

22 June 1961

**MEMORANDUM: Current Situation in the Philippines**

Next November's elections dominate the Philippine political scene. The campaign will center on the presidential race, but in addition, the House of Representatives and one-third of the 24-man Senate will be contested. Both major parties are essentially conservative in outlook and the importance of the election will probably lie in its determination of future administrative performance rather than in significant policy changes.

In early June, the ruling Nacionalista party by acclamation again chose President Garcia as its candidate; designated Senator Gil Puyat, front runner in a convention deadlock, as his running mate. Garcia is not a dynamic leader, and the impetus for economic development and reform generated by Magsaysay, whom Garcia succeeded in 1957, has been dissipated through the preoccupation of the Garcia administration with political maneuvering, patronage and personal gain. Despite a serious rift with Nacionalista party and Senate president Rodriguez, Garcia's nomination was assured by his ability to command the party's machinery. The major Nacionalista contest was for the vice-presidency since Garcia, if re-elected, must vacate office in March 1965--nine months before his term ends--when he will have served eight consecutive years as president. In addition, Garcia's health has not been good. Puyat, who would become president in such circumstances, is primarily a spokesman for Philippine business interests.

He has, however, been a competent chairman of the Senate Finance Committee, is well grounded in economic matters and considered generally sympathetic to American interests.

The Liberal party presidential candidate is Vice President Diosdado Macapagal, a former congressman from Luzon who has a reputation for integrity and who overwhelmingly defeated Garcia's running mate in 1957. From a position

of little power in the Nacionalista administration as well as the Liberal party hierarchy, Macapagal has cautiously moved to consolidate his control of the Liberals and to draw into his party early this year a group of Magsaysay followers whose unsuccessful third party movement, the Progressives, had divided opposition strength. The Liberal vice presidential candidate, Emmanuel Pelaez, is a respected former senator from Mindanao who had been Magsaysay's key spokesman in the first formal attempt to revise the agreement on American bases in 1956.

The Liberal party, strengthened by its merger with the Progressives, is carrying out an extensive village-level campaign. It has considerable strength on Luzon and in major cities, where Garcia is unpopular, and may benefit from the Garcia-Rodriguez feud in the Nacionalista party. The Nacionalistas, however, are well entrenched, particularly in the southern Philippines and, as the incumbents, have greater financial and organizational assets. While Philippine elections have since 1949 been generally free of interference, a continuing danger to stable democratic processes persists through political influence in the army and constabulary and in the opportunities for vote manipulation.

A major issue in the Philippines is the corruption and favoritism which has plagued top levels of the Garcia administration, but which permeates all levels of Philippine government. Governmental and industrial activity are concentrated in Manila and there is a need for decentralization of both political and economic power. While economic growth has so far generally kept pace with population expansion, the country depends on a few key agricultural exports, and on the US as its major trading partner.

Philippine foreign policy continues to be centered on its relations with the United States. Anti-American outbursts have been at a low level recently, partly as a result of the death of ultranationalistic Senator Recto and partly because anti-Americanism has so far proven politically unpopular. The Garcia administration found that its attempt to capitalize on nationalist sentiment with a Filipino First slogan in the local elections of 1959 was unrewarding, but it has continued to proclaim such a policy, particularly in the economic field.

Filipino First-ism is aimed chiefly against overseas Chinese business activity; it has also been used to pressure American firms and is indicative of dissatisfaction over the privileges guaranteed Americans under the US-Philippine trade agreement. Filipinos also complain that failure to get a permanent increase in their US sugar quota is the result of pressure from American tobacco interests who are forcing competition from a growing Philippine tobacco industry. The Philippines continues to consider itself dependent upon US financial assistance, pressing for satisfaction of large and long-settled financial claims and complaining that as an ally, it is taken for granted while neutral countries get the major portion of American economic and military aid. Philippine nationalist sensitivity has delayed a revision of the bases agreement with the US--principally on a status of forces issue--and was a factor in Philippine termination last year of its civil air agreement with the US.

In recent months, Communist gains in Laos have caused concern in the Philippines over the inability of the SEATO alliance to influence developments in Southeast Asia. Underlying this concern is a growing suspicion that the US, influenced by what Filipinos believe to be British and French desires to reduce commitments in the area, may be undergoing a policy shift in Asia. This concern has caused the Garcia administration alternately to join certain other Asian anti-Communist nations--South Vietnam, Nationalist China and South Korea--in pressuring for a firmer US posture in Asia and to speak of the advisability of a more neutral foreign policy for the Philippines.

Growing nationalist sentiment, which has been fostered by the present administration, has led the Philippines increasingly to try to identify itself with the Afro-Asian bloc while maintaining its basic orientation toward the US and the West. The country has no formal trade or diplomatic relations with Sino-Soviet bloc countries and its international outlook has been staunchly anti-Communist. Foreign Affairs Secretary Serrano, however, has been endeavoring to forge economic and cultural ties with the Philippines' non-Communist neighbors, notably Malaya and Thailand, and hopes to attract cooperation from neutral countries as well.

The Communist movement in the Philippines was seriously weakened by military suppression of the Huk movement, now reduced to a few hundred armed dissidents. The Communists in recent years have regarded Philippine nationalism as their best vehicle for exploitation and have attempted to steer it into anti-American channels, while rebuilding their organization through "legal" or non-violent means. They have made some gains through the influence of left-wing elements in the labor field and through sympathizers or anti-American individuals occupying respected positions in intellectual, press and political circles. The prospects for a growth of Communist influence in the Philippines probably depend largely on external developments, but the Communists can exploit the widespread poverty and lagging reform efforts of the government, particularly if economic conditions deteriorate.

The Philippine armed forces and constabulary are capable of maintaining internal security. In general, military officers take pride in their professionalism and see their role as impartial defenders of democratic institutions. Political influence on military assignments has nevertheless tended to expand and has had some effect on morale as well as on this conception of the military role.

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