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Philippines: Since the declaration of martial law in 1972, the Philippines has been under the unchallenged personal rule of President Ferdinand Marcos. Marcos has dismantled most of the political institutions inherited from the US and centralized all decision making in his own hands. Although not all Filipinos are happy with martial law, the majority tolerate it and no one has been able to organize any effective opposition. Both the armed forces and Marcos' wife Imelda have become prominent political figures since the institution of martial law but the influence of either over Marcos is subject to conjecture.

The Philippine economy is based primarily on tropical agriculture with a small industrial sector composed of inefficient industries producing consumer goods for a protected domestic market. Despite increased government involvement since martial law, the economy is still plagued by persistent problems of unemployment, limited foreign exchange and a growing gap between rich and poor. However, the economy has shown general improvement in recent years.

Events in Indochina and uncertainties about the US future role in Asia have given impetus to Marcos' professed desire to achieve a more balanced foreign policy. To this end he has opened ties with the USSR, China, and other communist states, shown increased interest in the meetings of nonaligned and underdeveloped states, and played a greater role in the deliberations of the Association of Southeast Asian Nations. Philippine foreign policy nonetheless is still driven in large part by the US bilateral relationship, particularly the question of US bases and the Mutual Defense Treaty. Most Filipinos, including Marcos, believe that they should have a special relationship with the US and despite outbursts of nationalist rhetoric the Philippines does not like being lumped together with other foreign states in US policy decisions on such things as trade.

In addition to the renegotiation of the base rights treaty, bilateral issues include the matter of US human rights policy and its impact on Philippine desires for military and economic aid, and Manila's desire for favorable tariff treatment for several Philippine commodities.

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