerrillas, but gradually Muslim discontent and the collapse of the coconut industry gave the communists an opportunity to create organized guerrilla units in Muslim areas, supplanting tribal dissidence with modern guerrilla warfare. Businessmen, the middle class, and certain groups of farmers became gradually more concerned that the regime was not promoting their interests.

The defunct democratic patronage system no longer ameliorated strong conflicts among ethnic and regional groups, so regional antagonisms surfaced with a vengeance. The Marcos regime invested funds heavily in the Ilocos provinces from which the president's family derived. It also invested quite heavily in Manila, as Mrs. Marcos promoted beautification; in central Luzon for strategic reasons; and in Mindanao to combat the guerrillas. But other regions were systematically starved and exploited. The Visayas, home of Marcos's former rival, Vice President Lopez, and of major political competitor Osmena, were neglected by the regime and ruthlessly exploited by the sugar monopoly; many areas of the Visayas looked physically worse in 1983 than they had twenty years earlier, a rare occurrence in rapidly developing Pacific Asia. The provinces and regions of other political competitors were also systematically starved. Batangas Province, home of opposition political leader Salvador Laurel, had to watch its roads decay almost beyond the possibility of economic use. Marcos's early problem with the Muslims developed in microcosm in many other parts of the Philippines.

By the mid-1970s, an inexorable decline in military performance had become apparent. Martial law had begun with the sidetracking of the nation's most able officers. It had begun with the shift from a competent, culturally sensitive, small unit, intelligence-oriented strategy of dealing with guerrillas, a strategy that had been totally successful against communists and Muslims alike, to a strategy of using massed heavy artillery against tribal guerrilla groups in the southern Philippines. This strategy was totally ineffectual and was deplored by the U.S. army attaché at the time as "nothing more than competitive ejaculation," and it produced huge numbers of refugees.⁶ Just at the time when Marcos had weakened the military's senior leadership, the war with the Muslims chewed up the central core of the armed forces, the lieutenants and sergeants. So many junior officers were lost that the Philippine Military Academy for several

6. This new strategy and its consequences were noted in William H. Overholt, "Martial Law, Revolution and Democracy in the Philippines," *Southeast Asia Quarterly*, 2:2 (Spring 1973).

years graduated classes early to replace the casualties. To augment his political power, Marcos installed blood relatives or *compadres* in all the most sensitive commands, placed Ilocanos in most senior jobs, instituted a logistics system that controlled all supplies from Malacanang at the cost of crippling local commanders' initiative, and despite the warfare against Muslims and later the communists, kept the most effective units in the Manila area for political advantage. By the end of the decade, the Philippine military was no longer an effective fighting force.

The latter 1970s saw the establishment of a unit inside Malacanang Palace to direct assassinations and the emergence of a squad of soldiers, nicknamed the Monkees, who had a wide-ranging license to kill during their operations in the southern Philippines. Soon the Monkees were matched by a communist New Peoples Army team, the Sparrows, with a similar license to kill. Martial law, Philippine style, was by now far more brutal and arbitrary than its South Korean counterpart.

The Roots of Failure

Thus, by 1976, the Philippine program of authoritarian reform had begun to fail despite its rhetorical similarity to the extraordinarily successful programs in Singapore, South Korea, Taiwan, and elsewhere. While authoritarian reform governments in South Korea, Taiwan, and Singapore (and even Indonesia to some extent) were moving to create strong military, government, and business institutions, the Marcos regime was systematically destroying them. Under Marcos's martial law, there was no vice president, and therefore no orderly succession, because Marcos cared less about orderly succession than about avoiding competition for his job. An executive committee set up in 1981 was simply an excuse for not having a successor. In the President's absence, his wife chaired the cabinet—not because of her government positions, but because she was his wife. Imelda Marcos controlled public and private funds equal to 50% of the total government budget, with little accountability. As Minister of Human Settlements, she possessed the right to seize any urban property without recourse.

In the business community, competitiveness and efficiency were replaced as criteria of success by access to the personal patronage of the President. After nine successive, self-serving constitutional revisions, the constitution had lost all institutional force. In a characteristic justification for destroying the institution of law, Supreme Court Justice Barredo declared that the country must move beyond the rule of law to the rule of justice. In the military, an extremely competent, professional, and successful military of 60,000 men had been replaced by a corrupt, incompetent organization of

more than 200,000 in which all the senior generals were Ilocanos and all key promotions were based on political patronage.

Thus, while Park Chung Hee, Lee Kwan Yew, and their counterparts in successful authoritarian regimes elsewhere were above all institution builders, Marcos was above all an institution destroyer. When a Park Chung Hee or a Lee Kwan Yew passes from the scene, one knows in advance the future shape of the society. The military will retain the same shape and will be run on the same principles. Businesses will retain their basic structure, ownership, and competitive relations. The laws will change only by orderly processes. By creating these institutions, such leaders created skeletons for their society and thereby endowed their societies with form, continuity, predictability, and confidence. Marcos took over a society with far more highly developed governmental, business, and military institutions than those that existed anywhere else in developing Asia, with the possible exception of Malaysia. But, by crippling the institutions and turning them into instruments of patronage, he deprived Philippine society of its skeleton. The Marcos policy of deinstitutionalization cast into doubt the future forms of business ownership, economic structure, military leadership, civil management, and law. (Indeed, because of the degree to which Marcos associates had accumulated control of every source of wealth and power, no successor regime could hope to survive without sudden, sweeping changes of ownership, structure, and rules). Recognition of the resulting uncertainty by the business community compounded the economic rigor mortis and decay promoted by Marcos's economic policies.

The Crisis of 1981

This across-the-board deterioration after 1975 so weakened the economy that a cyclical world downturn in 1981 led to a broad political-economic crisis, based on the collapse of the coconut oil market, a financial crisis, a new constitution, a new election, political polarization, wide-ranging military misbehavior, and deterioration of President Marcos's health. While few recognized at the time the seriousness of the crisis, it foreshadowed the successive national "heart attacks" of 1983 and 1986.

Economic downturn: In a world environment of slow growth, high interest rates, and low commodity prices, the Philippines—whose exports depended heavily on coconuts, sugar, and copper—suffered a 42% deterioration of its terms of trade, far more than its ASEAN neighbors. Later, the deterioration became still worse. But the consequences were nonetheless disproportionate.

In an environment of generally weak commodity prices, the new National Coconut Authority, noting that the Philippines possessed over 60%

of the world coconut oil market, believed it had a one-country cartel (nicknamed COCOPEC, mimicking the oil cartel) and raised prices drastically. This occurred at a time of maturing investments in palm oil elsewhere, notably in Malaysia and West Africa, and consumers easily switched from coconut oil to palm oil. The subsequent collapse affected 16 million Filipinos, a third of the nation.

The Philippine financial system was sufficiently fragile that the departure of Chinese businessman Dewey Dee with 635 million pesos created a domino effect. Most of the leading Marcos-associated manufacturing firms (most notably CDCP, Herdis Group, Disini Group, Silverio Group) suffered financial crises, leading to an emergency five billion peso bailout program by the government. Bancom had to be rescued, and Philfinance, the country's leading brokerage house, with one billion pesos in assets, suffered a run from which it could not recover. Consolidated Mines went under, and Marinduque Mining experienced a crisis. Leading textile and auto distributing firms failed. Major banks had to be consolidated. (The Benedicto, Cojuangco, Florendo, and Romualdez business empires remained intact). The root causes of the crises were Central Bank mismanagement and corruption; overborrowing by manufacturing and construction firms which salted away high proportions of the borrowed, government-guaranteed funds in foreign accounts; underbidding by major firms which later had difficulty delivering; the inefficiency of gigantic monopolies; loss of political confidence; and a series of interlocking management and financial arrangements that rapidly turned a localized problem into a chain reaction. The foundering of large firms with government guarantees soon made the government the new owner of 230 firms. Henceforth, government budgets were grotesquely unbalanced by the cost of subsidizing these firms.

Once again, deinstitutionalization was the ultimate cause of the crisis. South Korea also experienced wrenching economic adjustments: oil price rises, recessions, global debt crisis. South Korea in the early 1980s experienced several scandals more than ten times the size of Dewey Dee's. But South Korea's effective institutions absorbed these shocks and adjustments with aplomb.

Lifting of martial law: Responding to rising pressures, Marcos lifted martial law in January 1981. One of the most important pressures proved a bellwether of the future: an upper middle class business group, led by the editor of *Business Day* (the local *Wall Street Journal*) launched the Light-a-Fire movement, fire-bombing buildings as a protest against the regime. While Marcos retained most of the apparatus of martial law, there was significant liberalization. Rule by decree dwindled (although for some

time decrees were backdated). Somewhat greater press freedom and political organization was permitted. In August, the right to strike was returned, subject to revocation if the government declared national security to be involved.

A new constitution, the ninth revision of the Philippine constitution under Marcos, was approved by a plebiscite in April with the usual irregularities. Its highly centralized, French-style governmental structure was quite appropriate to Philippine conditions. Although there were some peculiarities (no vice president in order to avoid creating a competitor, a minimum age of 50 for the president in order to eliminate Benigno Aquino from running), its basic structure was quite sound. The flaw was that nobody, including the elite around Marcos, viewed it as anything more than the latest tool for implementing the personal wishes of the current President. The context of deinstitutionalization deprived the document of all force and legitimacy.

Following the constitutional plebiscite, Marcos held a presidential election in June 1981, but he allowed the opposition only 28 days to organize and campaign, restricted opposition access to the media, refused a new registration of voters, and carefully controlled the Commission on Elections. Only two governorships in the country went to opposition groups. The democratic forces joined with the leftist and communist forces for the first time ever in a united front to boycott the election. But the boycott, and the success of Marcos in coercing 62% of the population to vote (of which 14% spoiled their ballots), convinced most Filipinos that the democratic opposition was impotent. In the conservative elite, this was regarded as decisive evidence that, whatever they thought about the President personally, only Marcos was capable of governing. But conversely it convinced many former members of the democratic opposition that only violence could depose the dictator and thereby pushed them into cooperation with the New People's Army. One former close Marcos associate estimated that 25% of those who had supported his own election were now collaborating with the communists. Thus, Marcos's political reforms and termination of martial law, and the democratic politicians' decision to boycott the election, severely polarized Philippine society. The old democratic politicians, previously a frail force, now became a negligible force.

Outside Manila, the most significant social development aside from the coconut collapse was widespread military brutality. As a large-scale phenomenon, this was new on the Philippine scene. Assassinations and disappearances actually declined in most of the country, except in very remote areas and in Mindanao, where the Monkees killed at will. But everyone from farmers to pro-Marcos members of the National Assembly to active

generals agreed that widespread beatings of suspects and casual abuse of property became a potent force of recruitment for the radical opposition. General Ver was appointed Armed Forces Chief of Staff, edging out the West Point-trained, honest, professional General Ramos. Subsequently, Marcos and Ver gradually gutted the Constabulary, which Ramos ran, and throughout the armed forces sidetracked the careers of professional and pro-Ramos officers.

It became known that Marcos suffered from lupus erythematosus, which affected his kidneys, and this worsened business fears. While most businessmen by now disliked the regime, in the absence of stable institutions they were terrified of a post-Marcos upheaval, so business confidence deteriorated.

Economic hardship, military brutality, and the impotence of the democratic center strengthened the radical left. The communist-supported National Democratic Front acquired massive support from students, large segments of the middle class, human rights groups, teachers, dispossessed businessmen, and respected Catholic and Protestant clergymen (including two bishops). The communist New People's Army, once confined to four limited areas, became influential in Cagayan, Samar, southern Leyte, Bataan, Laguna, western Pangasinan, Bicol, Panay, southern Negros Oriental, and five provinces of Mindanao. Whereas the old communist guerrilla movements could be decapitated and defeated by the capture of a few charismatic peasant leaders, the new version had leadership in depth, with impressive professional qualifications. The former leader in Samar, Morales, had been Deputy Director of the Development Academy of the Philippines. Another was a leading Jesuit, a medical doctor, and former dean of a prestigious university. Many NPA leaders had advanced U.S. degrees and senior business experience. The NPA may have developed the most highly educated leadership in the history of guerrilla warfare.

The financial crisis triggered by Dewey Dee brought nearer to the surface rising resentments of the role of the Chinese in the Philippine economy. While Marcos's pro-Chinese reforms were good in human terms and good for the economy, Marcos had ensured ethnic tension by making the Chinese community a major political and economic partner of his resented regime. Nine of the ten leading Philippine banks were under Chinese control by 1981. Kidnappings of Chinese businessmen became frequent. A leading bank prepared a paper on the role of the Chinese in the economy, and a leaked version was circulated around Manila. Expressions of anti-Chinese sentiment reached the highest point in a generation—although they never approached the level that is common in Indonesia in the best of times.

Both the left and the right found it useful to blame the U.S. for many of their problems. The left said the U.S. had imposed Marcos. The right blamed Marcos's problems on the legacy of Carter's human rights policy. New U.S. Vice President George Bush consolidated the left's case when he toasted Marcos, "We love your adherence to democratic principles and practices." This foreshadowed diplomatic difficulties later in the decade.

The simultaneous occurrence of all these problems constituted a major crisis in the regime, although both the Philippine government and the U.S. government refused to recognize it at the time. (The U.S. Embassy emphatically rejected reports of the spread of suffering and of NPA organization.) Nonetheless, the Philippine government's crisis response was coherent, decisive, and tactically effective. Virata and the economic managers competently contained the financial crisis. Marcos's imaginative political moves contained the political crisis. But, once the national heart attack was over, the buildup of social arteriosclerosis continued: the financial situation deteriorated steadily, political support eroded steadily, communist guerrilla organization proceeded, and Marcos's health slowly worsened.

The Crisis of 1983

By the beginning of 1983 the Philippine economy was weak, its finances perilous, and its political support nearly gone. The government was running huge deficits in order to finance the bankrupt companies of cronies. Privately and publicly, in such organizations as the Makati Business Club, businessmen were actively expressing their dissent, and a leading group prepared a paper systematically and overtly challenging government policies. The Catholic Church decided in the spring to initiate publication of two newspapers designed to spread truths the government was attempting to suppress. These developments signified the shift of the center of the business community and the Catholic hierarchy from passive discontent to active opposition. The core of the Philippine elite now actively opposed Marcos.

Financial developments paralleled political developments. By the autumn of 1982, at least one major U.S. bank had warned the Philippine Central Bank that immediate rescheduling was required to avoid an economic tragedy. Awareness of looming crisis had led the Central Bank to begin massive falsification of its reserve and current account statistics. Official reserves declined by \$1.4 billion between December 1982 and July 1983, the month before Benigno Aquino was assassinated, and another \$0.2 billion in August–September. In April–May 1983, months before the assassination, Development Bank of the Philippines Governor Melchor

and Prime Minister Virata successively visited Prime Minister Nakasone of Japan to say that the Philippine financial situation was hopeless without a Japanese bailout. The "errors and omissions" row of the balance of payments, the best single indicator of capital flight, hit \$1.9 billion in 1981 and \$1.2 billion in 1982. During the second week of August, President Marcos experienced a health crisis and announced that he would take a three-week vacation to finish writing several books. That announcement triggered a spasm of capital flight.⁷ Because these developments had proceeded so far, the assassination of Senator Aquino could cause very little additional capital flight and hastened the country's debt moratorium by at most a few weeks.

Along with the political and financial crisis, there was a further problem that went critical in 1983—a moral crisis. It is common in the Third World for leaders to enrich themselves, and most Third World populations, including Filipinos, take a good deal of this for granted. The family of President Suharto in neighboring Indonesia has become exceeding wealthy, but despite considerable sensitivities surrounding the issue, Indonesians know about this and tolerate it as long as the Suharto regime is clearly contributing to the building of Indonesia. By early 1983 it had become clear to both governments that Indonesia, because of falling oil prices, and the Philippines, because of mismanagement, faced a potential financial crisis. President Suharto immediately curtailed billions of dollars of projects, mostly run by his family and friends, and imposed on them a reign of austerity that averted an Indonesian financial crisis when OPEC counterparts like Mexico were going under. Marcos's reaction was exactly the opposite. Imelda Marcos went on a wild spending spree, making sure that a great deal of money was moved out while there was still opportunity. This accelerated and deepened the Philippine crisis. Knowledge of her behavior served to confirm that the regime was morally bankrupt.⁸ The assassination transformed moral indignation into political action.

7. See Rigoberto D. Tiglao, "RP Foreign Reserves Worsening Even Before Aquino Murder?," *Business Day*, August 21, 1984. The point about the second week in August is based on interviews with senior Filipino bankers conducted during that week. Errors and omissions numbers provided by the Institute of International Finance. Official Philippine publications tried to bury or disguise these numbers.

8. Although the sensational press reports of the Marcos's holdings did not appear until more than two years later, initially in a California newspaper, knowledge of Mrs. Marcos's acquisitions was almost universal among the Philippine elite because of her unique need to boast. Immediately after acquiring huge pieces of New York real estate in 1983, she called Senator Aquino, as both she and her husband frequently did, and boasted about her new purchases. Senator Aquino informed me, key friends, and some officials in Washington, including the Philippine desk of the State Department.

The emerging financial crisis, the shift of business and the Church into active opposition, and advance knowledge of Marcos's emerging health crisis persuaded the Philippines' principal exiled opposition leader, Senator Benigno S. Aquino, Jr., to return home.⁹ Aquino's role in the Philippine opposition was unique. Part of this was personal charisma. He had left college to be the youngest correspondent in the Korean War. He had parachuted into the battle of Dienbienphu to report on the collapse of France in Vietnam. He had negotiated the surrender of the Filipino communist leader Taruc. He was the youngest governor and the youngest senator in Philippine history. As an orator he was greater even than the young Marcos.

But Aquino's political attraction was stronger than personality. The Philippine public had repudiated the older democratic politicians as corrupt, self-seeking, interested only in patronage, and, against Marcos, utterly ineffectual. Aquino was different. While he spoke sweetly of democracy and human rights, in actions he was a tough guy, regarded by friends as far tougher and more ruthless than Marcos. One didn't accuse Aquino of being ineffectual. Second, and more important, he had a program, and a sense of mission. Aquino often held a listener spellbound while he described the poverty of South Korea when he had been a correspondent there and discoursed on how rich and successful at exporting the Philippines had then been by comparison with Korea. He was deeply impressed by South Korea's extraordinary success at building the economy, stimulating exports, distributing the wealth equitably. Aquino greatly admired President Park. He wanted to be the Philippines' Park Chung Hee. He believed that similar programs could have similar benefits for the Philippines. He was both more of a socialist and more of a capitalist than Marcos. He loved democracy and articulated democratic principles more eloquently than any other modern political leader, but he spoke to me and to Guy Pauker in 1982 of his need for "three years of full power" to implement his program without constraints.

Aquino, in short, was offering the Philippines the Pacific Asian development model. He was offering what Marcos had offered, and what most Filipinos had been enthusiastic to accept, but what Marcos had failed to deliver. And he was recognized as tough enough and, at least by the time

9. Senator Aquino spelled out this rationale for his timing in a four-hour interview with me in Newton, Massachusetts, during June 1983. He said Marcos might kill him, but, if so, the murder would stimulate a revolution as the murder of Chamorro did in Nicaragua. In this case, Aquino believed, "I would play a larger role in Philippine history than I ever could alive." But he believed Marcos was smart enough to understand this and therefore would not kill him. He had not considered the possibility that Marcos would be incapacitated and that others might play a major role in the decision.

he got out of Marcos's jail, principled enough to do what he said. As such, he represented an unlimited and overwhelming threat to the Marcos regime.

Marcos fully recognized the magnitude of the threat. Imelda offered Aquino a huge bribe to stay in Boston. Then she warned him that the Marcoses might not be able to control their own people if he came home and that his life might be in danger. Then the Philippine government threatened Japan Airlines' landing rights if it carried Aquino to the Philippines.¹⁰ When Aquino arrived at Manila Airport, he was escorted from the airplane to the tarmac by three uniformed soldiers. He was assassinated immediately after leaving the airplane with the soldiers. The Philippine government stated that the assassination was carried out by a hired killer, acting on behalf of the Communist Party, who was executed on the scene by Philippine troops. The government was unable to explain, however, the trajectory of the bullet, the relative positions of the bodies of Aquino and his alleged killer, the absence of blood from the alleged killer's body, the reason why such a distinguished figure under a death threat (who had always been heavily guarded by senior officers in the past) was so lightly guarded this time, the reasons for sending on vacation that weekend the senior officers of the unit that had trained all week on red alert to guard Aquino, and other critical circumstances of the assassination. Popular skepticism about the government position was universal. Subsequent findings by a judicial board—for instance, that the alleged killer, rather than being a communist, was in fact a long-time associate of General Luther Custodio, the man assigned by the government to protect Aquino—deepened that skepticism.

Just as the assassination of Aquino did not cause the financial crisis, it also did not cause the political and moral crises. These crises came to a head in the spring of 1983 after years of germination. They decisively preceded the assassination and were by themselves sufficient to ensure the eventual downfall of Marcos. The assassination focused attention on the preexisting crises and precipitated broader public involvement and more explicit political action. Most notably, it drew the business elite and the clergy into the streets.

Aquino's return home resulted from the financial, political, and moral crises, as well as from Marcos's illness, all of which led Aquino to believe that the regime was vulnerable. Moreover, because the regime itself believed it was vulnerable, senior figures in the regime perceived no alternatives to desperate action. At the beginning of the third week of August

10. Aquino provided this information in a phone conversation shortly before his departure.

1983, the Marcos administration was insolvent, morally discredited, and devoid of a domestic political base aside from the immediate beneficiaries, family, and ethnic group of the President. All the senior figures, including the President himself, believed there was good chance that Marcos was dying. (As a result of this belief, Marcos forced Benedicto and other cronies to transfer key properties from their ownership to his children.) Given the weakness of the regime and the overwhelming threat posed by Senator Aquino in these circumstances, the only viable strategy to defeat his challenge and to perpetuate the regime was assassination.

In this situation, contrary to the established view that the assassination caused the collapse of the regime, or even accelerated Marcos's decline, the assassination was a successful stratagem to delay the consequences of the Marcos regime's political, moral, and financial bankruptcy. It was successful even though Marcos turned out to be less ill than he thought, because the illness of the regime was more terminal than the illness of Marcos. It removed the only effective challenge to a collapsing regime and left the opposition in the hands of a group of well-intentioned, eloquent, and democratic but previously discredited political leaders. Although the assassination heightened opposition political activity and marginally accelerated the administration's financial problems, these developments would not have brought down the regime in the absence of otherwise fatal crises. The regime suffered a heart attack in 1981 and a truly massive seizure in the spring of 1983. Only emergency political surgery enabled the patient to survive another two-and-a-half years. The post-assassination demonstrations, dramatic as they were, fell into the category of post-operative pain.

Knowledge of this strategic reality, conviction that the leadership was utterly amoral, and knowledge that many other opponents of Marcos had met violent deaths, persuaded much of the Filipino elite that senior figures in the regime must have been responsible long before concrete evidence became available. This broadly accepted belief, rather than any details of judicial inquiry, drove the subsequent consequences of the assassination.

After the assassination, 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 Mag-saysay's funeral. Business leaders organized huge antigovernment demonstrations, with the support of clergy, labor, farm groups, and much of the civil service. The regime was unable to mount effective counterdemonstrations or to regain the loyalty of the majority of its own employees. One effort to organize a pro-Marcos demonstration by government employees backfired when most arrived with signs saying, "Marcos resign."

The government did, however, retain the ability to deploy its military forces and the ability to use state firms, state banks, crony firms, and crony banks to control much of society. The democratic opposition, although vocal, remained militarily impotent, politically divided, and utterly devoid of a persuasive program for economic revival and social justice. 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. Like Jaruzelski, Marcos had the powerful backing of a superpower which believed that, however serious the country's problems, only Marcos could solve them. In early 1984, it appeared that, as in Poland, the stalemate might persist indefinitely.

From Stalemate Toward Revolution

Powerful trends, however, transformed the Polish stalemate by destroying all but the outer shell of the regime and rendering its position closer to that of Paris 1789 or Moscow 1917 than to Warsaw 1980.

First, the Marcos government lost the support of its military forces. Although the (largely Ilocano) senior leadership remained loyal, a clear majority of younger officers now found the government distasteful and resented the disrespect into which the military had fallen. In 1984 it became common for military officers to avoid wearing their uniforms in public because they were ashamed to identify themselves as soldiers. They resented their low public standing, the politicization of promotions, their inability to rise in rank because of the monopolization of senior ranks by overage supporters of Marcos, and above all their visible impotence in dealing with guerrilla movements. The "We Belong" movement became just the most visible of a series of reformist movements at the major and colonel levels. By 1985, some of the Reform Army Movement (RAM) officers were talking about the possible need to assassinate Marcos; many said they would consider defecting to the hills if General Ver came after them. The most distinguished pre-martial law generals, organized into a group called Senior Cavaliers' Reform Army Movement (SCRAM), ashamed of the destruction of the institutions they had been proud to serve, were consulting on what could be done to save the country and restore the honor of the military.

Second, the communist guerrilla movement began spreading with extraordinary speed. Although Filipino society is powerfully inclined toward moderation and peace, this inclination became offset by anger at the regime, frustration over the impotence of the moderate opposition, and fear of impoverishment. Thus, support for the New People's Army (NPA) spread into every region and sector of the Philippines. The NPA presence

became felt in posh Desmarines Village as well as in remote barrios, in the staffs of large corporations as well as in coconut villages. The successors of the nuns and priests who helped ensure the defeat of the Huks in the 1950s became the most effective collaborators of the NPA in the 1980s. The NPA was not capable of overthrowing the government, but conversely the government was no longer capable of controlling the spread of NPA influence.

Third, the government lost its unity. The President was ill and did not want to hear bad news. The Prime Minister was weak and protected his position by not conveying all the bad news to the President. The Prime Minister, who was also Finance Minister, did not work smoothly with the Governor of the Central Bank. The Minister of Industry had effectively usurped most of the Prime Minister's job and by 1985 was demanding the resignation of the army Chief. The Governor of the Central Bank was frequently inhibited from acting decisively in a banking crisis by fear of offending friends of the President and damaging the investments of the President's wife. The President's wife, holder of 14 major government offices and master of more of the government budget than most other figures combined, became unable much of the time to conduct a coherent conversation. The country's most respected military officer offered his resignation shortly before the August 21, 1984, demonstration on the anniversary of the Aquino assassination out of frustration that the military continued to be run by a drastically overage political crony who was universally resented. The Secretary of National Defense and Armed Forces Chief Ver had become determined enemies. The elite was demoralized and, more than ever before, was seeking to ensure personal and financial refuge abroad.

Fourth, because of this high-level disunity and fear, the government was immobilized from acting on the two greatest national crises since World War II, the financial crisis and the security crisis. In the financial crisis, the government wishfully expressed a belief that the IMF would come around to the government's point of view or that in the end the U.S. government would bail out the Philippines, or that after all the situation was not so bad as one would have thought. In the security crisis, minor tactical changes and wishful reform plans substituted for decisive action. It was characteristic of 1985 that while Armed Forces Chief Ver was on leave to stand trial for murder and General Ramos was Acting Chief of Staff, at the height of a great national emergency, President Marcos deprived Ramos of all authority to make major changes in personnel, deployments, or strategy. Moreover, Marcos bargained with the United States by threatening to throw out his most competent aides: he conveyed threats that if the IMF pressed too hard for reforms, Virata would be fired, and

that if the U.S. pushed too hard for retirement of General Ver, then General Ramos would be retired.

Fifth, the democratic opposition proved its relentless capability to mount a series of demonstrations in the face of all the physical, financial, and legal threats that the authoritarian Marcos regime could muster. The demonstrations were organized and staffed primarily by businessmen and religious people, not by workers and peasants. The vast majority of government employees expressed support for the opposition. The regime had lost all legitimacy and authority with the Filipino social elite, and had lost the ability to act on even the greatest national emergencies.

Any regime is composed of an executive leadership, a group of institutions through which the leadership's policies are implemented, and a social base that supports the regime with resources and obedience. By mid-1985, the Marcos regime had a weak and fearfully divided executive leadership, a collection of emasculated institutions, and a social base confined to the few remaining cronies who weren't bankrupt, senior military officers who were increasingly unsure of the loyalty of their troops, a nervous network of political officials who knew they had no future after Marcos, and Ilocano communities for whom ethnic ties remained paramount. Each of the bases of social support was a rapidly dwindling asset, particularly when the regime had no money to cultivate its supporters or clothe its army. In short, the Marcos regime was a hollow shell.

It did have one other base of support, a much firmer one, namely the United States government. Reagan had come to office determined to support U.S. allies, including the government of the Philippines. From the assassination of Aquino onward, more and more footnotes were added to this policy, and more and more nervousness attended the policy, but the basic policy remained. Ambassador Armacost and Ambassador Bosworth skillfully created diplomatic distance. Washington presented Marcos with a series of tough demands. But each time, when the crunch came, Washington shrank from decreasing concrete support. Washington demanded that Marcos appoint a successor; Marcos promised to do so, but appointed an unknown and hapless figure, Speaker Iniguez, who could never be mistaken for a serious successor. Washington backed down. Washington demanded the prosecution of General Ver, but when Marcos threatened to retire General Ramos, Washington backed down. Washington demanded economic reforms, and Marcos merely changed names and shuffled titles, but Washington allowed the Philippines to become the only major debtor to receive a full flow of aid before coming to terms with the IMF. Washington's deep divisions between liberals and conservatives, and Reagan's pro-Marcos instincts, prevented Washington from acting.

In the summer of 1985 even this began to change. Washington's military and intelligence experts became convinced that Marcos was willing to see a communist Philippines rather than relinquish personal advantages. Washington's conservative financial experts reached similar conclusions. Reagan sent Senator Laxalt to Manila to convey the new unity of attitude between liberals and conservatives. But even with unity of attitude, Washington was too indecisive to cut military or economic support. The only thing Washington could agree on, other than diplomatic distancing, was a demand for an election. Like Marcos's other bases of support, Washington was still there, but, like the Ilocanos and the generals, it was there nervously and reluctantly and very, very weakly. Marcos's last firm base was crumbling.

Marcos knew how to run an election and how to steal one. He ran one, and he stole one. That story, and the story of Corazon Aquino's heroic unifying of the democratic opposition, are familiar. The underlying reality, however, was that the Marcos regime had already destroyed itself. Like the Shah's regime in Iran, it had ceased to exist as anything other than a hollow shell. American policies reluctantly acknowledged this fact. Cory Aquino brilliantly exploited this fact. The process of collapse could have been different. The outcome could have been very different. But the regime was a giant balloon whose continued existence depended on the absence of a pinprick.

What distinguished the election of February 7, 1986, from earlier Marcos elections was the incoherence of the regime. All the familiar tactics were used: monopolization of the media, intimidation of the opposition, payoffs on an extraordinary scale, efforts to deprive the opposition of funds and transport, inadequate provision of time for the opposition to organize, stolen ballot boxes, mistabulation of the results, and many others. But the machinery didn't work quite as it had in the past. Government and military people did their jobs, but reluctantly and within limits. Political officials mechanically did their tasks, but a large proportion of Marcos's closest associates did so while privately expressing total contempt for him. In the election itself, military units remarkably often alleged communications failures that made them unable to receive Marcos's orders. Or they experienced transport breakdowns that allegedly made them unable to implement the orders. Some computer operators who were mistabulating the votes walked out and took refuge in a convent rather than complete their tasks. The wealthy elite, the natural supporters of the regime, poured out of their penthouses to support the National Movement for Free Elections (Namfrel) in its fight against electoral cheating. Although people still felt deeply anxious, the immobilizing fear of Marcos, which had served as the regime's ultimate weapon in earlier years, had

simply vanished. The business community and the Church listened to Marcos's threats, shrugged, and sallied forth.

Nonetheless, the regime stole the election and declared itself the winner. What followed was a classic demonstration of a hollow regime's inability to deploy force against an adversary. Cory Aquino brought up to two million people into the streets and the regime was helpless to stop it. She launched a boycott of crony firms, and the regime was too weak to defend itself. While the Marcos regime had survived demonstrations, including some very big ones, and while it had endured economic problems, including some very big ones, feuding between factions of the Marcos regime now became decisive. General Ver and Defense Minister Enrile plotted against one another. Minister of Industry Roberto Ongpin and General Ver had been at loggerheads over control of the black market. One of General Ver's operatives died after being arrested on Minister Ongpin's orders. Ver ordered the arrest of Minister Ongpin's bodyguards, who were among Minister of Defense Enrile's reformers. Minister Enrile received evidence that he was going to be arrested, decided to revolt, and appealed to his old friend General Ramos for support.

The revolt of Ramos and Enrile was popular but appeared to be militarily indefensible. Their compound seemed to be totally vulnerable. Marcos's forces were close by and overwhelmingly superior. But Marcos, like his counterparts in Paris 1789 and Moscow 1917, proved unable to deploy his forces. At first, faced by fatal divisions among the closest colleagues of a lifetime, Marcos could not make the decision to destroy the revolt with force. He pleaded futilely with Ramos and lost vital hours. Then he tried to deploy his forces. First, he sent the tanks, headed by a ruthless colonel. But crowds of people flooded the streets and even the ruthless colonel turned back when a classmate stood in front of his tank, accompanied by his wife and children, and invited the colonel to shoot. Then Marcos deployed an 81mm mortar unit to shoot over the heads of the crowd, an easy operation. But the mortar unit filtered through the crowd and joined the insurgents. Then Marcos deployed helicopters. But the helicopters joined the insurgents. Then Marcos sent a transport unit south to pick up loyal troops. But the transport, also commanded by a military reformer, took off and landed a few miles away, while continuing to send Marcos false messages about its progress southward. Marcos's huge military forces were completely paralyzed. His political allies were fatally divided. The game was over.

By mid-1985, the regime had collapsed internally, although few recognized it, but the beneficiaries remained unclear. The logical beneficiaries did not include the democratic politicians. They were discredited and divided. There were a dozen political parties, none of which had a persua-

sive economic program or the backing of a major social force. The overwhelming majority of Filipinos still believed the old politicians to be thoroughly discredited.

The logical beneficiaries did include the radical left, the broad united front organized by the Communist Party of the Philippines. The left had great numbers. It had good organization. It had an economic program. Although only a very small proportion of Philippine society was prepared to back Communists, the situation was tailor made for Communist manipulation. Only the collaborators of the radical left seemed to be capable of credible resistance to the hated dictator. Only they offered a theory, however inadequate, for national economic revival. They had only to administer the pinprick. They could quickly move into power. Their economic theories would have definitely destroyed what remained of the Philippine economy, probably causing mass starvation, but they would by then have had the opportunity to eliminate all opposition. The Philippines would have been Nicaragua writ large. But the left opted for a boycott, making the same mistake the democratic parties had made in 1981. By thus failing to deliver the pinprick, they failed to benefit from deflation of the balloon.

Cory Aquino, on the other hand, rejected a boycott, set out to overcome the disparity of organization, and created a miracle of democratic unity and effective campaign organization. With the old democratic politicians trailing behind, unable to raise their own funds or draw their own crowds, she delivered the pinprick and became the beneficiary.

Having deflated the balloon, Cory Aquino moved into an organizational vacuum. Her new regime had vast public support, but it did not have a unified executive leadership or effective institutions, such as a reliable military, a unified national political party, or competent civil administration. It was, in short, the beneficiary of a vacuum, not of a functioning machine. And, despite all the very real democratic euphoria, its social base was a populace that had repudiated democracy once before for not delivering growth, equity, and order, and would quickly do so again if those values still proved lacking. It was sophisticated on political coalition-building, but deeply divided on economic policy. The prospects for Marcos's successor will hinge almost exclusively on her ability to fill the organizational vacuum and deliver economic performance.