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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

Martial Law in the Philippines: The Road Ahead

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

29 November 1972

MEMORANDUM*

SUBJECT: Martial Law in the Philippines: The Road Ahead

NOTE

The Philippines has often been described as the showcase of democracy in Asia. The first Asian colony to gain independence after World War II, it has had uninterrupted representative government since 1946, maintained even through the Huk rebellion of the 1950's. Now the tradition has been shattered by President Marcos' use of the military to rule under martial law, and with amazingly little domestic reaction. He has been able to blunt opposition to his drive to stay in power by claiming that he is acting against those who would subvert Philippine democracy and by making broad promises of reform. Even with extraordinary powers, however, Marcos may not be able, or willing, to challenge the entrenched interest groups which have long controlled political and economic life in the country, and instead may have simply set in train a trend toward authoritarianism and increasing political instability -- perhaps on the Latin American pattern.

But for the moment at least, Marcos does have a chance to deliver on his promise to shift the country in a new direction toward economic development and social change that will benefit the mass of the population so long ignored. This Memorandum explores the problems that he faces in this task.

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* *This Memorandum was prepared by the Office of National Estimates and coordinated within CIA.*

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I. BACKGROUND*

1. President Marcos' declaration of martial law on 22 September was prompted by a mixture of motives, but the evidence indicates that it basically reflected his overwhelming determination to stay in power at any cost. The President's move followed a series of incidents -- some real, some obviously staged by the government -- which had created a growing atmosphere of uncertainty and fear of subversion. The army's interception of a seaborne arms shipment to the New People's Army (NPA) guerrillas in July was heralded by Marcos as "proof" that the threat posed by the communists was growing and that foreign communist powers were directly involved. 25X1

Then came martial law. 25X1

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2. Marcos had been considering martial law for sometime, along with a number of less drastic options to retain power. The other possibilities included: delaying the November 1973 presidential elections to coincide with those of the legislature in 1975; running Mrs. Marcos or some other protege as a surrogate candidate; or, adopting a parliamentary form of government in which Marcos could be prime minister. But each of these options had risks. A surrogate president might not remain malleable. And while Marcos' control of the Constitutional Convention assured its adoption of the requisite amendments for synchronization of elections or parliamentary rule, his growing unpopularity left their subsequent passage in the required national referendum highly questionable.

3. Apart from his obvious political self-interest, Marcos -- and more certainly the military leadership -- may have become genuinely concerned over socio-political trends in the Philippines. He may have sensed growing public disgust with the endemic crime and corruption which seemed to defy solution under the Philippine's traditional system of government dominated by competing business oligarchs. While Marcos had reaped his share of spoils under this system, he may have

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calculated that only drastic social and economic reform would reverse a steadily deteriorating situation which threatened to increase public support for radical political elements. Indeed, although the communists do not now seriously threaten the Philippine government, they nonetheless have made significant gains in recent years, both in numbers and in broadening their geographic base. Finally, Marcos probably decided that only by undertaking dramatic action and attempting to produce spectacular changes could he hope to restore his own popular standing sufficiently to risk any type of popular vote.

II. THE SHORT-TERM OUTLOOK

4. Marcos faces no immediate challenge to martial law and should enjoy relatively clear sailing for the next few months at least. The technocrats in the government and the senior military leadership obviously share his belief that the situation called for drastic measures. The powerful oligarchic families are maintaining a discreet silence. The public has reacted calmly, apparently grateful for the suppression of crime and gangsterism, though somewhat cynical about Marcos' true motives and his ability to effect fundamental reforms. For the moment, however, most everyone seems willing at least to wait and see what Marcos can do.

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5. Marcos' political opposition is demoralized and disorganized, obviously caught off guard by the abruptness of his move and the arrests that quickly followed. The major spokesmen of the Liberal Party are in jail, and the remaining Liberal members in Congress and the Constitutional Convention have been thoroughly cowed. The urban radical leftist groups have been constrained by the closure of the universities and tight police surveillance. The NPA no doubt will gain new recruits from those fleeing martial law, but since they are unprepared for either rural or urban warfare, the threat posed by the communists is not likely to increase significantly in the next few months. Indeed, the most serious immediate challenge to the Marcos government's security measures under martial law is not from the left, but from the Muslim minority in the southern islands of Mindanao and Sulu. Despite the government's rather cautious approach to the Muslims, clashes have already erupted, and the potential for further bloodshed remains high.

6. President Marcos' immediate objectives are to consolidate his control of the government and to establish constitutional authority for his continuing rule beyond 1973. He has set in motion a basic restructuring of the constitution that will give him unchallenged authority for an unlimited

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period. Under considerable pressure from the palace, the Constitutional Convention is about to approve a draft constitution that would establish a transitional parliamentary government immediately after ratification. Marcos would serve as both interim president and prime minister, with the Congress and those members of the Constitutional Convention who voted favorably forming a National Assembly. Elections would have to be called by him and thus could be postponed indefinitely.

7. Although the change to a parliamentary system and Marcos' blatent rigging of the transitional government to stay in power may cause some voter resentment, he should be able to get the new constitution through the national plebiscite, now tentatively scheduled for January. With his total control of the media, he can maintain the impression of change and progress, while his opponents have little opportunity -- or the courage -- to work against him. 25X1

8. In sum then, Marcos seems to have easily weathered the first round following his declaration of martial law, and he seems well on the way to extending his constitutional

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authority to rule for an extended period. Much visible activity in attacking the country's many problems has already been started. For example, in a deluge of directives and decrees, Marcos has unveiled an ambitious program of streamlining government administration, reducing corruption, widely extending land reform and cracking down on crime and violence. Initial steps have been taken to reorganize government departments and reduce the civil service. The government has announced purges of corrupt officials in the civil service, police and courts. Whether or not this will in fact pay off in improved efficiency and integrity remains to be seen, but Marcos is creating the impression of change, and this is probably enough to get him through the next six months, at least.

III. LONGER TERM PROSPECTS

Socio-economic and political problems

9. Over the longer run, however, Marcos' ability to hold on to power will become more problematic. If his projected reforms develop and sustain a reasonable momentum, he may be able to create a climate of political stability and bureaucratic efficiency sufficiently attractive to the oligarchy,

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the business community and -- if coupled with some socio-economic improvements -- to the general populace to maintain tolerance of his authority for an indefinite period.* In turn, progress in these areas would serve to reduce the risk of disaffection within the military establishment -- a key factor in Marcos' future prospects.

10. Marcos, however, must be careful to tread a careful line -- accomplishing enough to prevent the reemergence of cynicism and serious disillusionment on the part of the populace as a whole without appearing to threaten the vested interests of the wealthy. As long as the oligarchs feel that Marcos' "New Society" is benefiting them at least as much as the poorer classes, they probably would be loathe to take the risks inherent in challenging Marcos' domination.

11. Politically, Marcos may attempt -- as he has hinted -- to create a broad-based political coalition, perhaps integrating support from the military, his *Nacionalista* colleagues and other

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* *Within the past few years, there has been increasing pressure for basic reforms, especially from the small but growing urban middle class -- often encouraged by reform-minded elements within the Catholic Church. Reformist politics has drawn support from moderate student and labor organizations -- as well as the radical groups -- and increasingly from urban workers stung by sharp inflation.*

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political figures anxious to share political power. Although he has not shown his hand fully, he seems to be moving toward eliminating the present system of political parties altogether and replacing it with a new party or national front. Several Congressmen from both parties have already been asked to sign statements revoking their party affiliations. The Liberals do not seem prepared to fight very hard for survival. The arrest of their more vigorous figures has intimidated those remaining, and the choice of retaining some political role under another banner may prove more alluring than political isolation.

12. Marcos' current programs appear to hold out something for everyone. The oligarchy should be pleased with a number of measures designed to prime the economy, such as tax incentives and infrastructure improvements. There is already evidence of revived business confidence. The decision by the US to go ahead with flood rehabilitation aid will help provide funds for infrastructure reconstruction in Central Luzon. The urban middle and lower classes are offered the benefits of improved law and order, and price and rent controls, and for the peasants, Marcos has promised land reform.

13. Land reform is a priority area, one that highlights the severe economic imbalance in the Philippines and one that

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in the past has received more political promises and less performance than any major area. Marcos has recently committed his personal prestige to an ambitious program, which nonetheless holds out some promise of success. He once again has proclaimed his intent to carry out land reform, and he has specially singled out all rice and corn producing areas as the first target. His plan calls for the eventual transfer of lands to the tenant farmers working them -- and proposes a system of subsidized farmers' cooperatives to underpin the program.

14. By concentrating on the rice and corn areas, Marcos may avoid antagonizing the powerful sugar barons, the bulk of the landed oligarchs. Nonetheless, there could be serious stumbling blocks to even modest success. In the past, land reform efforts have failed largely because of a lack of commitment by the government bureaucracy, political indifference to related social and economic reforms, and the failure by the congress to vote the necessary funds. Without easy credit available for mortgage payments, seeds, fertilizer and machinery, the small farmer often found himself simply shifting from the relatively greater security of his tenancy to increasing indebtedness and eventual loss of his land.

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15. Martial law has eliminated the problem of a recalcitrant congress, but Marcos is still confronted with the problem of obtaining the revenues to finance land reform which, if actually carried out on the scale proposed, would require large sums of money. Although streamlining the bureaucracy may produce some increase in government revenues, the still limited financial resources of the country, coupled with the demands of other government programs, indicate that the land reform program will probably depend on substantial foreign aid. The program's success cannot be guaranteed by foreign aid, however, but will hinge more on the establishment of effective implementing agencies. The Philippines does not lack technical and managerial talent. The problem will be one of organization and continuing governmental interest. Landlord opposition could also be a continuing barrier, although one objective of the program is to redirect more of the landlords' managerial and capital resources into commerce and industry -- which would serve as well to help invigorate the commercial/industrial sector of the economy.

16. The tasks facing Marcos are obviously formidable. It seems unrealistic to expect Marcos to carry through fully the sort of basic socio-economic revolution that is required to reform the traditional system of semi-feudal land tenure,

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political bossism and corruption. Scattered reports of a resurgence of urban crime and policemen back on the take may already foreshadow more serious backsliding. There is also the danger that, when the dust from all the official pronouncements settles, very little will have really changed. If so, as the lack of substance to the government's reform measures becomes more apparent, political opposition to Marcos' rule is likely to grow substantially.

17. One focal point of protest against Marcos might be the students, particularly now that the universities are reopened. With the declaration of martial law, Marcos moved swiftly and successfully to foreclose the possibility of the student and urban leftists mounting a challenge to him. He closed the universities and clamped a lid on all media channels. With their normal avenues of protest closed, the radical groups were in disarray. Those leaders who survived the initial police dragnets went underground or fled the cities to join the NPA. They are only now beginning to reappear on the scene.

18. If the military or police were forced to deal harshly with youthful protestors, it might evoke serious resentment toward the government, not only among the public at large, but possibly among the younger members of the armed forces. Just

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how much sympathy student dissidents could count on would depend in large part on the government's performance in general. Student protest coupled with an absence of substantive reforms could well create a more receptive climate for more general radical protest. As a result, Marcos might feel compelled to rely even more on strong arm tactics, setting in train a spiralling pattern of repression and mounting dissent.

19. The swiftness and ease with which Marcos implemented martial law caught the communists off guard. Like Marcos' other putative opponents, the communists were not prepared to do much of anything against the imposition of martial law. Nonetheless, as they recover from the initial shock of martial law, the communists undoubtedly will begin to organize at least some open opposition to the government. There may be some increase in NPA activity in the countryside, and the urban communists might attempt some terrorist spectaculars. But the communists in and of themselves are unlikely to become a serious threat to the Marcos government in the foreseeable future, although they may be able to develop the strength and organization to exploit a more broadly based opposition should it develop.

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Possible Military Intervention

20. If political unrest forced Marcos to become even more authoritarian -- and, for example, if the military had to assume a more active and visible role in day-to-day administration -- this could in turn stimulate further opposition, perhaps in time severely straining the military's ability to maintain order. The Philippine army is limited in numbers and resources and spread thinly throughout the country. The Philippine Constabulary, which is primarily responsible for internal security, is slightly larger than the army, [redacted] 25X1

25X1 [redacted] Moreover, in some areas, the private armies of local political figures outnumber the government troops. And despite the large number of private weapons reported surrendered to the government, the majority of illegal weapons are almost certainly still in circulation.

21. At the same time, the government could find itself faced with the prospect of a growing Muslim insurgency in Mindanao where there already have been serious clashes. Most of the Muslim population views martial law as another attempt to expand Christian influence into traditional Muslim areas, as well as blatant land-grabbing. The Filipinos have never

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come to terms with their Muslim minority, and it is unlikely that they will find a solution to this persistent and largely intractable problem. Should the army get tied down in a brushfire war in the south, and be faced simultaneously with increased pressures from urban radicals and the NPA, the chances of the situation getting out of hand would increase significantly.

22. If unrest began to develop and Marcos appeared to be losing the initiative, political rivals would undoubtedly begin to maneuver against him. No one individual stands out now as a likely rallying point for an anti-Marcos movement. If the wealthy oligarch families joined forces against Marcos, however, they could pose a formidable problem for him. The oligarchy wield considerable political and economic power. For example, they can use their financial assets to promote demonstrations or organize strikes against Marcos.

23. But any really effective challenge to Marcos over the next few years would probably need strong support from within the military. Working against such a move is the strong personal loyalty that the bulk of the senior officers apparently still feel toward Marcos -- both because of his own outstanding war record, but more because of the regional ties

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between him and the increasing number of *Ilocano* officers in the higher ranks.*

24. Still, despite the military's historical respect of civilian constitutional authority, a trend has been started toward greater military involvement in the political life of the nation that will be difficult to reverse and that may in fact, accelerate in the months ahead. For example, should Marcos be assassinated -- an ever present danger in the [redacted] 25X1

25X1 [redacted] Philippines -- the military almost certainly would step in and assume full control and would be unlikely to relinquish control except to an individual in whom they had confidence.

25. But over time conditions might develop in which important elements of the military might also be tempted to move against Marcos. There probably would be strong resistance to a complete removal of civilian government and the constitutional framework which provides a sense of legality and a promise of the reinstitution of representative government. If he

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* *Marcos has taken care to fill top military assignments with officers personally loyal to him, including a few of his own relatives and a large number of fellow Ilocanos. More than 70 percent of the military leadership is Ilocano, but this situation is not entirely of Marcos' doing. Historically, Ilocanos have risen to leadership in many Philippine endeavors.* [redacted] 25X1

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stumbles badly, the military in the first instance might be persuaded to back a challenger from the oligarchy. Or if there is an obvious absence of reform or economic progress or the security situation began to deteriorate seriously, the military might well conclude that it was better able to provide honest, efficient government than the discredited civilian politicians. Secretary of Defense Ponce Enrile has already publically speculated that the present government's failure would inevitably be followed by a military takeover. Simply dumping Marcos, however, would not check a situation that was slipping badly. Once popular unrest has begun to seriously percolate, it could launch the Philippines into a long period of instability marked by political and military jockeying, urban protest and increasing activity in the countryside by both communists and Muslim separatists.

26. All things considered we believe that Marcos has a fairly good chance of establishing himself in a reasonably solid position, keeping the opposition off balance or tied to his own coattails and forestalling a serious surge of popular resentment with enough evidence of stability and progress. The odds for failure go up as time passes, however. Marcos has committed himself to a basic restructuring of the Filipino way of doing things. In effect, he has mounted the tiger of reform; it remains to be seen if he successfully rides it.

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Implications of Martial Law for the US

27. Marcos has already approached the US for increased aid both for his projected projected program of economic development and to strengthen the armed forces. The US is suspected in many quarters of having been privy to and tacitly supporting Marcos' power play. Substantially increased aid, particularly in the military field, would strengthen these suspicions, but failure to provide at least economic assistance could seriously undermine any chance of real economic progress and fuel serious resentment against the US.

28. The US has a substantial stake in the Philippines -- both in terms of investment and security. US private investment there now totals nearly $1 billion. With the termination of the Laurel-Langley agreement in July, 1974, however, US investors will lose their privileged position of the past and face an increasingly "protectionist" climate. The problems of adjusting existing investments are complex and must still be worked out with the Philippine government.

29. US base rights are an equally sensitive area. The geographic location of the Philippines gives particular strategic importance to US naval and air bases there. Sustaining

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operations in the South China Sea, Indian Ocean and Southeast Asia without supporting bases as accessible as those in the Philippines would be difficult. And even if other bases could be established, the cost of relocating those facilities would be exceedingly high.

30. The imposition of martial law and the probable extension of Marcos' hold on power has strengthened his hand in dealing with the US on both the economic and base issues. He has already indicated that he could be helpful in settling several of the investment problems by decree. On the other hand, the Philippine government is not likely to change the increasingly nationalistic stance on economic ties with the United States which has been developing over the past few years. The new constitution reflects this new attitude toward foreign investment and a determination to restrict foreign ownership of the country's resources and business. With future trade and investment relations as well as future US base rights requiring clarification in the near future, Marcos probably calculates that he can play to nationalist sentiments and still be successful in pressuring the US for additional aid, which already amounts to roughly $100 million (economic and military) annually. The implications for the US in such a dual track are

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apparent. On the one hand, substantial US aid and support will probably be required if Marcos is to make a go of his ambitious reform measures, but such support will tend to identify the US with Marcos and his success or failure. On the other hand, the US will also be a potential villian in the piece. Marcos is quite capable of playing on nationalist and anti-US sentiments should it suit his purposes, especially if he stumbled badly.

31. There is probably little the US can do to avoid this dilemma. Of course, if Marcos receives US support and is successful, nothing untoward is likely to happen to disrupt US-Philippine relations, though some increase in Filipino nationalism is likely in any event. Even if Marcos should fall by the wayside, any likely successor would almost certainly initially try to maintain a working relationship with the US in order to obtain financial and other support. In such circumstances, the US would be in a stronger position if it had viable ties with the key elements of Philippine society, particularly the military who are likely to play a larger role in any future government than they have in the past. But should the US become completely identified with Marcos and there ensued a prolonged period of turmoil and chaos, the stage would be set for a much more radical turn in Filipino politics with the likelihood of increased resentment toward the US.

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