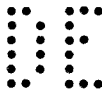


704

63

DEPARTMENT OF STATE / ODS/MS



CLASSIFIED BY: [Signature] DATE: 8/24/01

UNCLASSIFIED RECLASSIFIED
 EXEMPT EXEMPT BY PATH
 DENY Non-responsive info.

FOL, EO or FA exemptions _____

_____ US authority to:
 CLASSIFY as _____, OADR
 DOWNGRADE IS to () S or () C, OADR

AR EAST:

03 15 08 7030

037120A1030

037120A1030

LIMITED OFFICIAL USE

THE EIGHTH SENIOR SEMINAR IN FOREIGN POLICY

DECLASSIFIED

THE PHILIPPINES AS A POLITICAL INFLUENCE IN THE FAR EAST:
FACT OR FICTION?

By

Wells Stabler

April 1966

THIS STUDY DOES NOT CONSTITUTE A STATEMENT OF
DEPARTMENTAL POLICY

Foreign Service Institute
Department of State

LIMITED OFFICIAL USE
Exempted From Automatic Decontrol

DECLASSIFIED

03712281030

03712281030

I. Purpose of the Case Study

The 1,100-mile long archipelago of the Philippines is strategically located at mid-point in the chain of free nations which run from Japan, Korea and Taiwan in the north, to Malaysia, Singapore, Viet-Nam and Thailand to the west and south. This long chain forms the important outer perimeter of Free World defense against the aggressive menace of Communist China.

The strategic location of the Philippines, the growing indications that the Philippines seeks a greater "Asian" identity and role, and the close ties which have existed for over sixty-five years between that country and the United States provide ample justification to study the potential of the Philippines as a political influence in the Far East. Many states of the area have bilateral defense ties with the United States or with the United Kingdom. However, there is no evidence that these states have found the way or the will to engage in meaningful cooperation among themselves to contribute toward the objective of safeguarding their independence against possible domination by Red China. As one highly qualified authority on the Far East has put it, the states of the area which have defense ties with the United States resemble the spokes of a bicycle wheel. They emanate from a central hub, but they have no rim to link them together. As a result they lack the necessary strength to make the wheel useful to the bicycle.

DISCONTINUED

03712291030

DEPT 423110

The basic point of the case study is to determine whether the Philippines can provide any degree of leadership to the construction of a rim for the presently rimless wheel, or arc, which stands so strategically located off the coasts of Communist China. It was, of course, fully recognized that the defense establishments of the individual countries, as they are presently constituted, did not add up to any serious counterweight to the massive strength and potential strength of Communist China, and that the United States still offered the only effective deterrent to whatever designs the Communist Chinese may have in Asia. Thus, the case study was not directed so much at possible future collective security arrangements, but at any form of regional cooperation of indigenous origin and initiative which might be feasible under existing political, economic and military conditions in the area, and at the part the Philippines might play therein.

II. The Scope and Limitations

The area involved in this case study is vast, and it was, therefore, necessary to place a somewhat arbitrary limitation on the examination of the material at hand. Consequently, in a field trip to the region it was only possible to make visits of varying, but brief, duration to Japan, Taiwan, Quemoy, the Philippines, Hong Kong, Malaysia, Singapore, Thailand and Indonesia. The other countries of the area--Korea, Viet-Nam, Laos, Cambodia and Burma--were of necessity omitted. Nevertheless, it is believed that visits to the countries listed provided an excellent opportunity to evaluate the potential of the Philippines as a political force in the Far East, not only as seen from Manila, but also from other important Asian capitals.

DECLASSIFIED

III. The Philippines in Perspective

The Philippine archipelago consists of over 7,000 islands with a total area of some 115,700 square miles, an area slightly larger in size than Arizona or the British Isles. However, of this large number of islands, eleven of them account for 94 percent of the entire land area and for the vast bulk of the population. The Philippines has a population of about 33 million and with a birth rate of about 3.4 percent a year (one of the highest in the world) and a low death rate of about 1.2 percent a year, the population is increasing rapidly. However, with a generally favorable climate, plenty of natural resources and adequate land, the Philippines does not feel the same pressures as do some other countries of Asia which are overpopulated and have inadequate land.

The Filipino is a blend of the three major ethnic stocks--Mongoloid, Caucasoid and a little of the Negroid. This blend represents waves of immigration which have succeeded one another over many thousands of years. The principal immigration wave was that of the Malays between 300 and 200 B.C. and they are responsible for the dominant strain in the ethnic composition of the Filipinos. This factor is a particularly significant one in considering the motivations of the Philippines with respect to regional matters. In addition to this racial diversity in the Philippines, there is also a vast diversity of

03 15 57 10 30

languages. There are asserted to be fifty-five native native languages of the Malayo-Polynesian family and one hundred forty-two local or tribal dialects. Nine of these languages have some importance and it is estimated that about 90 percent of the population speak one of these major native languages. Approximately 40 percent of the population at present have a working, or better, knowledge of English. For some years the Philippine Government has made a particular effort to develop a common native language called Pilipino, which is based on Tagalog and several other native languages. While English still remains the lingua franca and is taught in schools, it is understood that the instruction of English has deteriorated in the past years, due not only to a deterioration of the school system, but also to an increasing nationalistic sentiment, including efforts to promote Pilipino.

One of the great unifying forces in the Philippines was the large-scale and most effective missionary work of the Spaniards. About 90 percent of the Filipinos today are Christians, with 80 percent of this number being Catholics. The Philippines is the only Christian country in an area dominated by Buddhists and Moslems. There are also three important non-Christian minority groups--the Moslems, numbering about 5 percent of the total population and living in the large island of Mindanao and in the Sulu Archipelago; the Chinese, numbering somewhere between 200,000 and 500,000 and playing an important and dynamic role in the economic life of the country; and thirdly, the pagan tribesmen, numbering about a million and living scattered in various mountainous

LIMITED OFFICIAL USE

DECLASSIFIED

and jungle areas. Further reference will be made later in this study to the Moslem and Chinese minorities, because they represent factors of stress and strain in the external affairs of the Philippines.

The social structure of the country is closely bound to wealth and privilege. There are two main social classes which are separated by a great economic and social gap. There is also now a small, but growing, middle class which may be expected to play an increasingly important part in national life. The upper class, representing about 5 percent of the population, controls between 80 percent and 90 percent of the wealth, which is invested primarily in urban and rural real estate, although there are increasing investments in industrial enterprises. The life of the vast bulk of the population is hard and in many instances shockingly primitive, nearly sub-human. So far this majority part of the population has accepted its lot in life without too much grumbling and with a certain degree of resignation. However, with the passage of time and the gradual, but significant, development of a middle class, the ruling class will have to pay ever greater attention to the needs of the people, including the requirements for reforms in almost every sector of the nation's political, economic and social life.

It must be remembered that the Philippines has only had just under twenty years of independence. Conquered from its native rulers by the Spaniards in 1521, the Philippines lived for 377 years under a highly centralized Spanish colonial rule, in which there was a significant

degree of clerical influence. There were numerous revolts against Spanish rule, with the most important one occurring in 1896. The Spanish-American War and the destruction of the Spanish fleet in Manila Bay in 1898 led to the cession of the Philippines to the United States in the Treaty of Paris in 1898. The Filipinos also rebelled against American rule and it was only in 1901-1902 that the United States firmly established its rule. From the outset the United States declared that its administration was to be temporary, pending the time that free and democratic institutions had been developed and the Philippines would be ready for the grant of independence. During the next forty-eight years the United States continued to exercise the ultimate power of government over the Philippines. It is true that throughout this period there were many moves toward greater self-government, culminating in the Commonwealth status of the Philippines in 1935, but it was not until July 4, 1946 that the United States granted full independence to the country.

In order to understand the Philippines and its position in the Asian world, it is necessary to recognize that this is a country which is geographically located in Southeast Asia, but which, culturally, sociologically, economically, militarily and institutionally, is a reflection of over 300 years of Spanish rule and nearly 50 years of American rule. The heritage of Spain lies heavily in the religious, cultural and social structure, including land ownership. The heritage of the United States lies mainly in the foundation of political

institutions along our model, and the inculcation, at least up to the present, of a respect for the peaceful and regular transfer of political power through elections, which are, theoretically at least, free, direct and universal. The American heritage also lies in the development of an excellent public school system based on the English language. This system has resulted in a literacy rate for the country which is one of the highest in the Far East and places the Philippines just after Japan, Australia and New Zealand.

Thus, here is a country which is geographically Asian; ethnically Malayan; linguistically diversified; sociologically and culturally Spanish; institutionally, militarily and economically American; and yet politically independent or Filipino. And somewhere in between has fallen Philippine moral values. It is only hoped that the Filipinos do not consider that these values, or more accurately the absence of them, are modeled along American lines.

03712000
IV. The Philippines Today

These stresses and strains of different heritages are most important in any consideration of the Philippines and are clearly evident today as the Philippines struggles to discover a national identity. In this the Filipinos are understandably jealous of other Asian countries which have true national identities. They are particularly envious of Indonesia and Malaysia, which, in spite of their long colonial backgrounds, have managed to retain a certain purity of tradition and heritage, and have little or no problem in the matter of national identity. The lack of an established national identity, which would give to the Philippines those credentials of "Asian-ness" required for full acceptance into the Asian club, plagues the Philippine foreign policy, and, even to some extent, of domestic policy. While this problem will be the central point for examination, there is another factor which must be taken into account in considering the place the Philippines occupies in the Far East. This factor is the condition of government and politics in the Philippines today.

Under the administration of the United States there was developed in the Philippines a system of government closely analagous to that existing in our own country. So far--and one must always keep in mind the short time which has elapsed since independence--the system has been followed quite closely. That is to say, national elections have

LIMITED OFFICIAL USE

DECLASSIFIED

taken place as provided by the Constitution and the transfer of power in Congress and in the Presidency has proceeded in a generally smooth fashion. Influential Philippine political leaders seem convinced that the notion of democratic elections and the peaceful transition from one President to another is sufficiently ingrained in Philippine political mores that any attempt to introduce violence and coups as an acceptable form of power transmission would not be tolerated by the mass of the population. While such opinions are due considerable respect, it would be a mistake in considering the long-term future of the country to take for granted Philippine devotion to democratic institutions.

The principal difference between the system as practised in the Philippines and our own is that the Philippine President has a great deal more executive and political power than his American counterpart. Moreover, and possibly as a result of Spanish colonial administration, there is strong government centralization, with enormous power held in the hands of the officials in Manila. These differences, plus a rather Latin touch to the art of government in general, have given to the Philippine administration a political flavor which has now gone beyond all limits of respectability and efficiency. The Presidency is the fount of power and is hotly contested, with few holds barred. Tremendous political debts, as well as credits, are piled up during the course of the Presidential campaigns, which are apt to be lengthy. The last campaign lasted a full year and was about as nasty and

below-the-belt as has been seen for some time. The sequels to that campaign are still to be played out and may have an eventually debilitating effect on the new administration of President Marcos.

With the concentration of power in Manila, with the low salaries and poor working conditions of government officials, and with the all-pervading interplay of political debts and political credits, the stage for large-scale graft and influence-buying is amply set. The two key words today in the Philippines are "politics" and "corruption". It is doubtful whether there are more than a handful of Philippine leaders who have totally unblemished records. Even President Marcos, who is regarded in many quarters as a leader with potentially charismatic qualities, is not untainted in this respect.

These two characteristics of Philippine public life--politics and corruption--are so imbedded that they have distorted the sense of values and the sense of direction of the country as a whole. There is general disregard for law and order. While politics, with a capital P, are only played by a very small percentage of the population, the backlash is felt throughout the country, either directly or indirectly. Corruption is far more widespread in its application and the simplest Filipino realizes that his way of life can be eased only through the proper amount of palm-greasing.

These unsavory aspects of Philippine life have been stressed because they stand out even in a region of the world where "politics", influence and corruption are normal bedfellows with

LIMITED OFFICIAL USE

DETERMINED

government and administration, Filipino practices are well-known in the region and it is widely assumed by fellow Asians that behind each Philippine policy and move there are influences and motivations which should be examined with care and amicable suspicion. There can be no doubt that the countries of Asia took full note of the words of President Marcos in his inaugural address last December when he said, "The Filipino has lost his soul and courage....We have ceased to value order. Justice and security are myths. Our Government is gripped in the iron hand of venality, its treasury is barren, its resources are wasted, its civil service is slothful and indifferent, its armed forces demoralized, and its councils sterile."

U. S. Philippine Relations With the United States

A. Economic

An effort must be made to look beyond the historical relationship between the Philippines and the United States, because inevitably an examination of these ties, with their colonial legacies, place the discussion in a context which makes forward and constructive analysis difficult. It is usual for the "colonized" to have profound, and indeed often accurate, observations concerning what might have been done or what might not have been done by the "colonizer". Since mention has already been made of the heritage of American administration and the lacunae therein, it is more germane to attempt to consider what the situation is today with respect to American-Philippine relations. The subject is very complex and a full treatment would require a long and searching examination. For the purposes of this case study, however, it is sufficient to consider in general terms three aspects which today orient the relationships between the two countries.

First, although it is difficult to assign priorities, is the economic situation. The Philippines became independent at a difficult moment of history. The United States had unceasingly declared that the Philippines would receive its independence as soon as it was ready. In 1934 the Tydings-McDuffie Act provided that in ten years

DECLASSIFIED

from the inception of the Philippine Commonwealth, the country should be granted full independence. Notwithstanding nearly five years of Japanese occupation, including terrible atrocities and vast destruction, the Philippines became an independent nation as scheduled. A Philippine Government took over a ruined country at the worst possible moment and had to face a herculean task of reconstruction. The United States naturally shouldered a major portion of this reconstruction and since 1946 the United States aid to the Philippines has totaled close to 1.7 billion dollars. Tremendous progress has been made in the economic build-up of the country and United States economic aid still comes to roughly three million dollars a year. It might be more if the Philippines showed greater ability to come up with economically viable and politically acceptable projects which the United States could finance in good conscience.

With important agricultural and mineral resources, a high rate of literacy, an expanding industrial base, an increase in skilled and entrepreneurial elements, and a predisposition toward private enterprise, the Philippines could move forward with greater vigor on the economic front. Unfortunately, however, the traditional agricultural base of the country, affecting 65-70 percent of the population, the antiquated land tenure system, the time-honored but inadequate methods of production and distribution, increasing unemployment, the poor climate for private foreign investment, and the lack of clear and honest government direction have all acted as

strong restraints on the Philippine economy. Added to these points are (1) the dependence of the Philippines on the advantages of preferential arrangements with the United States with respect to trade (the Laurel-Langley Agreement of 1956 which is due to expire in 1974) and (2) the resentment of the Philippines over the so-called "parity" or equal treatment accorded to American enterprises doing business in the Philippines. This principle was established in the Trade Act of 1946 as a sine qua non of independence and was reaffirmed in the 1956 agreement. It permits American firms located in the Philippines to enjoy all the same benefits, privileges, etc., which are accorded to Philippine firms. The problem is that in a competitive situation with an American firm, the Philippine firm is at a disadvantage. Through the Retail Trade Nationalization Law the Philippines has sought to curtail some of the American advantages. It seems clear that these advantages, as well as Philippine trade preferences, will, in any event, undergo radical transformation in 1974.

The Philippines increasingly resents the degree of its dependence on the United States in economic and trade matters, but so far sees no clear way out. The great dilemma is that within the region of Southeast Asia each country depends heavily on a narrow and often competitive range of primary commodities for export. Production and prices of these export commodities have unfortunately not kept pace with the advancing production and prices of needed imports. While

a rationalization of economies along regional lines would be an important contribution to the welfare of Southeast Asia, this is a long way off and in the meantime the Philippines has little choice but to remain heavily dependent on its preferential arrangements with the United States.

B. Defense and Security

The second important aspect of United States relations with the Philippines has to do with problems of defense and security. It is quite clear that the United States regards the Philippines as strategically essential to the security of the United States. The maintenance of bases in the Philippines is still an indispensable element in the American strategic posture in the Far East. These bases are important in relation to the war in Viet-Nam. Since independence in 1946 the Philippines has not developed armed forces of any size or significance and this policy has had the full agreement of the United States. The United States has poured considerable amounts of money and equipment into the Filipino military establishment and contributed heavily to the Philippine efforts to overcome the Communist-inspired Huk rebellion in the years following independence. The Philippine armed forces, totaling about 45,000, are principally committed to the task of internal security and it may be they are only barely adequate to this task. The Philippines is, therefore, completely dependent on the United States for its security from outside aggression under the terms of the Mutual Security Treaty

of 1951 and of SEATO. There have also been numerous important declarations by Presidents of the United States guaranteeing Philippine security.

The United States has maintained bases in the Philippines since the Spanish-American War. They are regulated by the Military Bases Agreement of 1947, as revised in 1959. The Filipinos are fully aware of the significance of the bases to the United States and are convinced that we are prepared to pay a healthy price to keep them. The bases remain a bone of contention between the two countries and although numerous difficult points were eliminated in the 1959 renegotiation, the Philippines may be expected to seek further concessions and to become increasingly "testy" over the issue of sovereignty.

C. Psychological

The third aspect of Philippine-American relations relates to the psychological atmosphere in which they are enveloped. Basic to a consideration of this question is the fact of a five-decade association between the two countries, during which Filipinos and Americans have passed through many trials and tribulations. There is a fundamental relationship between the two nations which has many aspects of family ties. The two countries are more than just "friends" in the rather empty diplomatic meaning of this term. The depth of the ties was clearly revealed during the last war when the Philippines remained, with very few exceptions, a steadfast and loyal companion in the struggle against the Japanese. It might have

LIMITED OFFICIAL USE

been simpler for the Filipinos to try to make an arrangement with Japan which could have spared them much suffering, but on the whole the Philippines turned in a very fine war record. The present President of the Philippines was one of the great leaders of the resistance against the Japanese occupation.

It is the very fact of this "family" relationship which magnifies our problems with the Philippines. There is a widespread belief that the United States has taken these "family" ties for granted and that we are doing far less for our "relative" than we could and should do, and are doing for others, including the former enemy, Japan. Every sort of argument, some rational, most irrational, can be heard in Manila with respect to the alleged failure of the United States to do more for the Philippines. There is a growing sense of frustration over the state of relationships and the most unfortunate aspect is that a public display of resentment against the American attitude pays not negligible political dividends. One of the prime examples of this opportunism is found in General Carlos Romulo. Once lionized in the United States as a great friend and loyal ally, he is now one of our severest and most demagogic critics. This attitude has netted the General high standing in the Philippines and he is now President of the University of the Philippines and Secretary of Education in the Marcos administration. Up until a few years ago Romulo was termed an American "stooge".

It would be a mistake to represent this increasing resentment against the United States as a decisive indication of an immediate and serious rift between the two countries. Thinking and responsible Philippine politicians are quick to admit that the security and welfare of the Philippines are and will remain for many years to come inextricably bound up with the United States. At the same time, however, the relationship with the United States constitutes one of the stronger of the stresses and strains affecting the position and role of the Philippines in the Far East.

VI. The Recent Role of the Philippines in the Far East

In order to examine the present and potential political role of the Philippines in its region of the world, it has been necessary to consider in some detail its history, its present situation, and its relationships with the United States. All these factors are largely determinant with respect to Philippine attitudes toward, and participation in, regional cooperation.

The Malay ethnic strain has served to give the Philippines a certain sense of direction in its dealings with other Southeast Asian countries. Its relationship with the United States has had a competing and contradictory effect, since the closeness of the relationship has served to create a climate of suspicion toward the Philippines as an American "satellite". By the same token, this relationship has spurred the Philippines on toward efforts to discover an "Asian identity," which, while not breaking the inevitably necessary ties with the United States, would provide the comforting membership in a regional club. It should be noted, however, that there are a number of important Filipinos who believe that Philippine interests would be well-served by reducing its ties with the United States to the barest minimum and by finding future salvation within the region, even to the extent of nonalignment. Some of this feeling has been apparent in the recent hearings of

Philippine Congressional committees on President Marcos' bill to send
 a military engineer unit to Viet Nam.

With the exception of extensive Philippine cooperation during the Korean War and important Philippine contribution to the creation of SEATO, the Philippines has not until fairly recently taken a very active part in efforts toward regional cooperation. The Nationalist Chinese and Korea were disappointed that the Philippines did not take a more active regional anti-communist role in the late 40's and early 50's as suggested by Chiang Kai-shek and the late President Rhee of Korea, and at a time when the Philippines itself was engaged in a struggle against the Huks. It was not until 1959 that the Philippines started to consider what role it ought to play in Southeast Asian regional cooperation.

A. The Association of Southeast Asia (ASA)

During the visit which the Prime Minister of Malaya, the Tunku Abdul Rahman, made to the Philippines in early 1959, the concept of some form of regional cooperation was discussed. Both the Philippines and Malaya like to claim credit for the original idea, with former Foreign Secretary Felixberto Serrano stating that he had first broached the idea to the Tunku on the train to Baguio. In any event, it is clear that in considering regional cooperation the Philippines had in mind the need for greater identification and association with its Asian neighbors, and in particular with the "Malay" nations. In addition, the Philippines, as well as Malaya,

were interested in creating an organization which might act as a counter to communist activity in the area. There was recognition that, while the ultimate aim of such an organization might be political, it would be virtually impossible to attract such countries as Cambodia, Burma and Indonesia if the initial aim was avowedly political. The ties of the Philippines to the United States and the ties of Malaya to the United Kingdom created suspicion in the other countries, and therefore, the two countries envisaged that a regional organization would be principally concerned with economic and cultural questions. There was the ill-defined belief that regional cooperation could lead the way towards a resolution and rationalization of the problems of economics and trade in these developing nations.

The embryonic ideas of the Philippines and Malaya were then examined with interest by Thailand which saw considerable merit in pressing forward with organized regional cooperation. Having a more sophisticated and hard-headed approach to the problems involved, Thailand made proposals which tended to play up those features which stressed common goals and aspirations and to play down those which were divisive. The Thais also sought to develop the notion of an organization which would be "informal" and "practical" instead of some vast concept with a large and permanent headquarters, with plenary meetings held in the glare of publicity, and with the public being led to expect dramatic announcements and big accomplishments.

In late 1959, in agreement with the Philippines and Thailand, the Tunku sent messages to Indonesia, Burma and Cambodia outlining the proposals for regional association and requesting their adherence.

It appears that at some point Viet-Nam was also approached. The Tunku stated that "the objective of this association is to encourage closer relations among the countries of Southeast Asia by discussion, conferences or consultation, and to achieve agreement freely. It is hoped by this method that countries will be able to understand each other more deeply. It is also the objective of this association to study ways and means of helping one another - particularly in economic, social and cultural and scientific fields - I also believe that, from the viewpoint of international relations, by establishing this form of association we will be able to put forward our view more convincingly, especially in international economics, because we share many common interests. Even if we cannot achieve full agreement on a particular subject, we will at least be better able to understand, through this association, why we cannot achieve agreement."

Indonesia's reactions to these proposals was hostile and brusque, while neither Cambodia nor Burma showed any interest in becoming involved with these "aligned" nations. Their refusal cast some gloom over the original sponsors who had hoped that a "neutral" or "nonaligned" member would join in order to give the association a clear certificate that it was neither the creation nor the creature

of the Western powers. There is speculation that the long delay in finally announcing the formation of the Association was due, at least in part, to the effort by the three sponsors to obtain the adherence of a fourth and "neutral" member.

ASA finally came into existence on July 31, 1961 at the conclusion of a meeting of the Foreign Ministers of the three sponsor nations at Bangkok. It was not as broad in membership or in concept as some had thought desirable, but the mere fact of its coming into being was encouraging to many in the Philippines who were convinced that their country must give an "Asian" content and flavor to Philippine foreign policy.

B. The Sabah Claim

The ink had hardly dried on the ASA agreement before the usual stresses and strains of Philippine life began raising their ugly heads. It will be recalled that during the period of negotiations for ASA, active discussions were going on between Malaya and the United Kingdom looking toward the creation of a single state or Federation incorporating Malaya, Singapore, Brunei, Sarawak and Sabah. The essential element of this plan was the desire of Malaya to neutralize the strong, dynamic and left-wing Chinese population of Singapore which was threatening to engulf the Malay population. It is curious that just at the moment the Philippines was entering into a close relationship with Malaya through ASA, it decided to launch its claim to Sabah, one of the future integral parts of the

Federation of Malaysia. The Philippines' claim had never been clearly articulated at any time in the past and it must have been clear that it could only serve to compromise the spirit of ASA. Much has been written and said about the Sabah claim and it is still by no means clear what the true facts are behind the presentation of the claim on June 22, 1962. However, the following elements appear to have played a considerable role. They demonstrate the problems which face the Philippines in playing a regional role.

Among the most important, if not the most important, motivations in the Sabah claim was the increasing annoyance of the Philippine Government under President Macapagal over its relations with the United States. In addition to certain commercial irritants and resentful nervousness over the unsavory "Stonehill affair", the United States Congress had failed to act on the \$73 million War Damage Claim Bill. These various events had so embittered the Philippines that President Macapagal cancelled his scheduled State Visit to Washington, changed Philippine Independence Day from July 4 to June 12, which was the date of independence from Spain, and altered the name of Dewey Boulevard in Manila to Roxas Boulevard. It is conceivable that the Sabah claim was put forward to demonstrate Philippine nationalism and to prove to the United States and to the United Kingdom as a close ally of the United States that the Philippines was entirely capable of going its own way. And, thus, in the Sabah claim the stresses and strains imposed by the love-hate

relationships between the Philippines and the United States seem to have found partial expression.

Another element in the Sabah claim may have been an effort by the heirs of the Sultan of Sulu, their lawyers, and possibly some Government officials to obtain a pay-off from either the United Kingdom or Malaya. A prominent Philippine politician who has been active in supporting the claim has asserted that in 1963 the United Kingdom was about to agree to a cash settlement and that the reason it backed away was that the United States came out in support of the creation of Malaysia. To what extent shady interests have been involved in the Sabah claim is not clear, but it seems likely that the stresses and strains of Philippine graft and corruption were also present in this affair.

A third element in the Sabah claim appears to have been the decision of the Philippines to attempt to establish closer relations with its large and mischievous neighbor to the south, Indonesia. This vast country of over 100 million population has become increasingly important to the Philippines as both a Malay nation and as its nearest neighbor. Moreover, the hyper-nationalist attitudes of Soekarno have struck most responsive chords amongst many Filipinos who are searching for their Asian identity. There is great fascination, nervousness, anxiety, fear, and admiration toward Indonesia in the Philippines and all of these emotions seem to have played a role in the Philippine decision.

LIMITED OFFICIAL USE

When in late 1962 and early 1963 President Macapagal launched his idea of a "Greater Malay Confederation" to include the Philippines and Malaya, it appears that it was aimed primarily at forestalling the inclusion of Sabah in the Malaysian Federation or at least at influencing the situation. A secondary aim was, of course, the relationship with Indonesia. Macapagal felt particularly strongly about improving relations with Indonesia and he played this card with a heavy hand. The Indonesians were also extremely active in this regard, greasing the palms of many Filipino politicians and journalists, and infiltrating agents and subversive elements into Mindanao and the Sulu Archipelago. The Moslem population of those areas has long had a fairly "independent" attitude toward Manila and it is only loosely integrated with the rest of Philippine society. This attitude of Mindanao and the Sulu Archipelago is still much germane to a consideration of Philippine policies toward Indonesia and will be seen to raise its head in connection with the problem of the resumption of diplomatic relations between the Philippines and Malaysia--a problem with which the Marcos administration has been wrestling for many weeks.

C. MAPHILINDO

As relations between Malaya and the Philippines deteriorated over the Sabah claim, and as relations between Malaya and Indonesia worsened over the concept of Malaysia, President Macapagal endeavored to broaden the concept of his "Greater Malay Confederation" to

include Indonesia, and to cast the Philippines in the role of mediator between Malaya and Indonesia. That Malaya was even interested in attending the famous Manila Conference in June 1963 along with Soekarno, and for that matter Macapagal, is a tribute to the patience and statesmanship of the Tunku, qualities which still serve him in good stead in his present dealings with the Philippines. It was at the Manila meeting that the then Foreign Minister of Indonesia, Subandrio, coined the name MAPHILINDO to denote the Confederation of Malaya, the Philippines, and Indonesia. It should be noted that at the time of the Manila meeting, Macapagal's Foreign Secretary, Vice President Pelaez, thought little of the MAPHILINDO idea and believed that ASA was a far more sensible and fruitful avenue to follow in organizing regional cooperation. Pelaez believes today that he would have made progress not only on ASA but also on the Sabah claim if Macapagal had not played the MAPHILINDO card and had not hit him personally a low political blow by charging him with corruption. This charge brought about the resignation of Pelaez as Foreign Secretary.

The Manila Conference was in many ways a victory for Soekarno. It also demonstrated clearly the various stresses and strains which consistently dominate and confuse Philippine affairs in varying order and combination. These stresses and strains clearly explain the decision of the Macapagal Government to underwrite statements in the concluding Report of the Conference to the effect that (a) the three Governments shared a "primary responsibility" for the

S. P. Lopez, whose pro-Indonesian stance was at its zenith, had gone too far and was removed from office. In June of that year there was another meeting of MAPHILINDO in Tokyo, but it came to nothing largely because the Philippines had backed away from Indonesia. Once again the stresses and strains on Philippine policy had come into play, but in a different order and combination than the year before. Little more was heard of the Sabah claim; there was a growing call for resumption of relations with Malaysia; there was increased nervousness and anxiety over having become too involved with the potentially dominating and aggressive Indonesia; and there was the realization that with the increased bellicosity of Red China, the Philippines might have strayed too far from the protective wing of the United States. By the end of 1964 and all during the Presidential campaign of 1965 Macapagal was under serious attack for his pro-Indonesian policies. Resumption of relations with Malaysia, revival of ASA, troops for Viet-Nam, caution regarding Indonesia, and strong identification with like-minded Asian countries in opposing the advance of communism became the rallying cries of Marcos, who fought and won a significant victory in the 1965 elections.

D. Present Philippine Attitude Toward Regional Cooperation

Although the Philippines remains a member of SEATO in good standing, participates in the UN Far Eastern Economic Commission, and succeeded in having Manila voted as the seat of the new Asian Development Bank, these regional activities are not given particular

attention in this case study as they are not solely Asian activities. More important is an examination of what role the Philippines is playing or may play on its own as an Asian nation, but within the limits imposed by security considerations. Obviously this ground rule circumscribes the extent of a Philippine role, but the majority of the Filipinos realize that under existing conditions there is little or nothing the Philippines, or for that matter any free Asian country, can do to create a meaningful regional collective security arrangement that does not involve Western power. Consequently, there is general understanding that regional cooperation will have to be limited at this stage, and for the foreseeable future, to economic, social and cultural fields.

Although the Marcos administration has only been in office for just over three months, its record of dealing with regional matters has been disappointing and has reflected all the usual stresses and strains which have been noted previously. Marcos has been on record since before his inauguration favoring the resumption of relations with Malaysia and the revival of ASA. His Foreign Secretary, Ramos, has reiterated on several occasions the Philippine decision in principle to resume relations. However, to date no action has been forthcoming, and the Philippines still maintains consular representation in Kuala Lumpur. Instead of moving forward with a certain degree of determination, the Philippines has shown all the uncertainty and indecisiveness that seem to go together with the stresses and

LIMITED OFFICIAL USE

DECEASED

strains. The main reason the Philippines has hesitated to carry out its promise to resume relations with Kuala Lumpur lies in the anxiety the Philippines displays with respect to Indonesia. All sorts of devices, missions, discussions, politics, influence, etc., have been used to delay the resumption of relations. The fact that President Marcos employed his uncle, Ambassador Farolan (who is a "wheeler and dealer" and was responsible for bungling a particularly inept and clumsy attempt by the Philippines several years ago to "mediate" between the Cambodian and United States Governments), as his representative to both the Indonesian and Malaysian Governments in connection with this problem has not served to increase respect for the Philippines on the part of Malaysia.

It now remains to be seen whether the situation in Indonesia has changed sufficiently to warrant less anxiety in Manila over the reaction which Soekarno has previously displayed to the Philippine intention to resume relations with Malaysia. If Indonesia relaxes its attitude toward Malaysia and the activities of the "Crush Malaysia" command start to wither away, as some experts in the area think may be likely, then the Philippines may not hesitate further. However, this is also another factor in the situation. It is interesting to note that one of the anxieties which has been displayed in Manila over possible Indonesian reaction to the resumption of relations has had to do with the subversive activities of Indonesia in Mindanao and the Sulu Archipelago. There appears to be some fear

in Manila that in a "confrontation" with Indonesia, it might not be possible to count on the loyalty and support of these two areas. It will be recalled that during the Huk rebellion the largest number of forces maintained outside the Huk-infested areas was in Sulu. Here again Manila is undoubtedly waiting to see what direction Indonesian policies will take.

Meanwhile, Malaysia has continued to demonstrate unusual patience and forbearance in the face of unceasing Philippine backing and filling. The fact that Kuala Lumpur has shown this attitude is due in part to the spirit of ASA, while while long dormant, has not died, and to the friendly and effective efforts of Thailand, whose Foreign Minister has a keen personal interest in the success of ASA. In spite of the lack of diplomatic relations between Malaysia and the Philippines and in spite of the lamentable behavior of the Philippines in not resuming relations, there have been a series of meetings of ASA working groups in preparation for an ASA Foreign Ministers' meeting which is tentatively scheduled for May or June of this year. While the Tunku has not interfered with the working group meetings, he has tactfully let it be known that the holding of a Foreign Ministers' meeting may be rendered complex in the absence of the resumption of Philippine-Malaysian relations. He may also expect the Philippines to let the Sabah claim lie dormant.

Notwithstanding the apparent surface calm and forbearance of Malaysia and Thailand toward their ASA partner, it should not be

LIMITED OFFICIAL USE

SECRET

assumed that the Philippine behavior has passed without detriment to the Philippine position vis-a-vis its partners. Both Kuala Lumpur and Bangkok have been disappointed by Philippine performance and undoubtedly wonder what can really be expected of a country which, because of all its stresses and strains, seems unable to decide what policies it should pursue. This is particularly unfortunate because with the advent to power of President Marcos it was the hope of many observers that he would be able to undo much of the damage which was done by Macapagal to the standing of the Philippines in the area. Macapagal's efforts to find an Asian identity moved the Philippines hardly closer to the achievement of that aim. Perhaps the new situation in Indonesia will provide a way for the Philippines in its search, but, if this is the case, it will be more because of events and influences extraneous to the Philippines than because of the capacity of the Philippines to chart a "Filipino" course.

E. Philippine Relations With Countries to the North

Before considering the future course of the Philippines in Southeast Asia and the role it might be expected to play there, it would be well to examine briefly Philippine relations with the countries to the north--Japan, Korea and Taiwan. The main point here is to demonstrate that although relations between the Philippines and these three countries are generally cordial, there are few strands of common interest and policy which tie them together in a regional sense. The Philippines represents no particular attraction to these countries

which have a good understanding of the stresses and strains governing the internal and external conduct of the Philippines. They are generally of the view that the political influence of the Philippines is, and will probably remain, of modest quantity and quality.

1. Japan

The Japanese have had considerable experience with the Philippines, particularly during the long period of wartime occupation. While there is naturally a residuum of wartime resentment against Japan in the Philippines, the two countries have nevertheless managed gradually to restore a certain climate of cordiality and confidence in their relations, and this is particularly true with regard to economic matters. The settlement of the reparations issue in 1956 after a long and tough negotiation to reach agreement on the amount of reparations owed by Japan opened the way for Philippine ratification of the Japanese Peace Treaty which had been signed five years before. While Philippine-Japanese relations have improved over the past ten years, there is little real identity of interests. Japan does not look on the Philippines as a particularly serious nation and it deplores many of the characteristics of Philippine national life. The Philippines is not politically or militarily important to Japan as long as it remains tied closely to the United States, and is thus denied to any power hostile to Japan. The Japanese at present have no interest whatever in any form of regional political or collective security arrangement and even if it did, it is absurd to entertain

the thought that it would be willing to acknowledge any special role or influence to the Philippines.

If there is to be any regional relationship between Japan and the Philippines, this may come in the form of greater Japanese activity in the field of economic aid and development to Southeast Asia as a whole. Japan organized a most significant meeting in Tokyo on April 6 and 7 of this year with Laos, Malaysia, Singapore, the Philippines, Viet-Nam, Cambodia, and Indonesia. Burma declined to attend and Cambodia's and Indonesia's decisions to send observers were last-minute reversals of their previous refusals. This is the first such meeting Japan has organized since the war and it may give a clue as to the future role Japan intends to play in the area.

In this general connection mention should also be made of the Asian Development Bank, the headquarters of which will be located in Manila. It will be recalled that the Japanese wanted the Bank to be located in Tokyo, but that there was widespread objection to this desire on the grounds that the Bank might be dominated by the Japanese and that the main task of the Bank was to be in areas outside of Japan. The Thais also sought the Bank's headquarters in Bangkok, but were outmaneuvered by the Philippines, which, with the help of Malaysia, managed to win the necessary votes for Manila. The President of the Bank will be Japanese and thus here lies another possible area of Japanese-Philippines regional association.

2. Korea

There is a full identity of views between the Philippines and Korea regarding the dangers from the Communists. During the Korean War the Philippines collaborated loyally with the United States and Korea, and notwithstanding the serious Huk threat at home, managed to send a volunteer combat unit to fight in Korea. It might be supposed that as a result of this background, relations between the two countries would be fairly close and that there would be a broader range of political exchange between them. However, this does not appear to be the case. It was somewhat surprising that when President Pak of Korea made his recent visits to various Asian countries, he did not go to Manila. It was explained that he had been asked to delay his trip because of the change of administration in the Philippines, but there was no indication that the visit has been rescheduled.

Whatever the real explanation is for the lack of closer relations between Seoul and Manila, it can only be concluded that the Philippines cannot be expected to play any role of influence with respect to Korea.

3. Taiwan

The Philippines has consistently supported Nationalist China in the United Nations and has demonstrated a complete identity of interest with Taiwan in opposing the Chinese Communists. The Philippines signed a Treaty of Amity with Nationalist China in 1947

and Chiang Kai-shek has visited the Philippines. Relations between Taipei and Manila are generally harmonious, but are neither particularly close nor deep-rooted. The Nationalist Chinese are fully aware of the complexities of Philippine life and tend to look down somewhat at the Filipinos.

The greatest difficulty between the Philippines and Taiwan lies in the presence in the Philippines of a large Chinese minority. Estimates as to the size of the minority range from 200,000 to 500,000, with the probability that the number is closer to the upper limit. Because of the dynamism, industriousness, and initiative of these Chinese, they have taken over important economic interests and have generally established an overwhelming economic influence. Some of these Chinese have been in the Philippines for years, some are refugees from Red China, and some are refugees from Indonesia. The Philippines will not assimilate these Chinese into national life. They remain a minority, with their own schools and their own way of life. There is a strong tension between the Filipinos and the Chinese, and there are many evidences that the Chinese are being exploited and "shaken down" by the Filipinos. The problem will not go away by itself and the Philippine Government has not yet been able to come up with a solution acceptable to either the Filipinos, the Chinese or the Government in Taipei. Meanwhile, the question has severely complicated relations between Taiwan and the Philippines. Although there is a clear need and justification for close political

LIMITED OFFICIAL USE

relations between the two countries, there is little possibility that these can be established in the absence of a solution to this thorny problem. Taipei is represented in Manila by an extremely capable and skillful Ambassador, and the new Philippines Foreign Secretary was for ten years Philippine Ambassador in Taipei. Perhaps these two men will be able to make some progress on this question, but the prognosis for early results is not favorable.

In recent weeks another complicating factor has been introduced into Taiwan-Philippines relations. This factor is the decision of the Philippines Government to authorize a Congressional delegation to go to Communist China. While it is true that at least one such delegation did visit Communist China in 1957, the circumstances were sharply different. The present visit to Communist China undoubtedly responds to the stresses and strains which are mostly extraneous to Manila-Taipei relations. However, the effects on Taipei of such a decision can well be imagined.

Here again is a situation where the two countries would do well to work together politically and militarily. Taiwan has a large and apparently well-trained army and has the strong defensive position on the island of Quemoy. Moreover, Taiwan has done a remarkable job in its economic development and no longer receives economic aid from the United States. On the contrary, it is now sending technical assistance to other Asian countries and did advise the Philippines with respect to land reform. It might fairly be assumed that the two

countries would find every reason for association in a regional sense,
but a larger distance separates these two countries than is justified
by the number of miles separating Taipei and Manila.

01150100

VII. The Future Role of the Philippines in the Far East:

Conclusions

There are many elements at work in the Philippines trying to develop and give substance to Philippine nationalism and to seek an identity which will place that country in a greater Asian context. Increasingly involved in this exercise are younger Filipinos of university age who have not personally been caught up in the emotions of the pre-independence period and the comradeship of war. They--and they are not by any means alone in this--do not like the taunts of other Asians that the Philippines is no more than an American "stooge" and "satellite". Moreover, these young Filipinos are fully aware of what the students have achieved in Korea, Viet-Nam, and, most recently, in Indonesia. More importantly, there is also the gradual realization by the mass of the poor and underprivileged Filipinos that their lot in life could be better. Perhaps the social revolution is a long way off, but then again it could come sooner than many expect. These pressures are slowly building up and left-wing groups are doing what they can to fan the flames. It can be assumed that the Philippines of five to ten years from now will be a much different and more difficult country than it is today.

There seems to be little doubt that the majority of Filipinos today accept the fact--their acceptance ranging from enthusiasm to bitter resignation--that Philippine security will depend for the foreseeable future on United States power. Neither SEATO, nor

LIMITED OFFICIAL USE

regional association, nor anything else can substitute for the guarantees that the United States has given to the Philippines.

There is also an increasing realization that these guarantees are measurable in terms of the strategic importance of the Philippines to the United States. It can be assumed that as the war in Viet-Nam continues the Philippines will see our military bases there less as a Philippine contribution to the joint defense of the Philippines than as useful trading counters to seek further concessions to Philippine sovereignty and as a means to demonstrate to other Asian nations the advance of Philippine nationalism.

As long as most of the free nations of the area have bilateral security arrangements with either the United States or the United Kingdom, and small and inefficient military forces, it may be assumed that there will be no move in the direction of attempting to develop collective security cooperation along indigenous regional lines. Virtually no thought has been given to the question because such cooperation would not only be meaningless in face of Communist Chinese power, but it would run into all sorts of complexities, including the problem of a Japanese role.

With the security aspect to one side, there still remains the question of how the Philippines can satisfy its understandable yearning to become a member in good standing of the Asian club. As already noted, there is little political empathy between the Philippines and the northern tier of free Asian states and thus little prospect of a close degree of cooperation with them, outside

LIMITED OFFICIAL USE

of the field of trade. Consequently, it would appear that the Philippine quest for Asian identity will have to resolve itself within the framework of association with other Southeast Asian states.

With the changed situation in Indonesia, there is the possibility that either the Philippines or Indonesia might try to revive the notion of a "Greater Malay Confederation", or MAPHILINDO. There is a continuing fascination and awe of Indonesia in the Philippines, and if Indonesia should abandon its aggressive attitude toward Malaysia and its subversive actions in the Philippines, it is quite conceivable that there would be a considerable temptation in Manila once again to seek a closer relationship with Djakarta. If the Malay nations were able to organize themselves effectively, Indonesia would be the dominant element and the Philippines' role would be secondary.

Whether or not Indonesia's attitude will change sufficiently to tempt the Philippines in this direction remains to be seen. This stage has certainly not been reached yet and the Philippines should be encouraged to approach this question with all caution.

The only other avenue now fully open for regional cooperation is ASA and it is believed that the Philippines would do well to pursue this avenue with increasing interest. ASA has the advantage of being entirely Asian in motivation and initiative, composed of like-minded states, and limited at this time to economic, social, and cultural

aspects of the region which bear nationalization and cooperation. Moreover, the membership of ASA does provide assurance to Western powers that the organization does not have a hostile, anti-Western slant. The fields of cooperation also leave the door open for possible future membership by other countries of Southeast Asia-- Burma, Cambodia, Singapore, Indonesia, Viet-Nam and Laos. Still another feature is that if ASA really gets under way, it could provide a useful link with Japan in matters related to economic aid and development. Finally, it could provide an acceptable framework in which the three Malay states could develop closer subregional cooperation, should this seem desirable at a later date. ASA could serve to dilute Indonesian dominance to some degree.

It seems quite clear that the Philippines has neither the capacity nor the will to play either a dominant or influential role in the development of ASA. The stresses and strains which have been referred to frequently in this case study will always work against such a role. However, if the Philippines can be encouraged to participate actively in ASA, it is believed that that organization will offer to the Philippines a form of safety valve for the pressures which are building up under these stresses and strains.

The United States would do well to give quiet encouragement to the Philippines in this matter, but otherwise stay far away from ASA. It must be the product of the Southeast Asian states themselves. If it succeeds, it could play a most important and useful part in the

LIMITED OFFICIAL USE

development of the area and it might then advance toward political and even security objectives. If it fails, and this may well be the case, it will be unfortunate, particularly for the Philippines, but not fatal. It will have at least offered to the Philippines and the other Southeast Asian states an indication of the direction which should be followed, and other attempts might well ensue later.

LIMITED OFFICIAL USE

Exempted From Automatic Decontrol

NO. 22110

SELECTIVE BIBLIOGRAPHY

031597030

Cutshall, Alden, The Philippines: Nation of Islands. D. Van Nostrand Co., 1964.

Durbin, Tillman, Southeast Asia. Atheneum, 1965.

Gordon, Bernard K., The Dimensions of Conflict in Southeast Asia. Prentice-Hall, 1966.

Phelan, John Leddy, The Hispanization of the Philippines. University of Wisconsin Press, 1959.

Purcell, Victor, South and East Asia Since 1800. Cambridge University Press, 1965.

Sternberg, David T., "The Philippines: Contour and Perspective." Article in Foreign Affairs, April 1966.

Taylor, George E., The Philippines and the United States: Problems of Partnership. Council on Foreign Relations, Frederick A. Praeger, Inc., 1964.

Zaide, Gregorio F., The Republic of the Philippines. Rex Book Store, Manila, 1963.

031597030

0317120A1030

060 021110