

Marcos after Re-election

Nearly two years have passed since Ferdinand Marcos became the first Filipino President in history to be reelected. Events since then—violent demonstrations, strikes, peasant marches, devaluation, inflation, production declines, job layoffs—have generated an atmosphere in the Philippines totally unlike the optimism existing in the late campaign days of September/October 1969.

Marcos' apparent move to the political Right seems today wholly out of character with his early nationalist posture and his growing dependence on the military to solve the social problems of Central Luzon quite opposite to his campaign emphasis on land reform, industrialization and justice.

An explanation of the current economic recession and socio-political malaise besetting the Philippines can, perhaps, be best understood by first seeing how Marcos, by that first week in November, had come to embody the aspirations of virtually the entire spectrum of the Filipino reform movement and, second, how the election itself, by its extravagant spending, crippled not only the ability of the nation to fulfill the rising expectations of its people but also to act independently of the Western Big Powers.

By the summer of 1969, pressures for fundamental social change had become strongly manifest throughout all segments of Filipino life. A new direction in both domestic and international affairs was demanded by virtually all articulate organizations in the country, from the Movement for the Advancement of Nationalism to the National Federation of Sugarcane Planters, from the newly formed New Peoples' Army in the barrios of Central Luzon to the Christian Social Movement in Manila. The election itself crystallized this feeling for change by being the first in post-war history to involve fundamental ideological differences. Reflecting both the growing social and economic problems of the country and the increasing awareness by organized groups of the basic nature of these problems, the election was fought between two politically polar candidates, each with his own professed ideas of how to deal with the perennial ills of the Philippines. While few would argue that organization and money meant the crucial difference between victory and defeat, the ideological stance by Marcos in opposition to Sergio Osmena Jr. marked a watershed election win, particularly within the post-Bataan, younger generation.

During the campaign, Marcos staked out a nationalist position on domestic issues and an independent position on international affairs. Holding Filipino interests to be paramount, Marcos called for land reform, industrialization and the ending of the "special relationship" between the U.S. and the R.P. He wanted revisions in the military pacts and economic treaties. He wanted closer ties to socialist countries. He stood against devaluation of the peso and acceptance of International Monetary Fund loans which carried with them external controls on the Philippine economy. Marcos, by emphasizing his road-building and rice program performances of the previous administration, identified with the young, the articulate, the dynamic. Osmena identified with the old ways of the past, calling for prolonged U.S.-R.P. ties and continual battle with the communists at home and abroad. Old solutions to old problems. Hence, Marcos came to symbolize a break with the past and change for the future.

A sweeping, tidal victory gave Marcos his second term in office, but, at the same time, blocked any possibility of his ever accomplishing the nationalist, independent programs outlined during the campaign. While the Filipino economy has always followed a cycle of expansion and contraction directly related to Presidential election spending, the 1969 election proved extremely trying for the precariously balanced, dependent economic structure.

In campaigning for reelection, Marcos relied heavily on the organization and monies of the national government which he controlled. Government expenditures, under his direction, rose nearly 25% in 1969 over 1968. The money supply shot up over 13%. As in the past, the politically induced rise in the quantity of money, designed to generate votes, not growth, originating from such governmental sources as the "barrio fund," the "calamity fund," the "emergency fund," and the "intelligence fund," led to increased consumer demand and inflationary pressure. Inasmuch as the Philippine economy retains a semi-colonial relationship with the industrial world, particularly the United States and Japan, and exchanges its raw materials for manufactured or semi-manufactured goods, inflationary demand became import demand. The post World War II, mainly foreign owned, assembly-type, consumer-oriented industry, built up during the period of decontrols in the 1950's, was particularly sensitive to this process. Increased demand for its products by the populace was translated into increased need for hard currency dollars with which to pay for imported materials.

Unfortunately, the balance of payments position of the country was very precarious at this period (as it has been periodically since the end of World War II). Imports heavily exceeded exports. "Invisible" dollar revenue from American bases had declined with the peaking of the Vietnam war while payments in the forms of profit remittances by U.S. corporations to home offices and "salted" dollars by Filipinos and Chinese to safer, more profitable climes were rising.

The severity of the balance of payments problem was accentuated by the fact that dollars were needed to pay off a debt of nearly \$1.5 billion owed by the Philippine government and private institutions to foreign (predominantly American) banks and international financial organizations. Furthermore, the structure of the debt was such that the bulk was composed of short-term loans due within the first year in office. As of June 1969, \$386 million of the \$775 million debt of the government sector was short term.

In the last week of December, a month and a half after the Presidential election, the Philippines Free Press reported:

AS OF TWO WEEKS AGO, THE CENTRAL BANK HAD NO INTERNATIONAL RESERVES TO SPEAK OF ... THE DOLLAR RESERVE STOOD AT \$150 MILLION ... THE COUNTRY'S COMMITMENTS OR OBLIGATIONS ALREADY DUE OR ABOUT TO BECOME DUE ADD UP TO \$151.1 MILLION. IT IS DOUBTFUL THAT THE CENTRAL BANK COFFER HAS EVER BEEN THAT EMPTY BEFORE.

On taking office, Marcos, while explaining the inflation and balance of payments crisis as unfortunate products of

his first term's efforts at road construction and development, attempted to curb the money supply, and stop the dollar drain. Fiscal and monetary restraints were imposed, restricting bank credit and government expenditures. Emissaries were rushed abroad to ask for loans to be "rolled over," i.e., for short-term debts to be delayed and transformed into medium or long term debts. They also sought additional credit. Import quotas were established and ceilings for dollars to be used for such imports were set at 55% of the previous year's volume.

Yet, with the money supply remaining high and imports blocked, prices began to rise appreciably. In addition, manufacturers, faced with tight credit and dollar restraints, began to lay off workers, as raw materials diminished and production declined.

The election which saw reformist hopes soar expectantly had already begun, by Christmas, to pay unwanted and dangerous dividends.

Before November was over, it had become clear from the traveling financial emissaries that the needed loan roll-overs and additional credit from American banks and other institutions would not be given unless the Philippines acceded to borrowing its third tranche from the International Monetary Fund. The IMF, set up during the Breton Woods discussions after the Second World War as part of a general international monetary framework for the West and based on the principles of free trade and capital movements, theoretically acts to aid countries with foreign exchange problems. In exchange for accepting particular restraints on the freedom to control its own economy, designed to allow market conditions to operate and thereby generate the capital to repay the loans, a country may receive hard currency from the IMF. Although usually small, the loan application itself is taken by other financial institutions—especially U.S. banks and the American State and Treasury Departments—as proof of a country's "serious intent" at solving its balance of payments problems and, of course, of paying off its debts.

Unfortunately, the "serious intent" expected by the developed world of less developed states involves economic policies which nationalists, from capitalists to communists, consider antithetical to national growth. These policies, instituted in the Philippines in 1962 after a similar foreign exchange crisis forced the government to turn to the IMF and outside loans, consist of:

1. ELIMINATION OF CONTROLS OVER CURRENCY CONVERTIBILITY;
2. ELIMINATION OF CONTROLS OVER IMPORTS AND EXPORTS;
3. FREE EXCHANGE RATES;
4. FISCAL AND MONETARY RESTRAINTS BY GOVERNMENT AND PRIVATE ENTERPRISE DESIGNED TO CURB INFLATION AND PRESSURE FOR IMPORTS;
5. DEVALUATION, MAKING IMPORTS RELATIVELY MORE EXPENSIVE AND EXPORTS CHEAPER.

In short, the IMF policies which a country must accept if it is to receive needed credit on the international market involves both the release of considerable economic activity from centralized Governmental supervision and a contraction of the overall domestic economy through the limitation of spending and credit.

The 1962 IMF stabilization program for the Philippines did not work. Large government spending, especially that directed toward the reelection of the President, financed

through borrowing at home and in the United States, plus smuggling and some absolute GNP growth had, by 1969, created another balance of payments crisis.

The first step in Marcos' shift to the Right was marked by a controversy within his own administration over acceptance, once again, of IMF "help." During the campaign and immediately afterwards, Marcos consistently stated his opposition to both devaluation and acceptance of IMF restrictions as solutions to the foreign exchange crisis.

By December 10, Finance Secretary Romualdez, upon learning that Central Bank Governor Calalang had said that the Philippines "might avail itself of the third tranche" of the IMF, exploded, stating, "I will never be a party to the surrender of our monetary sovereignty. As a member of the Cabinet of President Marcos, I fully support him in his uncompromising policy of economic nationalism and the protection of the nation's integrity and independence."

Nationalists throughout the country opposed acceptance of the third tranche (a state is allowed under IMF regulations to withdraw two "tranche" or quarters before acceding to policy restrictions). As reason for their opposition, they cited what they considered to be the disastrous record of the 1962 stabilization program.

In that year, the last of the many governmental controls that had been established in the 1950's was abolished as a condition for a \$300 million stabilization loan pledged by the U.S. Treasury, after consultations with the IMF and the State Department. As a precondition, the peso was devalued.

The results of this decontrol program were, to the nationalists, economically and politically harmful to Philippine development.

They gave several reasons. First, rather than cure the balance of payments problem, the dismantling of the control system allowed the foreign corporations operating in the country to freely remit profits home, without being forced to re-invest them. In 1961, a year before decontrol, dollar disbursements for "invisible," mostly profit remittances, were \$200 million. In 1964, two years after decontrol, they were \$700 million. In 1966, they had risen to \$990 million (export earnings for that year were \$780 million).

Second, decontrol allowed for unlimited and unspecified imports. This, plus profit remittances and "salted dollars" caused chronic deficits in both domestic and international payments. The deficits were financed by loans from predominantly American sources. The external debt of the Government rose from \$275 million in 1961 to \$737 million by 1968—most of it short-term.

Third, the tight credit restrictions, coupled with unlimited imports and smuggling, created severe problems for the nascent manufacturing community. Devaluation increased the peso cost of both imported and existing loans. While foreign corporations could avail themselves of parent company loans, liberal intra-company pricing arrangements plus a sizable portion of domestic Filipino credit (which came to P2,758 million or 18% of all commercial bank loans executed in 1968), indigenous Filipino firms had only Government and commercial banking sources of finance. A number of Filipino-owned enterprises, notably Filoil, a refinery, caught in the squeeze, sold out to American businesses.

The National Economic Council, in the April/June 1969 Statistical Reports, reported that:

THE EFFECT OF DECONTROL WHICH INCREASED

THE CAPITAL AND OPERATING REQUIREMENTS OF INDUSTRIES ON ONE HAND, COUPLED WITH THE TIGHT CREDIT POLICY INSTITUTED BY THE GOVERNMENT ON THE OTHER, RESULTED IN A TIGHT SQUEEZE GREATLY PREJUDICIAL TO INDUSTRIAL ENTERPRISE.

Thus, nationalists who believe that a strong government role in the economy, liberal credit and indigenous industrialization are necessary for development considered the 1962 IMF restrictions incapacitating and debilitating.

Furthermore, many saw a long continuity in the efforts of American policy to thwart independent Filipino industrialization. Arguing that "free trade" among unequals is hardly "free," in the classical competitive sense, nationalists saw in 1962 and see in 1970 a single anti-industrial trend begun in 1909 with the imposition of the Free Trade Act, continued by the Bell Trade and Laurel Langley Acts, pressures by the U.S. State Department in 1957 on the IMF for decontrol and devaluation in the Philippines, through the 1962 period and up until the present stabilization program.

The current situation in the Philippines is strikingly similar economically to 1962. Despite Marcos' protestations and campaign promises of national development and independence, by the end of February the inflation and foreign currency problems had forced the Philippines to accept IMF conditions of devaluation, decreased public and private spending and a reduction in both foreign imports and loans. The new Central Bank Governor, Gregorio Licaros, indicated that refinancing would have been impossible without IMF support.

The consequences of such policies have also been similar to 1962. A contraction of credit for businesses had resulted in decreased production and job losses. Devaluation has increased the peso cost of foreign loans (where before about four pesos were required to pay off each dollar, now six or more are needed), making business operations even more difficult. The Government has also begun to lay off tens of thousands of workers to save money. As before, Filipino firms suffer more than foreign corporations because of their inability to generate capital from home offices and their weaker bargaining position in local financial markets. Devaluation has hurt consumers who have seen the cost of living soar with inflation. Farmers have seen the prices of fertilizer, chemicals and credit go up and, as usual, the smaller farmers suffer the most. Inflation has furthered the concentration of land ownership in the Philippines, stimulated lately by the introduction of the "miracle rice" strains. Such strains, by greatly increasing the benefits of mechanization and large scale agri-business farming have tended to give the profit edge to more efficient, big landowners. Increasing production and consumer costs will enlarge this edge, exacerbating the unrest in the countryside.

Finally, acceptance of the IMF restrictions on spending and imports, devaluation, rejection of overall controls over currency (short-run restrictions have implemented) and total dependence on American dollar loans has ended for the time being the hopes and aspirations of the Filipino reformists for basic economic and social change in the nation.

Those who will benefit from the IMF restrictions and devaluation—the sugar and other primary raw material exporters (receiving more pesos per dollar after devaluation) are the same actors who have been

traditionally tied to the U.S. through special quotas, agreements and the like. The new economic and political force in the country, the independent Filipino capitalist, whose orientation and goals are potentially in conflict with the exporters and other U.S.-dependent manufacturing groups, was the most hurt in the process.

Thus, the alignment which the 1969 election spending forced the Philippines to enter has increased the traditional colonial economic relationship between raw material supplier and industrial goods producer, and decreased the potential economic and political freedom of the country in both its domestic and international affairs.

The international political consequences of the Marcos election, the inflation and the resulting dependence on the IMF and American banks can be gathered by press reports concerning the prospective discussions on U.S.-R.P. military pacts. On December 15, A.F. Doronilla, a Manila columnist wrote:

THE ADMINISTRATION IS GIVING SERIOUS THOUGHT TO POSTPONING NEGOTIATIONS ON PHILIPPINES MILITARY AND ECONOMIC TREATIES WITH THE UNITED STATES. . . .

WHILE THE HEAVY REELECTION WAS READ BY THE ADMINISTRATION AS AN ENDORSEMENT OF ITS NATIONALIST POLICIES—ITS VALUE AS A BARGAINING LEVER SEEMS TO BE UNDERCUT BY THE EFFORTS OF THE ADMINISTRATION TO OBTAIN EMERGENCY CREDITS FROM THE U.S. AND OTHER FOREIGN SOURCES.

THE ECONOMIC CRISIS HAS IMPAIRED THE BARGAINING POSITION OF THE PHILIPPINES.

Furthermore, no activity in international affairs in the last ten months could be interpreted as liberalizing the post World War II Filipino position of adamant anti-communism and strong pro-Americanism.

Hence, a more neutral position in world affairs, involving relations with socialistic countries independent of U.S. foreign policy, promised in the election campaign and expected by reform elements throughout the country, seems to have been sacrificed to economic "practicality." If anything, Marcos has taken the Philippines to the Right.

Domestically, the financial crisis has meant a decline in the amount of political "goodies" available to the governing elites to be used in exchange for mass political support. Historically, the central core relationship within Filipino society has been the patron-client unit in which a powerful patron provided certain political and economic services to a multitude of weaker clients in return for their support of his actions. In pre-Spanish and Spanish colonial times, the patron client relationship centered around the landlord and peasant in the rural, agricultural areas of the country. With the advent of a private enterprise, market economy and the rise to power under the Americans of the landlord, "cacique" class, the patron-client relationship changed. Power, and the economic favors that come with it, began to originate in Manila from a central government. Hence, as the Philippines became more centralized and politicized through elections, the agricultural base of power shifted to the national governmental level. Decisions concerning loans, contracts, jobs, land were no longer directly personal between the peasant and his landlord but sifted through governmental bureaucracies. The patron provided government jobs, government contracts, and government lands in exchange for political support, especially during elections. With peasants, such support meant votes, with

industrialists, exporters and foreigners, it meant campaign funds.

Thus, the basic element of stability in the Philippines has been the interchange of political support for political favors. The last election, in addition to frustrating the hopes of all Filipino reform groups, also, by precipitating an economic crisis, decreased the amount of "goodies" available. Without such "goodies" to exchange for political support (and population pressure has necessitated an ever-greater amount year after year), the stability of the Marcos administration and the prevailing Philippines political system in general is threatened. With this, the chances of a revolutionary upheaval, from either the left or right, are immensely heightened.

The urban demonstrations which followed Marcos' reelection are the best indication of the growing fragility of Filipino society. The first eight months following November saw perhaps the greatest concentration of groups protesting social conditions since the rural strikes and demonstrations of the Thirties.

The newest and most publicized force to emerge from those months is the student movement. Products of a huge educational bureaucracy of public and private schools, encouraged by mass communications showing Indonesian, Korean, and American students affecting their respective nations' political destinies, the young Filipinos came into their own as a force at the end of January, 1970.

Minutes after rocks, bottles and symbolic coffin came crashing down near President Marcos and his wife on the steps of the Congress, police and Constabulary opened up on student demonstrators, killing a number of them. A demonstration protesting the killings followed the next evening at Malacanang Palace. Again, blood flowed as some students crashed through the gates onto the palace grounds. Marcos' declaration that a "Maoist plot" to capture Malacanang and overthrow the government had been thwarted did much to raise the potential political power of the student movement.

The movement itself is composed of an amazingly wide spectrum of organizations, the most famous and radical of which is the Kabataang Makabayan. Judged by Filipino government and military sources to be the most revolutionary of student organizations, the KM considers itself the "vanguard" of Filipino youth in fighting against American imperialism and domestic feudalism. It seeks to build a centrally planned, industrial, socialist society.

Less publicized, but probably far more important than the student demonstrations have been the labor and farmer rallies (usually held with student participation). Jeepney drivers protested increased gasoline prices. Tobacco, bank and other unions demanded a higher minimum wage bill. Small tenants and farmers demanded higher rice subsidies or prices plus implementation of the land reform code. Public market vendors demanded approval of better working conditions.

As devaluation and tight credit continue to deepen the economic recession, greater labor and peasant strife can be expected. As the economic crisis dries up the political system's supplies of "goodies" that are traded for support, the stability of the Marcos Administration will be increasingly threatened.

The overall response of President Marcos to the post-election demonstration challenges has been to move steadily to the Right. While some sources attribute this shift to the inevitable consequence of Filipino dependence on IMF and American financial credit growing out of the last

election, and others believe it to be consonant with past first term policy, all agree that it contradicts the Marcos campaign platform and frustrates the November expectations of reform organizations in the nation.

Evidence for this rightward movement can be seen in several areas. The first and most portentous act was President Marcos' reaction to the January student demonstrations. His accusations that they were Maoist instigated, and by implication subversive and without worth, together with reports describing helicopter pads being constructed on the palace grounds alienated the young, one of his strongest election supports, and did much to crush their hopes for an end to rhetoric and a beginning to concrete social change.

The increasing dependence on the military is the second, and probably the most important indication of the Administration's shift to the Right. The growing militarization of the anti-Huk drive and the continuous focus on Dante's ideologically-oriented New Peoples Army rather than the old-line, "commercially minded" Hukbalahap of Commanders Sumulong and Taruc, show a significant change from the "soft pacification" emphasis of the first term to a new, "hard fist" approach.

The militarization of the Administration is further exemplified by the firing of Blas Ople, Labor Secretary, as head of the Central Luzon Development Program and his replacement with Undersecretary of Defense, Jose Crisol. Sources in the Senate reported that Ople opposed military operations and favored land reform as the means to ending the Central Luzon dissidence. Ople had opposed the establishment of the Barrio Self Defense Units program which gives arms to peasants. While the Philippine Constabulary has stated that the BSDU's are designed to enable farmers to defend themselves against Huk guerrillas, many barrio leaders and Congressmen have charged that men are coerced into forming such units by the PC. Furthermore, those who have accepted are then caught between both the Huks and the PC who hold the peasants responsible for hostile activities within their villages because they are now armed.

The farcical trial and subsequent deportation to Taiwan of the Yuyitung brothers, publishers of the Chinese Commercial News of Manila, accused of printing articles favorable to communism is a third indication of Marcos' move to the Right.

Filipino citizens and raised in Manila, the two men were found guilty on evidence consisting of New China News Agency releases received via Western wire services and one hundred photos of Mao Tse-tung printed over the last twenty years. They were secretly deported, without being allowed to see their families and while awaiting action on an appeal.

In line with this, on perhaps a lighter plane, is the banning of Mao's Red Book from the Philippines (an American edition) and the prevention of Dr. Han Suyin from a speaking engagement in Manila where she had talked a few months before.

Whether one considers President Marcos to be, in his second term, a genuine nationalist seeking his country's development but caught in a web of unequal international financial and political relations not of his making, or an opportunist, mouthing rhetoric and slogans to gain an election while at the same time spending the Philippines into economic subordination, the last two years indicate that the social glue of Filipino society, as has often occurred in the past, is again becoming unstuck.

For Mr. Locsin, as well as many other Filipinos, the problem of internal subversion is a Philippine problem.

The threat of Chinese aggression is admittedly very remote. Former U.S. Ambassador to Japan, Edwin O. Reischauer has commented: "Successful occupation of a huge and much more distant country like India would be out of the question and conquest of overseas countries like Indonesia, the Philippines and Japan, a mere pipe dream." There is no foreseeable danger of external aggression by China.

Depending on one's economic level and political stature in the Philippines, the U.S. bases are considered an asset, a liability or an insult. Those belonging to the upper elite would do well to think twice before advocating the removal of the bases. Should a popular revolution break out, these Filipinos would certainly want the American military to control the peasant population while allowing them to flee the country.

Not only will the U.S. military presence help the rich escape the wrath of the people, their presence now offers tremendous opportunities for getting rich quick through expansion of servicing the forces and black-marketing of U.S. goods. U.S. military spending is about \$150 million annually, including personal expenditures by the servicemen and their 28,000 dependents. This generates 5% of the national income. In addition, 5% of all the jobs in the Philippines are in some way associated with the U.S. bases, making the Pentagon the second highest employer in the country, second only to the Philippine Government. If the concern, however, is the welfare of the vast majority of the people and the country as a whole, removal of the U.S. bases from the Philippines is necessary. Whatever revenue lost when there are no more U.S. servicemen to support can be made up in other ways.

U.S. Senate Hearings

The U.S. military dominance in the Philippines was widely discussed during the 1969 hearings before the Senate Subcommittee on U.S. Security Agreements and Commitments Abroad (Foreign Relations Committee). Some very illuminating exchanges between the Chairman, Senator Stuart Symington (D-Mo.), and Lieutenant General Robert H. Warren, Deputy Assistant Secretary of Defense for Military Assistance and Sales, serve to expose the U.S. motivations:

SENATOR SYMINGTON: Yesterday we had testimony that the external threat to the Philippines was very little. Today we have testimony that the U.S. support of counterinsurgency is minimum. What, therefore, is the real purpose of this military assistance? Doesn't it come down to a quid pro quo for the bases and a means of contributing to the Filipino government? There are figures from a House committee that there are three and a half billion people in the world, and all but 36 million have received American aid. We are doing our best. The question is how long can heavily taxed America take it? Isn't this really a means of keeping the (Philippines) government satisfied? They know what the other countries are getting and want their share also.

GENERAL WARREN: In my opinion, to a degree, yes, sir. But it is also to help Filipino forces to physically protect U.S. forces in the Philippines.

SENATOR SYMINGTON: From whom?

GENERAL WARREN: Internally, sir; to maintain internal security and stability and thereby make our own activities over there more secure.

SENATOR SYMINGTON: In other words, we are paying the Philippine government to protect us from the Philippine people who do not agree with the policies of the government or do not like the Americans.

GENERAL WARREN: To a degree, yes, sir.

Later in the testimony, sub-committee counsel Roland A. Paul questioned Lieutenant General Francis C. Gideon, commander of the 13th Air Force, referring to the blatant waste of money and questionable United States interests. Testimony had revealed that the U.S. had assigned 600 men to a rural base at Mactan to handle a total of only about 160 flights per month, compared with 20,000 per month at Clark Air Base.

COUNSEL PAUL: In light of this minimal function, could you tell us why Mactan, if I may ask a direct question, should continue to be operated as an American facility?

GENERAL GIDEON: Yes, we continue to re-evaluate these questions, and that one is being re-evaluated at this time, as are all of the bases.

SENATOR SYMINGTON: With respect, General, I do not think that answer is quite responsive. Why do you keep the base open?

GIDEON: Well, from my own point of view we keep it open because I am instructed to carry out the mission.

SYMINGTON: Let me approach it in another way. Six flights a day. Do you think it worthwhile on the basis of six flights a day?

GIDEON: My own personal opinion is that if this were the only reason for the retention of the base, no; that would not justify the retention of the base.

Finally, this quote can serve to summarize the truer motivations for the U.S. military dominance in the Philippines.

SENATOR FULBRIGHT: If our bases are necessary to meet the possible danger of nuclear blackmail, which we are told must be in the future, these bases are simply to automatically ensure (that) we would be involved if any trouble developed between China and the Philippines. That is the only purpose, because the air force would not be effective in combatting missiles, would it?

GENERAL GIDEON: We cannot effectively guard against a missile attack.

SENATOR FULBRIGHT: I could not see the relevance of an air force as a protection against nuclear blackmail. The attack is almost certainly to be missiles, is it not so, if it is to be at all?

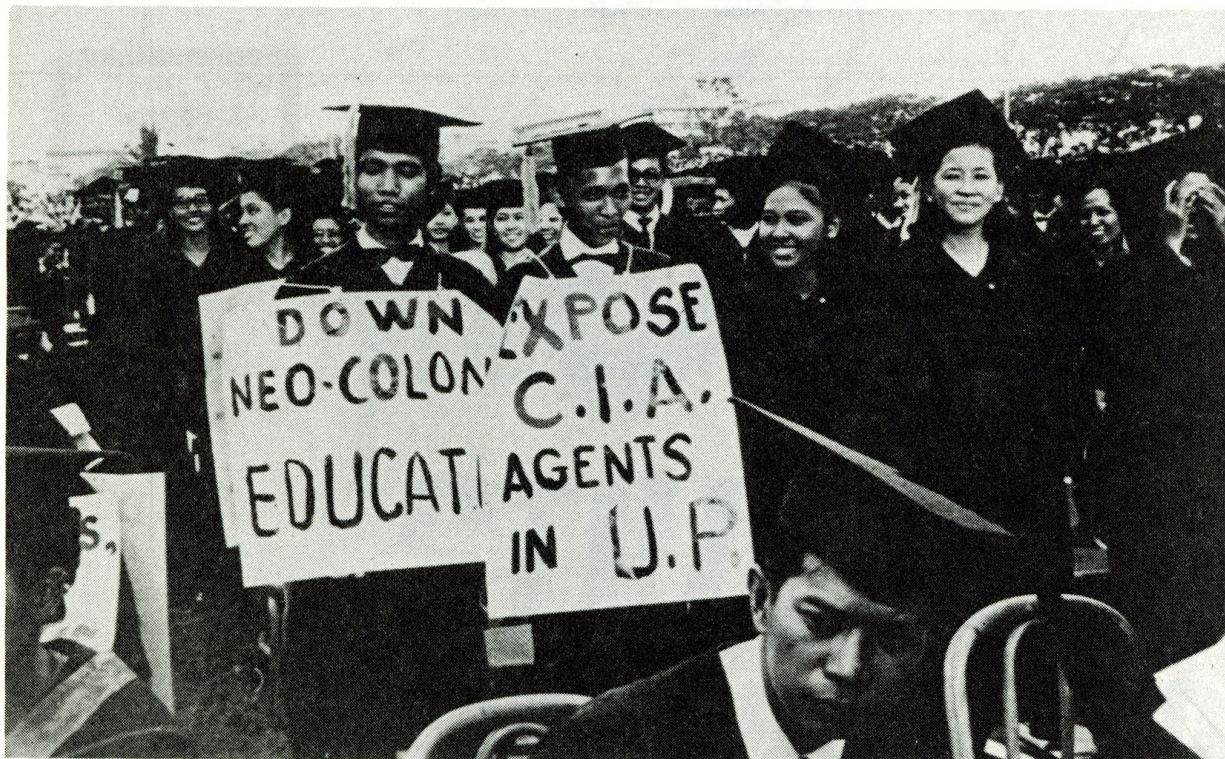
ADMIRAL KAUFFMAN: Sir, from our point of view these bases are very valuable to our forces.

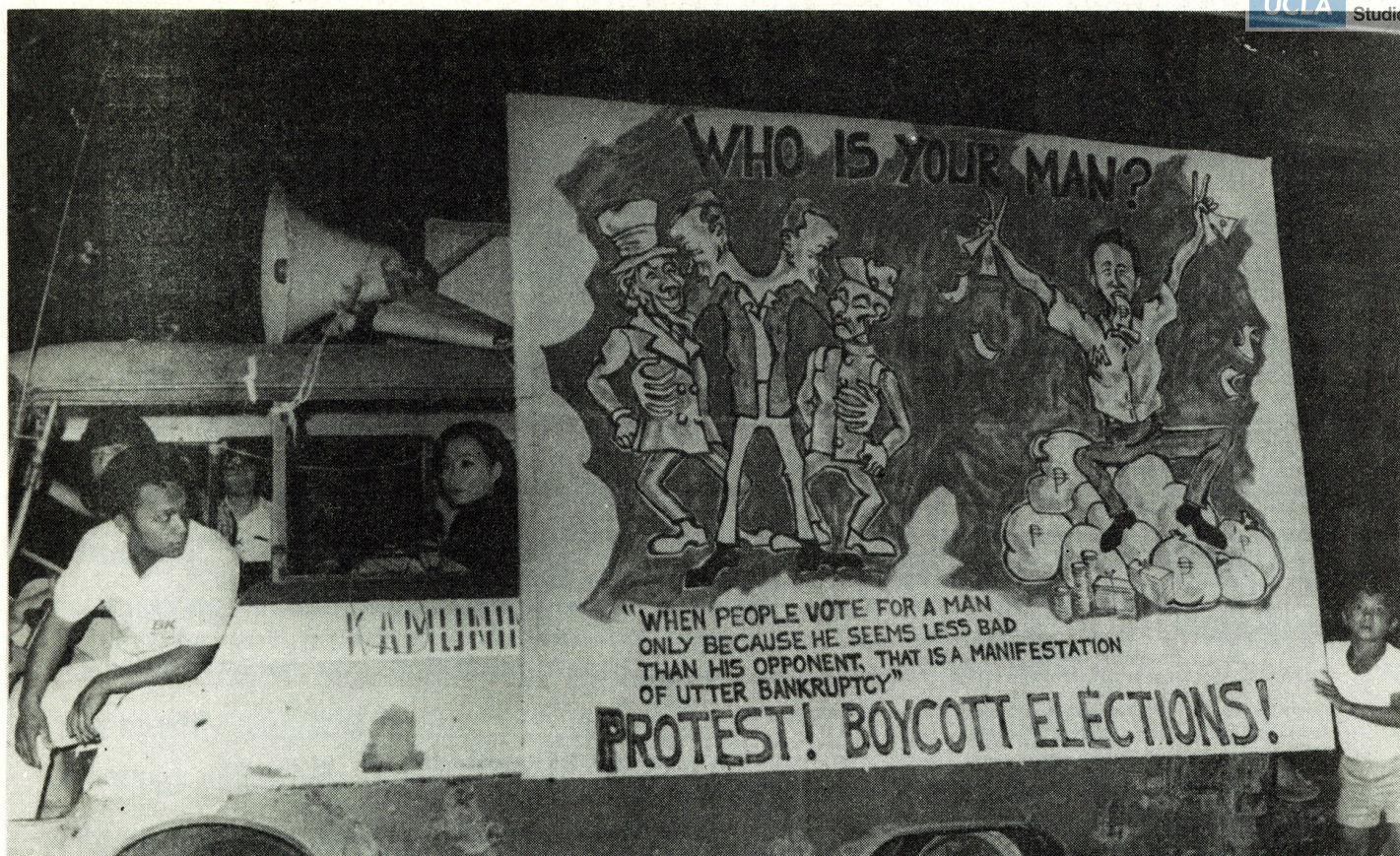
SENATOR FULBRIGHT: Maybe that is the point. We are not really there to protect the Philippines. We are there to serve our own purposes, to maintain a base for what we believe to be our forward protection against China or anybody else.

ADMIRAL KAUFFMAN: Oh yes, sir.

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