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DIRECTORATE OF
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Intelligence Memorandum

PHILIPPINE PRESIDENT MARCOS' PROBLEMS AT MIDTERM

Secret

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7 December 1967
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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
7 December 1967

INTELLIGENCE MEMORANDUM

Philippine President Marcos' Problems at Midterm

Summary

The recent electoral successes of his Nacionalista Party have left President Marcos in a strong political position after two years in office. Increased control at both national and provincial levels should enable him to make greater progress in his reform and development programs if he is so inclined.

The problems he faces are serious ones, however, involving the strains of rural poverty and urban unemployment, rising lawlessness, and growing pressures from an emerging generation alienated from the tradition of their parents and seeking a more distinct national identity. Marcos' willingness and ability to overcome the foot-dragging of a powerful conservative oligarchy and to satisfy some of the demands of increasing nationalism will have an important effect on his political future.

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Current Intelligence and coordinated with the Office of National Estimates and the Clandestine Services.

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Marcos' Political Strength

1. After two years in office, President Fernando Marcos of the Philippines has shown remarkable political strength, as reflected in the success of his Nacionalista Party in the recent off-year elections. Marcos campaigned vigorously for Nacionalista candidates for local and provincial positions, realizing that grass-roots support would be vital both in implementing his development programs and in marshalling support for his bid for re-election in 1969. His efforts were repaid when, according to unofficial returns, his party gained 48 out of 65 governorships and nearly three fourths of other provincial, municipal, and local offices in elections marred by violence, corruption, and inefficiency. In the Senate, whose members are elected at large, the Nacionalistas took six of the eight contested seats, and a pro-administration independent gained a seventh, leaving the opposition Liberals with just one Senate victory.

2. The glow of victory was somewhat dimmed by the outstanding showing of the Liberal senatorial candidate, Benigno Aquino, ex-governor of Tarlac Province and a vigorous opponent of Marcos, and by the re-election of Manila's Liberal mayor, Antonio Villegas, whose penchant for anti-American nationalism has often proved embarrassing to the administration. As Marcos had personally chosen and vigorously campaigned for Villegas' opponent, the mayor's victory was particularly galling.

3. The elections have left Marcos with increased numerical support both in the provinces and in the legislature (the Senate now includes 15 Nacionalistas, seven Liberals, one Nationalist Citizens Party member, and one independent), which should put him in a better position to carry out the reform measures and development programs the country so desperately needs. The highly centralized nature of the Philippine Government will facilitate the President's control over his

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provincial adherents. His ability to control the legislature, however, is less certain. Philippine politicians have traditionally switched allegiance when they believed it was to their political advantage. The Liberals, for example, gained control of the Senate last January through the defection of four Nacionalista senators. Obligations incurred in the recent election, as well as attempts to ensure future backing for his re-election bid, may also diminish Marcos' enthusiasm for pushing through reform legislation, a subject which -- in any case -- is not popular with the generally conservative oligarchy that controls Philippine politics. Marcos' primary goal, above all else, is to be the first Philippine president to be re-elected, and he can be expected to make any political compromises to achieve this end.

The Nation's Problems

4. Marcos is still faced with the myriad of troubles that beset the country when he was elected and has so far accomplished rather little in resolving them. A vast and growing gap exists between the wealth of the few and the poverty of the many. The peasant farmer's subsistence-level existence has been perpetuated by backward agricultural methods, inadequate irrigation, and high loss from uncontrolled pests, particularly in the important rice-growing areas. Initiative for improvements has been discouraged by a feudalistic system of land tenure and by a traditional suspicion of innovation. Progress in land reform and rural development has been generally slow, hampered both by bureaucratic inefficiency and by the interference of landlords who are powerful supporters of both major parties.

5. Because of unsatisfactory standards of living in rural areas, migration to urban areas, especially Manila, has expanded rapidly in recent years. The rapidly growing urban populations have intensified pressures on municipal facilities and services, which are unable to keep pace with the expanding slums. Even though a growing economy is providing increased opportunities, it has not kept pace with a rapidly increasing population. Serious unemployment and more widespread under-employment

have resulted. Despite this vast reserve of labor, the demand for skilled manpower to meet growing industrial needs cannot be met. Government neglect in providing training schools or in encouraging technical education has only recently been recognized, and manpower planning and technical training programs have begun to receive attention.

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[REDACTED] Marcos, himself, is partly responsible for the continuing inefficiency by his desire to maintain tight personal control over the government's activities and his reluctance to entrust even minor decision-making to subordinates. His veto of the decentralization bill, which would have allowed much-needed flexibility and initiative at the local level, was a reflection of this need to control the game.

Marcos' Attack on the Problems

7. Marcos' initial program to initiate development, fight lawlessness, and suppress smuggling and corruption met with only limited success. Perhaps having lost some of his taste for jousting with the powerful figures involved, he has narrowed his efforts to emphasize "rice, roads, and schools" as the major goals of his administration. The Philippines' need to import five to ten percent of its rice requirements each year has been a serious drain on foreign exchange. Marcos' goal of achieving self-sufficiency in rice will hopefully be fulfilled by 1970 by means of an intensive program to introduce the improved strain of rice, IR-8. With the receipt of US equipment for five additional army engineering construction batalions, bringing the total army engineering strength to eight batalions, the government launched a vigorous road construction program,

which by last June had completed some 700 kilometers of new roadway. The school building project has also received considerable US assistance through the Special Fund for Education and is progressing "satisfactorily."

8. Central Luzon has been a special target for the government's development efforts. Operation Central Luzon (later called the Central Luzon Development Program) was launched to undercut the growing influence of the pro-Communist Huks in this traditionally depressed area. There is no indication that any serious impact has been made on the poverty and injustices of life there, although increased rice production may stimulate some improvement, and the power of the Huks has not been curbed.

The Role of the Huks

9. Huk influence is sustained in part by the collaboration of local officials and politicians who recognize the Huk ability to control the vote, in great part through intimidation. To some extent, the Huks have also been able to project a Robin Hood image among peasants disgruntled over bad government and impoverishment. The recent elections served to stimulate their activities and probably helped to solidify their position. The estimated number of armed Huks is still a relatively modest 140. However, these are supported by up to 30,000 sympathizers. Insurgent operations continue to center on the provinces of Tarlac and Pampanga, and reported efforts to expand to other areas have apparently been unsuccessful.

10. Marcos has vacillated between a harsh line against the insurgents and vague gestures of amnesty. The President's support of the constabulary's efforts against the Huks has been inconsistent, but just prior to the recent election he encouraged the constabulary to intensify its effort. Several Huk leaders were either captured or killed, but these successes may result in Huk reprisals. Particularly distressing has been the evidence of M-16 rifles in Huk possession. It remains to be seen how long Marcos will sustain the pressure, but his electoral

successes and a recent, particularly daring Huk ambush are reported to have prompted him to order the constabulary to redouble its efforts.

11. Little is known of the strength of Communist ideology in the present Huk movement, but their ties with the urban-based remnants of the Communist Party (PKP) appear tenuous. Although there have been meetings between the urban leftist leaders and the Huk commanders, the pro-Communist urban fronts have also made attempts to develop a rural following independent of the Huks, most notably through the peasant front, the Masaka (Free Farmers Association). The growth of this organization, still in its incipient stages, might ultimately provide a better indication than the Huks of the Communists' ability to exploit rural poverty and unrest. These urban fronts, however, are themselves in a weakened and divided stage. Continually splintering into overlapping or competing groups, they presently are engaged in an internal struggle between the older, pro-Soviet cadre and the younger, Peking-oriented radicals. Lacking discipline, forceful leadership, and funds, they represent no current threat to the government.

The Radical Nationalists

12. A more serious problem is the pressure from the radical nationalists, particularly in the younger generation, who seek to cultivate a more Asian identity and resent any overtones of American domination -- political, economic, or cultural. These younger Filipinos, who make up an increasing percentage of the electorate, do not share the sentimental ties to the US that many of their parents still have and are resentful of any indication of what they believe to be American paternalism or privileges. Marcos' apparent lack of interest in establishing rapport with this group has been puzzling. Despite his obvious political nerve, he has neither seriously attempted to bid for their support nor tried to channel their excessive national pride into useful directions. When Marcos has dealt with the young

radical intellectuals at all, it has been in indirect attempts to undercut their activities.

13. US military bases and economic relations are the usual targets of nationalistic frustrations; the government's actions occasionally reflect its sensitivity to these pressures. Most Philippine leaders readily acknowledge the necessity of the American bases and their importance to Philippine security, but the desire to be accepted in the Asian community and a sensitivity to charges of American dominance cause underlying tensions which occasionally erupt. Sporadic assertions of sovereignty take the form of disputes over jurisdictional rights, labor, natural resources, or the administration of customs, immigration, and health regulations on bases.

14. Economic nationalism has been manifested primarily in the persistent attacks on the Laurel-Langley agreement, viewed by the radical nationalists as economic imperialism. Preliminary talks regarding future arrangements after the agreement expires in 1974 have already shown the Philippine desire for a protected position in the American market but an unwillingness to allow reciprocal preferences. Marcos has always been aware of the Philippines' need for foreign investment and has sought to attract it, but he has also been periodically stymied by the maneuverings of the nationalists, as during Mayor Villegas' attack earlier this year on American retail trade in the Manila area. As presidential elections loom on the horizon, Marcos may find it politically expedient to take a harsher line toward future economic ties.

Foreign Associations

15. Marcos has often shown a sensitivity to criticism of too close an association with the US. He has justified his support for the American position in Vietnam and for the Philippine contribution to the war effort by citing the resulting American aid for his domestic development programs. In his desire to establish his identity as an Asian

statesman, independent of American control, he has attempted to initiate peace proposals that have only served to arouse the annoyance and mistrust of his Asian allies. This striving for an independent image has also involved a growing interest in developing trade and cultural ties with Eastern Europe, but the government has been cautious in pursuing them. Prominent Filipinos have visited bloc countries in increasing numbers, though without official recognition. China, however, is still viewed with great alarm, and contact has been very limited. Marcos continues to regard the American presence in Asia as absolutely vital, but publicly acknowledges this less frequently.

Prospects

16. In general, the Philippine situation reflects the inability of a rural, agricultural economy, feudally structured, to support a rapidly expanding population, and the failure of a slowly expanding industrial sector to meet job requirements for increasing urban masses. The problem facing any Philippine government is, in some way, to persuade or manipulate the conservative elite to accept the political and economic reforms necessary to stimulate the economy. Unless the peasant farmer and the urban slum dweller are persuaded that the present system can respond to their needs, their growing apathy could in time turn to rebellion. As the post-war generation becomes more prominent on the scene, the government must also respond to growing nationalist pressures, which will probably involve loosening traditional ties with the US in the search for a distinctive identity.

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Dates: Dissem ~~7 December 1967~~

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REQUESTED OR ORIGINATED BY: White House

PURPOSE: To assess the situation in the Philippines following
last month's elections

ASSIGNED TO: [REDACTED] / GRAPHICS None COORDINATE
OUTSIDE OCI ONE/DDP

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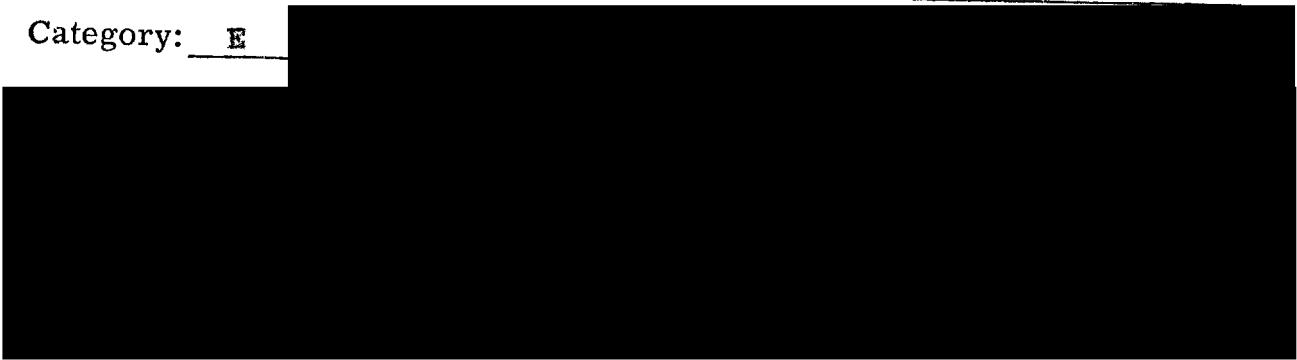
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110	D/OSR		-1		

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Talking paper on memorandum "Philippine President Marcos' Problems at Midterm"

1. This memorandum was prepared in response to a rather generalized White House request for an assessment of the situation in the Philippines following last month's elections. It was coordinated with DD/P and ONE.

2. Its main points are that Marcos indeed got a shot in the arm from the Nacionalistas' sweeping victory, but that he faces a host of serious problems which his party's new-found strength at the polls will not in itself solve. The paper also notes Marcos' discouraging lack of achievement to date and leaves open to considerable question his ability to do a great deal in the remaining two years of his term.

3. Routine internal and external dissem is recommended.

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MEMORANDUM FOR: O/DCI

Mr. Helms requested two underlined copies of this memorandum for forwarding to the White House.

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