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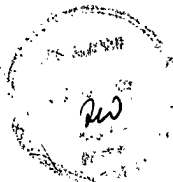
THE PARLIAMENT OF
THE COMMONWEALTH OF AUSTRALIA

Joint Committee on
Foreign Affairs and Defence

AUSTRALIA AND THE PHILIPPINES

The situation in the Philippines and
its implications for Australia

Australian Government Publishing Service
Canberra 1986



Australia and the Philippines

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Philippines and its
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► The Parliament of the
Commonwealth of Australia
Joint Committee on Foreign
Affairs and Defence
September 1986

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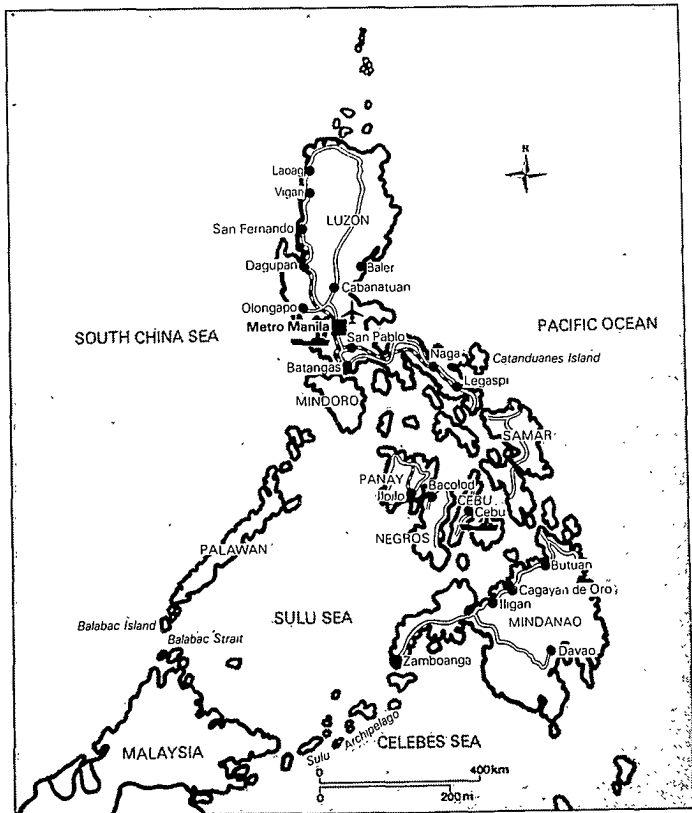
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THE PHILIPPINES



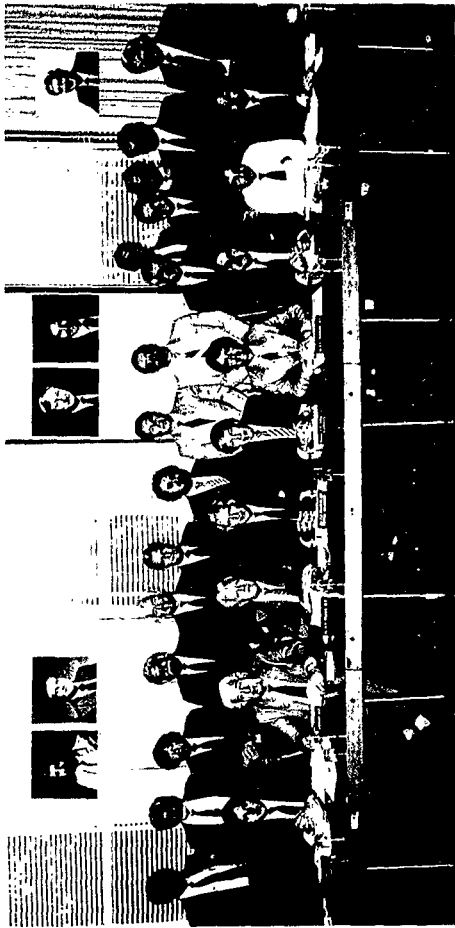
TERMS OF REFERENCE

On 19 September 1985 the Joint Committee on Foreign Affairs and Defence resolved to inquire into, and report upon:

The situation in the Philippines and its implications for Australia with particular reference to:

1. the importance of the Philippines to regional stability and Australian interests;
2. the current political and economic situation in the Philippines and likely future developments;
3. the state of Philippine-Australian relations and appropriate Australian policies towards the Philippines.

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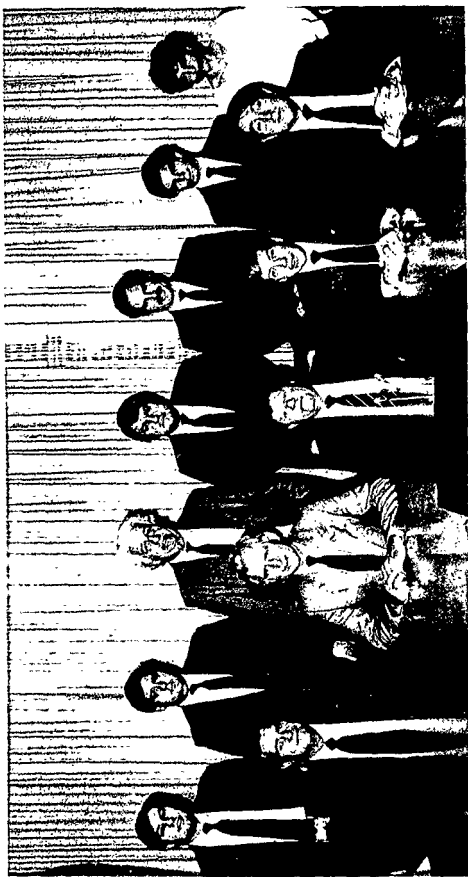
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 Mr N. J. Hicks, MP, Mr N. Dimo (Adviser), Ms K. Edwards (Steno-Secretary)
 Seated: Sen R. C. Elshob, Hon. A. S. Peacock, MP, Mr G. N. Bilney, MP (Chairman), Sen K. W. Sibraa,
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 Absent: Sen N. Bolkus, Sen R. Hill (Deputy Chairman), Mr W. P. Coleman, MP, Mr R. F. Shipton, MP,
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Dr R.E. Klugman, M.P.
Mr R.F. Shipton, M.P.
Dr A.C. Theophanous, M.P.

Pursuant to paragraph 8 of the Resolution of Appointment of the Committee, the Chairman (Senator K.W. Sibraa) and the Deputy Chairman (the Hon A.S. Peacock, MP), are ex-officio members of the Sub-Committee.

* Mr Baldwin resigned from the Sub-Committee on 28 May 1986.

Secretary to the Sub-Committee - Mr P. Stephens

Foreign Affairs Adviser to the Committee - Mr M. Dimo

AUSTRALIA AND THE PHILIPPINES

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ABBREVIATIONS

AAECP	ASEAN-Australia Economic Co-operation Program
ACAP	Australian Community Assistance Program
ACPOA	Australian Council for Overseas Aid
ADA	Australia Defence Association
ADAB	Australian Development Assistance Bureau
AFP	Armed Forces of the Philippines
APFCC	Australia-Philippines Business Co-operation Committee
ASTP	Australian System of Tariff Preferences
AUIDP	International Development Program of Australian Universities and Colleges
BBCHD	Bishops-Businessmens' Conference for Human Development
CAA	Community Aid Abroad
CBCP	Catholic Bishops Conference of the Philippines
CCJP	Catholic Commission for Justice and Peace
CHDF	Civilian Home Defence Forces
COMELEC	Commission on Elections
CPP	Communist Party of the Philippines
DCP	Defence Co-operation Program
FACE	Filipino-Australian Community Education
ILO	International Labour Organisation
IMF	International Monetary Fund
KBL	Kilusang Bagong Lipunan (New Society Movement)
KMU	Kilusang Mayo Uno (May 1st Movement)
MBA	Military Bases Agreement
MNLF	Moro National Liberation Front
NAMFREL	National Citizen's Movement for Free Elections
NDP	National Democratic Front
NPA	New People's Army
NSIRDP	Northern Samar Integrated Rural Development Project
PAUL	Philippine Australia Union Links
PDP-Laban	Philippine Democratic Party - Lakas ng Bayan
RAM	Reform the Armed Forces Movement
SIP	Sectoral Inputs Program
TIPP	Trade and Investment Promotion Program
TFD	Task Force Detainees
TUCP	Trade Union Congress of the Philippines
UNIDO	United Nationalist Democratic Organisation
WADNA	Women and Development Network of Australia
ZSDSP	Zamboanga del Sur Development Project

FOREWORD

1. The decision to conduct an inquiry on the Philippines was based on several considerations. Primary among these were the location of the Philippines in an area of substantial strategic, political and economic interest to Australia; its membership of ASEAN; and its alliance with the United States, including the hosting of major United States military facilities. These factors explain the importance of the Philippines not only to Australia but to all nations in East and Southeast Asia and the Western Pacific. A stable and prosperous Philippines, maintaining harmonious relations with its neighbours, reinforces regional stability; an unstable Philippines introduces a significant degree of uncertainty.

2. A further consideration in deciding to conduct an inquiry on the situation in the Philippines was the degree of interest and concern generated inside Australia by events in the Philippines. Several factors have contributed to this. The relationship with the Philippines is not one of Australia's major bilateral relationships. Nevertheless, Australia and the Philippines have built up an extensive relationship in recent years. Some aspects of the relationship, especially defence co-operation, aid and some immigration issues, have become subjects of controversy. The trial of Father Brian Gore served to generate greater interest and concern in Australia about the Philippines, and focussed attention on the wider issue of human rights abuses under the government of President Marcos. There was widespread concern and uncertainty about the nature of Australia's relations with and policies towards the Philippines.

3. The internal situation in the Philippines entered a period of intense instability during 1983 with the ill-health of President Marcos, the assassination of the leading opposition figure Benigno Aquino, the contraction of the economy, and the expansion of the communist insurgency. The volatile situation in the Philippines became inescapably a major focus of interest for a wide range of states, including Australia. The Philippines' internal problems and the possible implications of a change of regime, were noted in the Committee's report on Australia and ASEAN in 1984.*

4. Although it was satisfied that these considerations justified an inquiry, the Committee recognized that the inquiry would involve sensitive and controversial issues. The inquiry could be seen, in the Philippines and elsewhere in the region, as an intrusion into another country's internal affairs and as an example of Australian insensitivity to regional values and perceptions.

5. After consideration of these issues, the Committee concluded that the balance of advantage clearly lay in favour of conducting the inquiry, despite the sensitivities involved. The Committee took the view that an inquiry on the situation in the Philippines could serve to inform the Australian Parliament and people about developments in an important neighbouring country and to stimulate debate about the effectiveness and appropriateness of Australian policies toward that country. Both are legitimate functions for the Committee to perform.

* Parliament of the Commonwealth of Australia, Joint Committee on Foreign Affairs and Defence, 'Australia and ASEAN: Challenges and Opportunities', Parliamentary Paper 231/84, pp.29-31.

6. The Committee was aware that the situation in the Philippines could change rapidly. Since the inquiry began in September 1985, the extent of that change has been remarkable. Marcos's decision to hold an early presidential election led to the dramatic events of February 1986 and his departure into exile after more than twenty years as President of the Philippines. What is now happening in the Philippines goes far beyond the formation of a new government and the process of rapid change is likely to continue. If events unfold as the new government intends, there will be a new constitution late this year, and local and national elections early next year. In other key areas, such as the economy and the insurgency, there is also scope for continuing rapid change.

7. The pace and extent of change in the Philippines this year have justified the Committee's decision to conduct its inquiry, but have also posed a range of problems. Most of the submissions were received before the February elections, whereas the public hearings were nearly all held afterwards. The Committee's preparation of its report was inevitably made more complex as the situation under the new government developed rapidly and as the Australian government began to develop new policy initiatives towards the Philippines.

8. The Committee accepts that in this situation parts of its report will quickly become outdated, and some of its arguments and conclusions may be shown to be wrong. But the benefits of attaining a more informed view of the Philippines, and of stimulating debate on Australia's relations with the Philippines, fully justifies the inquiry, however tentative some of its conclusions have to be.

CONDUCT OF THE INQUIRY

1. On 19 September 1985 the Joint Committee on Foreign Affairs and Defence resolved to conduct an inquiry into the Situation in the Philippines and its Implications for Australia, referring the matter to one of its Sub-Committees Chaired by Mr Gordon Bilney, MP.
2. The inquiry was advertised in the major metropolitan newspapers throughout Australia. A total of 112 submissions, including ten from the Philippines, were received (and are listed in Appendix II).
3. In addition, the Sub-Committee received some 345 petitions calling for Australia to cease providing military assistance to the Philippines. All but nine of these were sent prior to the change of government in the Philippines in February 1986. The Sub-Committee wrote to all the signatories to these petitions inviting them to place a formal submission before the inquiry.
4. The Sub-Committee held a total of 23 meetings, including eight public hearings in Brisbane, Canberra, Melbourne and Sydney between February and June 1986. Witnesses who appeared at the public hearings are listed at Appendix I. The Sub-Committee was particularly interested in gauging the views of the Philippine community in Australia through individuals and community organisations.
5. Before commencing the round of formal public hearings, the Sub-Committee held discussions with H.E. Mr Monico Vicente, Ambassador of the Philippines. It also met informally with Mr Marcelo Fernan, then an opposition member of the Philippine National Assembly, Mrs Loreta Rosales of Bayan together with

Ms Aida Santos Maranan of GABRIELA and with the managers of the Northern Samar Integrated Rural Development Project, (Crooks, Peacock, Michell and Stewart Pty Ltd and GRM International Pty Ltd). Sub-Committee members were able to discuss the Philippines at length with United States Congressman Stephen Solarz during his visit to Australia in January 1986. The Sub-Committee also met with Dr Mita Pardo de Tavera, Philippines Minister for Social Services and Development in the Aquino Government.

6. The Sub-Committee obtained briefings from the Department of Foreign Affairs on the conduct and outcome of the February 1986 Presidential election and from the Department of Defence and Joint Intelligence Organisation on the state of the insurgency.
7. Senator Robert Hill, Deputy Chairman, participated in an international observers group at the Presidential election.
8. The Committee expresses its appreciation to all persons who participated in the inquiry. The Committee wishes to thank Mr Peter Stephens, Secretary to the Sub-Committee, Mr Marcel Dimo, Foreign Affairs Adviser and Miss Kelly Edwards, who greatly assisted the work of this inquiry.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The importance of the Philippines to Australia

1. The Philippines is an important country in a region of primary strategic, political and economic interest to Australia. Its combination of membership of ASEAN with alliance with the United States is a major factor contributing to the maintenance of a regional environment favourable to our security and interests.
2. Were the Philippines to experience political change which resulted in the establishment of a regime hostile to its ASEAN neighbours and the West, or aligned with the Soviet Union, the damage to ASEAN, Western and Australian interests would be very substantial. Marcos's replacement by a broadly based and popular government committed to democracy and moderate reform has rendered such an outcome less likely.
3. The Aquino Government is likely to play an active and positive role within ASEAN. This will benefit Australia's interests by strengthening the cohesion of ASEAN. The Committee looks forward to a continuing close co-operative relationship between Australia and the Philippines in the ASEAN context.
4. The Committee considers that the United States military facilities in the Philippines are a major factor working to maintain a stable and secure environment in the Asia-Pacific region. The Committee is hopeful that the United States and the Philippines will continue to maintain their close and friendly ties.
5. The Australian Government should continue to recognise the importance of the Philippines to Australia, by assisting the new Government there to restore stability and economic growth and by continuing to develop the bilateral relationship across a broad spectrum of activities.

The Philippines under Marcos

6. After twenty years in office, Marcos left the Philippines a legacy of decayed political institutions, an economy in crisis, a communist insurgency active and entrenched nationwide, and a society marked by sharp inequalities and widespread poverty.
7. Marcos's record did not always appear so bleak. During the 1970s, Marcos won the acquiescence, if not the support, of many Filipinos by providing strong government, curbing private armies and establishing improved law and order conditions. Satisfactory economic growth and accelerated rural development occurred. Muslim and communist insurgencies appeared contained.
8. The achievements of the 1970s, however, were not sustained. Marcos cannot be held wholly responsible for the crises that developed in the 1980s; changes in the international economic environment severely disadvantaged the Philippines as an oil importer and exporter of agricultural products facing sharply falling prices. Yet other developing countries faced similar problems and fared better. Marcos's tendency to subordinate economic management to political favouritism, for example by turning the sugar and coconut industries into virtual fiefdoms for his political allies, distorted and depressed the economy. The failure to pursue much needed structural reforms, heavy foreign borrowing, poorly judged investments and misallocation of resources left the economy poorly placed to respond to the harsher circumstances of the 1980s.
9. The crisis facing the Philippines today stems in large part from the arbitrary and autocratic character of Marcos's rule. Marcos's power was intensely personalised. Despite his stated aims of breaking down the 'old society', he came to rely

on an oligarchy that was narrower and more corrupt than the traditional elite. The wealth and power of a small circle of close allies increased at the expense of a broader support base.

10. Marcos was not a ruthless dictator by third world standards and a range of democratic freedoms survived the martial law period. Nevertheless, Marcos's suppression and subversion of established political institutions and democratic practices frustrated and alienated an ever larger proportion of Filipino society, creating conditions which the communist insurgency was increasingly able to exploit. He placed control of the armed forces in the hands of close allies, encouraging the politicisation of the military and failing to curb indiscipline and human rights abuses.

11. The assassination of Benigno Aquino in August 1983 was a key turning-point, tipping the economy into crisis, and galvanising a broad coalition of opposition forces. Marcos's regime was too narrowly based to hold its ground. Marcos had failed to build a strong institutional base for his regime. Neither the military nor the bureaucracy were drawn into genuine partnership. The rapidity with which his regime fell apart in its last months, and the swift transfer of allegiance by the armed forces following the fraudulent February election, illustrate Marcos's failure to transcend the politics of personal power.

The Aquino Government: Challenges and Prospects

12. The Aquino Government faces a formidable array of challenges. A decade and a half of corrupt authoritarian rule has left a legacy of political disorder and economic decline. Marcos politicised and undermined the judiciary and the bureaucracy. Human rights abuses, the suppression of legitimate dissent, and

the failure to achieve social and economic reforms divided Philippines society and increased support for the communist insurgency. Marcos's mismanagement of the economy and the excesses of crony capitalism exacerbated longstanding structural problems in the economy and contributed to sharp falls in living standards in the closing years of his regime.

13. The legacy of the Marcos years also includes an accumulation of expectations for rapid change and reform. Yet these expectations are diverse and often competing. There are divisions within Philippines society on the character of the communist insurgency and how it should be handled by the new Government; on relations with the United States and the future of the American bases; on economic policy; and on social and economic reforms. There are strong expectations for a return to democracy and the limitation of the power of the State; yet there are also strong expectations for firm government to maintain law and order, contain insurgency and improve the formulation and implementation of policy.

14. These differences are mirrored in the composition of Aquino's Government. Formed in the extraordinary circumstances of the February Revolution, the Government covers a broad spectrum of personal, party and policy differences. It will be an achievement if the Government can hold together; the formulation and implementation of policy on key national issues, such as the insurgency, military reform and land reform, will be still harder.

State of the economy

15. The Philippines' political problems are compounded by massive economic difficulties. Even given sound economic management, economic recovery will be slow and difficult. The outlook for Philippines' exports is not bright. The foreign debt burden, even if generously rescheduled, will also impose major constraints on the Government's economic options in the years ahead.

Reforms

16. There are strong expectations that the Government will implement major reforms and new programs to alleviate poverty, especially in rural areas, and to tackle the complex question of land reform. Failure to do so will fuel discontent which the communist movement can exploit. But the pursuit of social and economic reforms will be constrained by the state of the economy. Moreover, major reform programs - particularly involving land reform - will carry substantial political costs and will need to be implemented so as to take account of competing interest groups.

17. Some powerful and wealthy Filipinos see the fall of Marcos as an opportunity to restore lost power and privileges. If these interests prevail in a selfish and sectional way, Aquino's hopes for delivering good government will diminish, and the appeal of radical options will again increase.

18. The Government faces competing pressures from business and labour at a time when the state of the economy sharply constrains its options. Industrial relations policy will require skilful and sensitive handling if legitimate labour aspirations for improved wages and conditions are to be reconciled with the restoration of business and investor confidence.

The insurgency

19. The outlook with respect to the communist insurgency remains uncertain. Marcos's peaceful replacement by a moderate democratic government was a major setback for the communists. But the underlying causes of the insurgency are likely to persist. Even if the Government's strategy of offering a ceasefire and amnesty succeeds in drawing away support from the committed revolutionaries, the latter are not likely to abandon armed struggle. Prospects for a lasting and effective ceasefire do not appear favourable. The Aquino Government is likely to face a

continuing threat from the communist insurgency, at a time when its energies and resources are already strained in dealing with the country's pressing social and economic needs.

Support for the new government

20. Despite the number and complexity of these challenges, there are grounds for cautious optimism. The Aquino Government has the support and confidence of large sections of the Filipino people. The circumstances of the February Revolution served to some extent to reduce some of the divisions of the Marcos era, for example, by drawing the armed forces into a positive role in support of civilian supremacy and peaceful political change. The peaceful character of the February Revolution also demonstrated the depth of commitment of the Philippines people to democratic aspirations and helped restore public confidence in government.

21. The Aquino Government so far has shown an impressive commitment to restoring civil liberties and democratic institutions and in formulating and pursuing a program of moderate and gradual economic reform, tempered by recognition of the constraints imposed by the state of the economy.

22. President Aquino has capitalised on her undoubted popularity. She has combined firmness in establishing her authority - for example by abolishing the National Assembly and constitution and replacing many officials - with fairness and concern for national reconciliation. She has included Enrile and Ramos in key positions despite their past associations, yet has also given strong representation in her Government to those concerned with human rights and social reforms. She has sought negotiations with the communists while warning that she will use a revitalised military against them if they fail to negotiate a fair settlement.

Foreign relations

23. The Aquino Government's foreign policy is likely to involve a strengthened commitment to ASEAN. The holding of an ASEAN summit in Manila next year may prove a significant development in fostering ASEAN cohesion and giving greater emphasis to intra-ASEAN economic co-operation.

24. Relations with the United States are likely to remain close. The Reagan Administration and Congress are united on the need to support the Aquino Government and increase the level of economic and military assistance. The Aquino Government's decision to adhere to the Military Bases Agreement until 1991 assures the immediate future of the American bases in the Philippines. Despite the existence of some anti-bases and anti-United States sentiment in the Philippines, the Aquino Government is likely to maintain the traditionally close political, economic and security links with the United States.

Political stability

25. The changes which have occurred in the Philippines this year do not guarantee that political stability or economic recovery will be achieved in the near future. Nevertheless, the accession to power by peaceful means of a broadly based government committed to democracy and moderate reform is a far better outcome than appeared likely in the closing stages of the Marcos period, when the nation seemed increasingly divided and weakened. Despite the difficulties facing the Government, and the tensions and strains within it, there is a very broad constituency supporting the Government's emphasis on national reconciliation and moderate reform. If Aquino can hold together the broad middle ground, there is a fair prospect that her Government will lay the foundations for political stability and economic recovery.

Australian policy towards the Philippines under Marcos

26. Australian policy towards the Philippines in the late Marcos period had to weigh and reconcile a range of diverse and often competing considerations.

27. The Committee considers that the Australian Government acted appropriately in pursuing a policy which sought to encourage reform and to distance Australia from Marcos without appearing to interfere in Philippines affairs. The Committee also considers that the Government acted appropriately in sustaining bilateral linkages, including aid and defence links, which serve both countries' longterm interests.

28. The Committee considers that a policy of active disengagement from the Marcos regime would not have been appropriate. Attempts to use aid or defence links as instruments of pressure upon Marcos would have had little chance of success. Moreover, had Australia chosen to use aid or defence co-operation as instruments of political pressure upon Marcos, other nations in the region with whom aid and defence links have been formed could have come to doubt Australia's willingness to co-operate in a sustained way with countries possessing different political systems and values.

29. Criticisms of Australian policy on the grounds that it failed to exert greater pressure on Marcos would seem to overstate the extent of Australian influence and underestimate the adverse consequences of curtailing or severing important bilateral linkages.

30. The Committee considers that the hardening of Australian policy towards Marcos from late 1985 was an appropriate response to the changing political situation in the Philippines following Marcos's decision to hold a snap election.

Directions for Australian policy towards the Philippines

31. The Committee welcomes and strongly endorses the Australian Government's early recognition of the Aquino Government, and the decision to increase development assistance. The early visits to the Philippines by Mr Hayden and Mr Hawke are also commended as a reflection of the importance which the Australian Government attaches to the Philippines.

32. The Committee considers that political stability and economic recovery in the Philippines are of direct and considerable interest to Australia. The Philippines has an important role to play in the stability, security and prosperity of Southeast Asia. The Committee strongly endorses the steps taken by the Australian Government to assist the new Government in the Philippines and recommends that:

- . the Australian Government continue to recognise the importance of the Philippines in regional affairs and seek to develop policies designed to foster political stability and economic recovery in the Philippines.

The provision of development assistance

33. The Committee considers it appropriate that the Philippines should rank high among the recipients of Australian development assistance in view of its development needs and its strategic, political and economic importance to Australia.

34. The Committee acknowledges that some criticisms of the integrated rural development projects are warranted, but considers that many of the criticisms are relevant largely to the

earlier stages of the projects. Development projects of this type are complex, and many lessons have been learned during the evolution of the Zamboanga and Samar projects. In its current form, the Samar project represents a well-balanced combination of infrastructure and agriculture components with an appropriate emphasis on fostering community organisations and local decision-making.

35. The Committee believes that the integrated rural development project is an effective way of delivering aid and that similar projects could be planned elsewhere in the Philippines.

Northern Samar Project

36. The Committee understands the Australian Government's decision to withdraw Australian personnel from Samar in 1985 on security grounds. It would be a pity, however, if project implementation were to lose momentum now, when the project is reaching maturity and when the change of government in the Philippines offers prospects for new opportunities for development.

37. The Committee recommends that:

- . the Australian Government, in consultation with the Philippines Government, should arrange the return of Australian personnel to Northern Samar as soon as security conditions allow. The Committee considers such a development both warranted and welcome.

38. The Committee also recommends that:

- . ADAB examine whether funding for the Samar project might usefully be extended, to consolidate existing gains and explore the scope for further development.

Proposals for additional assistance

39. The Committee considers that the proposed expanded aid program outlined by ADAB offers an imaginative and constructive approach to the problems confronting the Philippines and the opportunities created by the change of government in the Philippines.

40. The Committee commends the proposed Sectoral Inputs Program (SIP) as an appropriate and timely response to the Philippines' pressing budgetary and balance of payments difficulties. The Committee considers, however, that the SIP proposal will require careful design to ensure that existing and potential Australian exports to the Philippines will not be adversely affected.

41. The Committee commends also the proposals for an Australian Community Assistance Program (ACAP), which appropriately focuses on the pressing need to create jobs and generate income in rural areas, and which recognises the important and effective role which Philippines NGOs and the Catholic Church can play in pursuing these objectives. The Committee endorses the ADAB aid mission's proposal that representation from the Australian Council for Overseas Aid (ACFOA) be included in the design of a suitable system.

42. In the field of education assistance the Committee endorses efforts to increase Australia's involvement in the Philippines. In this respect the tertiary and further education sector has an important role to play.

43. The Committee recommends that:

- . educational assistance be broadened to include teacher training and other vocational courses.

44. The Committee recommends that:

- . the role of women in development be given due recognition and that the aid program for the Philippines should be designed to ensure that Filipino women are involved in the planning, implementation and evaluation of projects.

Defence Co-operation

45. On balance, the Committee considers that the Australian Government acted correctly in maintaining defence links with the Philippines, despite the internal conflicts which have afflicted that country and the mounting evidence of the unpopularity of the Marcos regime in its closing years. The Committee notes that defence relations with the Philippines were under review during the closing stages of the Marcos Government. It must remain a matter for judgement whether circumstances in the Philippines would have warranted a suspension of defence relations had Marcos stayed in power after February 1986.

46. The Committee considers that it would be desirable for defence relations with the Philippines to be maintained and perhaps expanded now that there is a new government, provided that this is mutually acceptable. A wide range of considerations has led the Committee to this view. These include:

- . the strategic importance of the Philippines and Australia's longstanding ties with that country
- . the aims and nature of the Defence Co-operation Program (DCP), which does not contribute to exacerbating the Philippines internal conflicts, but rather concerns the fostering of bilateral cooperation and the development of a modern professional military force in the Philippines.

47. This last consideration is a matter of great importance if the Philippines Government is to achieve political stability, curb human rights abuse, and deal more effectively with insurgency. Australia has a modest but useful role to play now in assisting the Aquino Government to make the Armed Forces of the Philippines more professional and proficient.

48. The Committee notes that the findings of the Cooksey review of Australia's Defence Co-operation Programs have not been publicly released, either in respect to the Philippines or generally. In view of widespread concern and uncertainty in the community about the purpose and character of DCP, the Committee suggests that the Government consider making a public statement clarifying the objectives and scope of defence co-operation with the Philippines.

49. The Committee endorses the Department of Defence's view that a continuing, carefully-shaped defence relationship with the Philippines allows us to offer practical support to the Philippines Government's programs for reform of the armed forces.

50. The Committee recommends that:

- . The Australian Government continue its Defence Co-operation Program with the Philippines; and
- . The Australian Government consult with the Government of the Philippines on the most appropriate form and orientation of the Defence Co-operation Program; and give careful consideration to any proposals from the Philippines Government for re-orientation of the DCP including any relating to human rights issues.

Trade and economic matters

51. Australia and the Philippines are not major trading partners. Domestic economic circumstances in both countries, and the state of the international economic environment, do not favour a rapid or substantial increase in bilateral trade or investment.

52. There are, nevertheless, some encouraging signs. Bilateral trade has held up well despite the Philippines' economic plight in recent years. The change of government in the Philippines brings with it improved prospects for a return to economic growth. The Aquino Government, in moving towards revitalising the private sector, dismantling corrupt and inefficient monopolies, and liberalising trade, is adopting an approach which may make the Philippines attractive once more to local and foreign investors.

53. The emphasis which the new government is placing on agriculture, a sector long neglected and abused under Marcos, should enhance opportunities for Australia in a number of areas, including agricultural machinery and expertise.

54. The Committee endorses the view of the Department of Foreign Affairs that:

'Australia has a direct interest in the growth and prosperity of a potentially rich market, and in the maintenance and improvement of the economic relationship, which involves substantial bilateral trade, investment in the Philippines by Australian companies, increasing Filipino migration to Australia and Australian tourism.'

55. The Committee commends the Australian Government's decision to extend the \$50 million trade credit facility to the Philippines.

56. The Committee commends the Australian and Philippines Business Co-operation Committees in their endeavours to foster commercial relations.

57. The Committee acknowledges concerns in the Philippines over the trade balance, but notes that this is partly offset when invisibles are taken into account. The Committee considers that existing arrangements for facilitating Philippines access to Australian markets, for example through the Trade Investment Promotion Program and the work of the Joint Trade Mission, should be encouraged.

Labour practices

58. The Committee does not consider that the establishment of a code of conduct for Australian companies in the Philippines would be a useful or effective measure - Australian companies operating in the Philippines are subject to the laws of that land and it is ultimately the responsibility of the Philippines Government to enforce those laws.

59. Evidence submitted to the Committee does not appear to support claims of repeated abuse of Filipino workers by Australian companies. The Committee notes that the Australian Embassy in Manila monitors labour conditions in the Philippines and reviews the industrial relations practices of Australian companies in that context.

60. The Committee commends the Australian Government's actions in following up allegations of child labour with the ILO and relevant Philippines authorities.

Social issues

61. Although social issues are beyond the scope of the inquiry, the Committee recognises the genuine concerns expressed by a number of organisations and individuals to the inquiry. In addition to the matters relating to Filipino brides and prostitution, the role of women in development assistance was also raised in submissions. These matters are discussed primarily in Chapter 8.

62. The Committee recognises that although many marriages between Australian men and Filipino women are successful, the situation for many others is less than satisfactory. Proposals for more extensive counselling of spouses and prospective marriage partners, in both Australia and the Philippines, were frequently put to the Committee including the suggestion that a social worker be stationed at the Australian Embassy in Manila. While a qualified counsellor would undoubtedly be beneficial, the Committee believes that this ought to be a matter for the Minister for Immigration and Ethnic Affairs to decide within the context of overall staffing priorities.

63. The Committee notes the value of community support groups in assisting with the resettlement of Filipino brides and urges the Department of Immigration and Ethnic Affairs to continue its support for such groups.

64. Finally, the Committee believes that issues raised in Chapter 8, whilst beyond the scope of this inquiry, require further detailed investigation, particularly by the Department of Immigration and Ethnic Affairs.

CHAPTER 1

THE IMPORTANCE OF THE PHILIPPINES TO AUSTRALIA

1.1 The importance of the Philippines to Australia flows from a wide range of factors, including proximity and strategic location; membership of ASEAN; alliance with the United States; and an established bilateral relationship. Each of these factors merits elaboration to establish the significant claim which the Philippines has to the close attention of the Australian Government.

Strategic Location

1.2 The strategic location of the Philippines stems from many considerations. From Australia's perspective, the Philippines is not geographically the nearest of our northern neighbours, but ranks close behind them in importance because of the Philippines' role in regional stability.

1.3 The region of East and Southeast Asia is of vital political, strategic and economic significance to Australia. Australia benefits greatly from the generally prevailing stability of this part of the world, and the relative inferiority of political and military forces hostile to Australian interests when compared with those of our allies and friends.

1.4 The Philippines occupies a key location with respect to Southeast Asia and East Asia. The Philippines archipelago, for example, encompasses or is adjacent to major international shipping routes which are of great importance to Australia and to other major regional economies, particularly those of Japan, China, South Korea and those of the ASEAN states.

1.5 Because of these factors, prolonged instability in the Philippines, or the emergence there of a regime hostile to Australian and Western interests, would have serious consequences for our strategic environment, especially if this led to opportunities for intervention by or enhanced influence for the Soviet Union or its allies.

Membership of ASEAN

1.6 Since its formation in 1967, the Association of Southeast Asian Nations, or ASEAN, has emerged as one of the key elements in Australia's regional environment. Successive Australian governments have recognised the importance to Australia of the cohesion of ASEAN and the maintenance of close and friendly ties with its member nations. Australia's capacity to play a constructive and effective role in the region is closely linked to the state of our relationships with our neighbours in ASEAN.

1.7 The cohesion of ASEAN is of great value to Australia. As the Department of Foreign Affairs noted in its submission,

'...the unity of ASEAN has made an important contribution to Australia's security. It has reduced the likelihood of discord and conflict in our region. It has helped keep hostile powers out of Australia's immediate environment.'¹

1.8 From Australia's point of view, ASEAN is advantageous to our interests because it is both an independent regional association, with its own distinctive voice and role in the region, and a grouping of nations whose interests are broadly compatible with, or favourable to the West. All the ASEAN states share the view that Soviet influence in the region should be contained and ideally reduced, a view which is congruent with the security policies of Australia, the United States, Japan and China.

1.9 The economic prosperity of the ASEAN countries is of direct and substantial importance to Australia. As the Department of Foreign Affairs' submission noted,

'The Philippines' membership of ASEAN gives it the opportunity to benefit from, and contribute to, the gradually evolving economic co-operation among member nations. This in turn contributes to the economic strength and growth of ASEAN and makes ASEAN a more influential international actor in economic policy forums.'²

1.10 The Philippines is a founding member of ASEAN and has made significant contributions to the cohesion of the Association. There is great advantage for Australia in the Philippines' combination of Western alliance with membership of ASEAN. Taken together with the Thailand-United States alliance arrangements, and the Five Power Defence Arrangements which link Australia, New Zealand, and the United Kingdom with Singapore and Malaysia, there is a significant interplay and mutual reinforcement between two key elements in Australia's foreign policy - the projection of an independent and constructive role in our region's affairs, and our alliance arrangements with other Western powers.

1.11 There is no doubt that ASEAN's cohesion would be damaged were the Philippines to withdraw, or were internal difficulties to preclude the Philippines from playing an effective role within ASEAN. Either circumstance would generate uncertainty about the prospects for continued regional stability. Were the Philippines to experience political change which resulted in the establishment of a regime hostile to its ASEAN neighbours and the West, and aligned to the Soviet Union, the damage to ASEAN, Western and Australian interests would be very substantial.

1.12 The Philippines' role within ASEAN weakened as a result of the Marcos Government's preoccupation with internal difficulties. Marcos's reluctance to travel in the last few years

of his presidency reduced the level of contact between the Philippines' head of state and his ASEAN counterparts.

1.13 The Committee welcomes the Aquino Government's commitment to continued membership of ASEAN and expects that the Philippines will now play a more active role within that body. The holding of an ASEAN summit in Manila in 1987 - the first since 1977 - will help serve to strengthen the cohesion of ASEAN.

1.14 The role of the Philippines within ASEAN has added importance for Australia because the Philippines is currently our dialogue partner within ASEAN and Australia's initial point of contact on most issues concerning ASEAN and Australia.

1.15 The Committee does not wish to comment directly on the longstanding dispute between the Philippines and Malaysia over the former's claims to Sabah, or on other territorial disputes in the South China Sea between Malaysia and the Philippines. It is in the interest of all ASEAN states, however, to see such disputes resolved by negotiation and the Committee is hopeful that the Malaysian and Philippines Governments can approach the issue in a fresh spirit of co-operation.

Relations with the United States

1.16 The importance of the Philippines to Australia is considerably enhanced by virtue of its longstanding alliance and security relationships with the United States.

1.17 The Philippines-United States relationship is a substantial and complex one and is discussed in more detail in Chapter 3. The issue of direct concern here is the contribution of the Philippines-United States relationship to regional stability and to Australian interests.

1.18 The Committee heard a wide range of comments and judgements on the implications of the Philippines-United States relationship and in particular on the Philippines' hosting of major United States military facilities, chiefly Subic Bay Naval Base and Clark Air Force Base. Many submissions and witnesses argued that Australia's interests were well served by the Philippines-United States security relationship. The Department of Defence argued, for example, that

'These facilities play a fundamentally important role in maintaining the United States' current predominant military influence in the Western Pacific, and facilitate the deployment of its forces to the Indian Ocean. In their absence (and even allowing for the possible development of alternative facilities elsewhere in the Western Pacific) the United States would find it considerably more difficult to sustain operations in those areas of the Western Pacific of greatest strategic significance to Australia. No alternative sites offer such an advantageous strategic location. The proximity of the Philippine facilities to Thailand, Indo-China, Japan and the Indian Ocean is especially advantageous. Removal of the US facilities in the Philippines would greatly enhance the significance and utility for the Soviet Union of its military presence at Cam Ranh Bay. Australian strategic interests are, therefore, strongly supported by a continuing presence at Subic Bay and Clark Air Base.'³

1.19 Similar assessments were furnished by the Department of Foreign Affairs:

'United States facilities at Clark Air Field and Subic Bay play a crucial role in support of the United States defence capabilities, both within the region and more widely in the Pacific Ocean, Indian Ocean and Persian Gulf. The facilities support the United States' capability to fulfil its treaty obligations to allies in the region, including Australia.'⁴

1.20 A number of submissions and witnesses argued that the importance of the Philippines' hosting of United States facilities was enhanced in the light of the growing Soviet use of

military facilities in Vietnam, chiefly at Cam Ranh Bay. As the Department of Foreign Affairs noted:

'The facilities have taken on increased importance as a result of the growing prominence of the South East Asian region as an element in global superpower strategic competition. The region has been drawn more deeply into the framework of Sino-Soviet competition as a result of the invasion of Cambodia by Vietnam. The Soviet Union's naval facilities at Cam Ranh Bay are now the most extensively used outside the Soviet Union.'⁵

1.21 The regional balance between the superpowers would be substantially altered, and United States predominance reduced, were the United States to lose its access to those facilities.

1.22 The United States bases in the Philippines comprise Clark Air Base, Subic Bay Naval Base, and several minor facilities.

1.23 Clark Air Base is home base for a tactical fighter wing and a tactical air lift wing and is the major American tactical air force installation in the Western Pacific, along with others in Japan and Korea. Clark also serves as the air logistics hub for all United States forces in the Western Pacific. It contains major aircraft maintenance facilities and stockpiles for ammunition, fuel and other equipment. Clark also contains the Crow Valley Weapons Range, the only facility west of California where live tactical training can take place in an instrumented setting.

1.24 Subic Bay Naval Base comprises a Naval Air Station, a Naval Station, a Naval Ship-Repair Facility and the Naval Communications Station at San Miguel. This complex of facilities can support combat operations for several carrier battle groups and provides logistics support for naval operations throughout the Western Pacific and Indian Oceans.

1.25 The United States bases were last used in a combat role in support of operations in Vietnam. Although bombing missions were not flown from the bases, in deference to Philippine wishes, Clark was used as a transportation hub and Subic supplied and maintained American naval forces.⁶

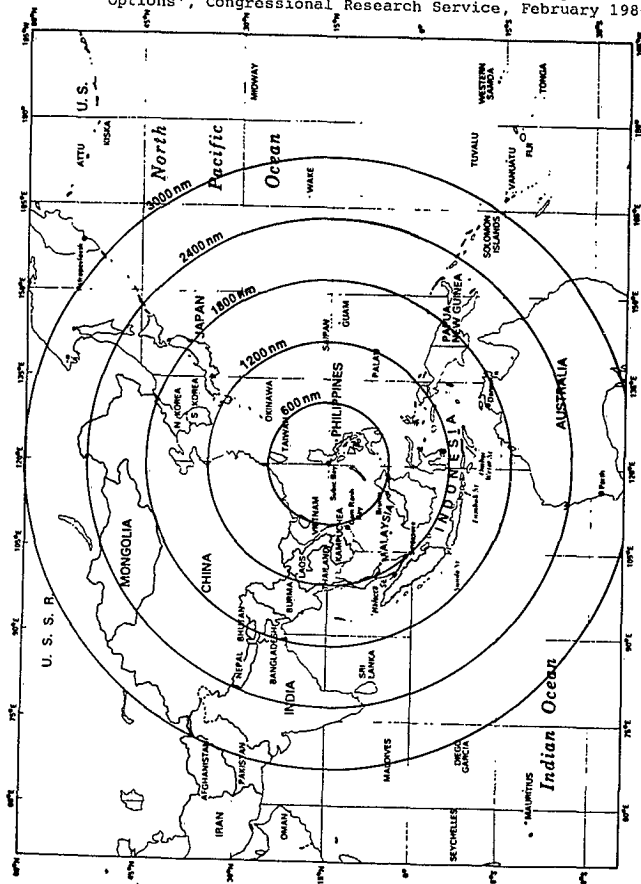
1.26 As can be seen in Map 1, the bases are ideally located to support United States operations and alliance commitments in Northeast Asia, Southeast Asia, the Western Pacific and the Indian Ocean.

1.27 Along with forces based in Guam, Hawaii and Japan, forces at the Philippines bases protect Pacific and East Asian lines of communication for the United States and its allies. Japan and South Korea especially rely on secure sea lanes for energy supply and for United States strategic support. The bases also contribute to the security of sea and air routes connecting the Indian Ocean with the Pacific and would play a major role in facilitating a United States military response to a crisis in the Persian Gulf.⁷

1.28 A number of analyses have been made of the implications of relocation of the facilities and their common conclusion is that no other sites offer so advantageous a location. Relocation to United States territory in Guam and to areas leased by the United States in the Northern Marianas (a United States Commonwealth) would involve considerable extension of steaming and flying time to reach destinations in East and Southeast Asia and beyond to the Indian Ocean and Persian Gulf region. Moreover, running costs would be higher and it would be extremely difficult to replace the highly skilled Philippines workforce. Any location other than the Philippines would also involve dispersal of the facilities, which currently offer a wide range of benefits - logistics support, repair and maintenance, communications, intelligence and training - within convenient proximity.⁸

MAP 1

Source: Alva M. Bowen, 'Philippine Bases. U.S. Redeployment Options', Congressional Research Service, February 1986, p.5.



1.29 The following table, taken from a 1979 Congressional study, compares sailing times from Subic Bay with sailing times from a variety of hypothetical alternative sites to points in

- A. the South China Sea
- B. Okinawa
- C. the Indian Ocean
- D. the Arabian Sea:

COMPARISON OF SAILING TIMES FOR VARIOUS PORTS TO 4 SPECIFIC POINTS WITH A SPEED OF ADVANCE OF 15 KNOTS

	Days of sailing time to points -			
	A	B	C	D
Ports of departure:				
Subic Bay, Philippines.....	1	3	9	13
Alternatives:				
Darwin, Australia.....	7	10	9	15
Cockburn Sound, Australia.....	9	11	9	14
Surabaya, Indonesia.....	4	7	6	10
Penang, Malaysia.....	4	7	4	7
Singapore, Republic of Singapore.....	3	6	5	8

The table illustrates clearly the advantages of location in the Philippines. As far as Australia is concerned, it is interesting to note that the study concluded:

'Both of the Australian alternatives are too far away from the four established points. In fact, from the point of view of location, Australia is the least attractive alternative to the Philippines assets.'

1.30 The Department of Foreign Affairs also commented on the wider political implications of possible removal of the United States facilities:

'Furthermore, apart from the damage done to the military balance, or the increasing cost of maintaining it, a United States withdrawal from the Philippines could still have significant politico-strategic consequences. The consequences for the politico-strategic perceptions of the United States and of the region which could follow the United States' loss of the support of a former colony and ally, a country which espoused democratic principles and identified itself closely with the United States, are not easily predictable and would have the potential to damage Australian interests. Much would depend, of course, on the circumstances of any withdrawal: if withdrawal were to take place in the face of a revolutionary or anti-American government the repercussions on the region would be greater.¹⁰

1.31 The Committee also heard a considerable amount of evidence which argued a contrary view - that the presence of the United States facilities was undesirable for a variety of reasons. Concern was expressed that the facilities did little for the security of the Philippines, making it a nuclear target in the event of war with the Soviet Union and essentially serving United States regional and global interests. The view was expressed that regional peace and stability would be better served by the removal of foreign military facilities from the region.¹¹

1.32 The Committee recognises that the future of the United States facilities in the Philippines is a matter for the Philippines and United States Governments to determine. In the Committee's view, however, the United States-Philippines security relationship, including the hosting of United States military facilities, is of great strategic value to Australia and to many of its friends and allies.

1.33 This judgement derives from several considerations, chief among which are Australia's interest in regional stability and our own alliance with the United States.

1.34 The Committee considers that the United States facilities in the Philippines are a major positive factor in maintaining a regional environment favourable to Australian interests. For Japan, China and the ASEAN states, they help ensure that the Soviet Union, despite its growing strength as a Pacific military power, is not able to achieve a dominant military posture or to intimidate regional states.

1.35 Successive Australian Governments have chosen to maintain Australia's alliance with the United States. The present Labor Government conducted a wide-ranging review of the ANZUS Treaty and concluded that the Treaty continues to be of great importance for Australia's security. The Australian Government recognizes that the security relationship with the United States entails costs and risks, but judges that the benefits outweigh them. The joint United States-Australian facilities play an important role in global deterrence and support of shared security concerns.

1.36 Given that Australia continues to value our alliance with the United States, it is only natural that we should support similar alliances where the United States and third parties perceive a mutual advantage. The web of friendly and supportive relationships created by these alliances is a major factor in ensuring a stable global and regional environment where our interests, and those of our friends and allies, are secure.

Bilateral Relations

1.37 The relationship with the Philippines is not one of our major bilateral relationships. Nevertheless, as a nation of about 55 million, the Philippines is an important regional state with which Australia has built up an extensive range of contacts in numerous areas, including trade, aid, defence and immigration. Australia's handling of its links with the Philippines has not

only an intrinsic importance, but also reflects on our capacity to develop mutually beneficial relations with the diverse states of the region.

1.38 The Committee endorses the view of the Department of Foreign Affairs that:

'...as a friend, and because of its democratic and economic development aspirations, history, needs and shared interests, the Philippines has a significant claim to the consideration of the Australian Government and people.'¹²

1.39 Various aspects of the bilateral relationship are discussed in greater detail in Chapters 4 to 7.

Conclusions and Recommendations

1.40 The Philippines is an important country in a region of primary strategic, political and economic interest to Australia. Its combination of membership of ASEAN with alliance with the United States is a major factor contributing to the maintenance of a regional environment favourable to our security and interests.

1.41 Were the Philippines to experience political change which resulted in the establishment of a regime hostile to its ASEAN neighbours and the West, or aligned with the Soviet Union, the damage to ASEAN, Western and Australian interests would be very substantial. Marcos's replacement by a broadly based and popular government committed to democracy and moderate reform has rendered such an outcome less likely.

1.42 The Aquino Government is likely to play an active and positive role within ASEAN. This will benefit Australia's interests by strengthening the cohesion of ASEAN. The Committee

looks forward to a continuing close co-operative relationship between Australia and the Philippines in the ASEAN context.

1.43 The Committee considers that the United States facilities in the Philippines are a major factor working to maintain a stable and secure environment in the Asia-Pacific region. The Committee is hopeful that the United States and the Philippines will continue to maintain their close and friendly ties.

1.44 The Australian Government should continue to recognise the importance of the Philippines to Australia, by assisting the new Government there to restore stability and economic growth and by continuing to develop the bilateral relationship across a broad spectrum of activities.

ENDNOTES

1. Submissions, Vol I, p.S207.
2. Ibid, p.S209.
3. Submissions, Vol I, p.S192.
4. Submissions, Vol I, p.S205.
5. Ibid.
6. Information in this and preceding paragraphs is taken from Alva M. Bowen, 'Philippine Bases: US Redeployment Options', Congressional Research Service, Library of Congress, February 1986, pp.3-6.
7. Ibid, pp.6-12.
8. Ibid, pp.13-35. See also William H. Sullivan, 'Relocating Bases in the Philippines', Washington Quarterly, Vol 7, No 2, Spring 1984, pp.114-119; Prof F.A. Mediansky, Transcript of Evidence, pp.271-272.
9. 'United States Foreign Policy Objectives and Overseas Military Installations', Congressional Research Service, Library of Congress, 1979, pp.161-162.
10. Submissions, Vol I, p.S207.
11. See, for example, Submissions, Vol II, pp.S273-274 (Mrs L. Farmer); Submissions, Vol IV, pp.S1085-1086 (Philippine Action Support Group); Ibid pp.S1101-1103 (National Democratic Front); Submissions, Vol V, pp.S1344-1345 (Campaign Against Nuclear Energy); Submissions, Vol VI, pp.S1363-1366 (Quaker Peace and Social Justice Committee, Hobart); Ibid, p.S1390 (Philippine Action Support Group).
12. Submissions, Vol I, p. S204.

CHAPTER 2

THE PHILIPPINES UNDER MARCOS

Introduction

2.1 Ferdinand Marcos dominated the Philippines for twenty years. Elected president in 1965, he became in 1969 the first Philippines president to be re-elected. In 1972 he declared martial law, assuming wide personal powers which were not diminished by the partial restoration of competitive politics in 1978 or the formal lifting of martial law in 1981. Marcos seemed at the height of his power in the early 1980s, but during 1983 a combination of circumstances undermined the authority of his regime. While the assassination of Benigno Aquino in August 1983 was a key turning-point, longer term trends in the state of the economy, the spread of communist insurgency and the growth of a more active and cohesive coalition of opposition forces were also fundamental in weakening Marcos's hold on power. After August 1983 Marcos also faced increasing pressure from friends and allies, especially the United States, to introduce reforms. His grudging and piece-meal concessions served only to erode his authority more quickly. Forced by domestic and external pressures to hold an early presidential election, his resort to massive fraud in securing victory over a united opposition, now led by a popular candidate in Cory Aquino, triggered a new surge of domestic protest, external pressure and divisions within his own camp.¹

2.2 Marcos's isolation and final fall from power came in remarkable circumstances, as key figures in his own administration led a military revolt against him. The armed forces, so long a major prop of his regime, largely switched

their allegiance to Aquino and the rebels. Marcos's flight into exile on 25 February 1986 brought to a close an astonishing sequence of events, in which Philippines politics was transformed and an era brought to an end.²

2.3 History is unlikely to deal kindly with Marcos. His stated aims in declaring martial law in 1972 were to save the nation from anarchy and revolution and to transform the Philippines into a 'New Society' by putting an end to the traditional dominance of a narrow oligarchic elite. During the 1970s, there did appear prospects that Marcos might establish a stable authoritarian regime capable of building a stronger economy and achieving more effective government. The political and economic dominance of some of the great families was broken or reduced. The curbing of private armies and the reduction of crime rates brought improved law and order conditions which were widely welcomed by many Filipinos. The economy grew at better than 5 per cent annually during the 1970s, and became less dependent on a few traditional exports. Land reform, though still limited, went further than under previous administrations. Rural development also achieved greater progress with extensive infrastructure programs. The subsistence sector in agriculture performed particularly well, especially in rice and maize. Foreign investment increased substantially. Muslim rebellion in the southwest was curbed by a mixture of strong military action, active Middle East diplomacy and limited concessions concerning local autonomy. Communist insurgency seemed to be contained.³

2.4 The achievements of the 1970s won the regime the acquiescence, if not the support, of many Filipinos. But they rapidly proved illusory. On every front - politics, the economy, insurgency, law and order and social reform - the Marcos regime ultimately ended in failure, leaving the Philippines a legacy of decayed political institutions, an economy in crisis, a strong and well entrenched communist insurgency and a society even more heavily burdened with poverty and inequality.

2.5 The reasons for these failures are numerous and complex. Some reflect traditional features of politics and society in the Philippines, or changes in the international economic environment, more than the nature of the Marcos regime. It is beyond the scope of this report to analyse these questions in detail. But the problems and challenges now confronting the new Government in the Philippines cannot be understood without some consideration of the impact of the Marcos era.

The Political System

2.6 Before martial law, the Philippines was sometimes described as a 'showcase of democracy', and the political system did contain many democratic features. The constitution was modelled on that of the United States, with an executive presidency, a bicameral legislature and an independent judiciary. Highly competitive elections were fought by two dominant parties, the Liberals and Nacionalistas, at national, provincial and local levels.⁴

2.7 Yet democracy in the Philippines from 1946 to 1972 cannot be properly understood simply in terms of transplanted institutions, values and practices. The social base of Philippines politics reflected the social structure - politics was essentially the preserve of a narrow elite. For a variety of historical and geographical reasons, the traditional elite was mainly composed of land-owning families based in the provinces. National politics in Manila largely reflected the interests and concerns of shifting alliances within and among these families. Political parties lacked a strong institutional base and sense of philosophical identity. It was common practice for politicians to switch parties before or after elections - both Magsaysay and Marcos left the Liberal Party to win election as Nacionalista presidents. Politics was more about personality and patronage than programs and policies.⁵

2.8 The political system also reflected the importance of traditional Filipino cultural values. Ties of kinship and mutual obligation created bonds of intense loyalty which were often stronger than party loyalties and encouraged a high level of corruption and nepotism.

2.9 During the 1960s there was a growing sense that the traditional system - meaning both the American inheritance and the traditional oligarchic control of politics - was having difficulty in generating effective national government. Alliances of vested interests could readily use Congress to block legislation threatening to them - land reform and high levels of protection for manufacturing and industry being important examples. Dissatisfaction was reflected in various attempts to set up new political parties, in heightened agitation by labour and farmer groups, and in a wave of student radicalism which reached serious proportions in the early 1970s. High levels of crime and violence - often involving the private armies of powerful political or economic figures - contributed to a sense of malaise and frustration.

2.10 Marcos's imposition of martial law in September 1972 brought an end to the traditional system. Congress was dissolved and a new constitution drawn up. While the Government remained civilian, local military commanders had wide powers of arrest and military tribunals replaced the normal operation of the courts. The writ of habeas corpus was revoked. The two party system ceased to operate in the absence of elections.

2.11 In imposing martial law, Marcos declared that this was a necessary but temporary measure to enable him to reform the political system and create the institutions needed for effective national government. He claimed that a period of 'constitutional authoritarianism' was needed to achieve the transition to a better and stonger democracy.⁶

2.12 In practice, the Marcos legacy is one of confusion and institutional decay. Marcos engineered a string of constitutional changes and amendments, but these largely served only to entrench his personal dominance. Marcos permitted a partial restoration of democracy in 1978, with the election of a legislature (the National Assembly) but manipulated the electoral process to ensure that opposition parties won only token representation. The Commission on Elections (COMELEC) was controlled by Marcos appointees.

2.13 Marcos's lifting of martial law in January 1981 involved only token reductions in his personal powers. His re-election for a six-year term later that year was designed to give the regime a stable and legal basis. But the main opposition parties boycotted that election. Marcos's obsession with personal dominance was reflected in the absence of a vice-presidency or of adequate mechanisms for an orderly succession. Even after martial law was lifted, Marcos continued to legislate by decree, though his New Society Movement (the KBL party) totally dominated the National Assembly.⁷

2.14 The traditional weaknesses of the party system were compounded by Marcos. He drew many traditional politicians into his own camp, through loyalty or patronage, so that the two main parties were severely weakened. When competitive politics resumed after 1978, the Liberals and Nacionalistas were truncated and internally divided, and were joined by a range of new parties and movements. None possessed a strong party organisation, nationwide appeal or coherent programs, other than opposition to Marcos.

2.15 Marcos's own party, the KBL, itself exhibited similar weaknesses. It was an alliance of convenience, drawing together powerful interests from the various islands and provinces more because Marcos's power and control of patronage seemed unassailable than because of common adherence to agreed policies or goals.

2.16 Marcos's authoritarianism remained in many respects a flawed creation. This may seem surprising, given the sweeping extent of his personal powers. Yet Marcos's obsession with personal power in part explains his ultimate isolation and downfall, and his failure to create a stable system capable of producing strong government or surviving its maker's departure.

2.17 During the Marcos era, some observers believed that Marcos would attempt to build a centralising authoritarian system, drawing the military and the bureaucracy into an alliance to form the foundation of his power and the basis for future regimes.⁸ Marcos did not do this. He did greatly increase the size and prestige of the armed forces (though from a very low starting-point). But Marcos kept the armed forces out of the political system and subservient to himself rather than as a partner.

2.18 The civilian bureaucracy, which was not strong in pre-martial law days, was also kept subservient to Marcos's political aims and needs. He exploited the skills of technocrats when it suited him, but arbitrarily intervened whenever personal interests or gain, or those of his close political allies, were at stake. The public sector was swollen by state corporations and agencies designed more to enrich and entrench political allies than to produce strong and consistent government.

2.19 Marcos's rule remained intensely personalised and he failed to develop an institutional basis independent of his own power and patronage. Marcos bought alliances with a few carefully selected allies, usually by giving them economic fiefdoms (such as the sugar or coconut industries) or bailing out their enterprises when needed. Despite Marcos's ambition to replace the 'old society', he came instead to magnify many of its defects. He came in the end to rely on an oligarchy far narrower than that of the old system, and practised corruption and nepotism on a far grander scale. Marcos, his family and their close associates were

responsible for massive misappropriation of public funds into real estate, bank accounts, investments and other acquisitions. The wealth, power and influence of a handful of those closest to the president - his wife, his Chief of Staff Ver, and key 'cronies' such as Benedicto and Cojuangco - increased at the expense of a broader support base. The speed with which Marcos came to be isolated and destroyed after August 1983, and the breadth of the coalition which formed against him, reflect his failure to transcend the politics of personal power. He destroyed, but he did not build. The legacy he leaves his country is the necessity to build a new political order, after a decade and a half of institutional decay and arbitrary autocracy.

The Economy

2.20 The Philippines economy enjoyed respectable economic growth rates in the 1970s. But this concealed major structural weaknesses which became increasingly evident in the wake of the second oil price rise in 1979. The Marcos Government's basic responses were inadequate and ill-advised. Its resort to increased foreign borrowing and in particular its ill-judged domestic investments deepened the country's debt burden. Financial crisis was finally triggered by Aquino's assassination in August 1983. The collapse of the economy thereafter reflected how far Marcos's arbitrary and interventionist handling of the economy had undermined business confidence. The consequence is a legacy of economic disaster for the post-Marcos era - a crippling foreign debt; large sectors of the economy depressed by mismanagement, corruption and excessive interference; low domestic and foreign investor confidence; and increased levels of poverty and unemployment.⁹

2.21 Long-term structural problems predate Marcos's period as president. The Philippines after independence largely pursued a policy of import substitution which Marcos did little to alter until the late 1970s. High levels of protection left the

Philippines with a largely inward-looking industrial and manufacturing sector. With the assistance of World Bank structural adjustment loans, the Marcos Government introduced a strategy of trade liberalisation and promotion of export-oriented industries in the late 1970s. By this time, changes in the international economic environment - slower growth, increasing protection and greater competition - made such a strategy far harder to pursue than it had been in the 1960s. By the early 1980s, the structural adjustment program had failed to make much headway.¹⁰

2.22 The Marcos Government's industrialisation strategies were often ill-timed or ill-advised. Its program for establishing a series of major industrial projects, including aluminium and copper smelters, an integrated steel mill and a petrochemical complex, was largely capital and energy-intensive and required heavy foreign borrowing. The strategy had to be shelved because of the economic crisis of the closing Marcos years, and it is questionable whether it would have proved viable or efficient.¹¹

2.23 Agriculture achieved some notable successes under Marcos. Output grew steadily during the 1970s. Rice self-sufficiency was achieved in the late 1970s. Production of maize - along with rice the main food crop - also increased substantially in the 1970s. For farmers, the benefits of increased output were to some extent reduced by Government policies aimed at maintaining low consumer prices for food.¹²

2.24 The major export crops, coconut and sugar, enjoyed high world prices and preferred access to the United States markets until the mid 1970s. The expiry of the Laurel-Langley Agreement in 1974 substantially reduced protected access to the American market. World prices for sugar fell sharply from the mid 1970s, as did prices for coconut products from the late 1970s. These developments began a period of great difficulty for both industries. This was compounded by Marcos's establishment of

regulatory bodies which effectively gave monopoly powers to small groups of powerful and wealthy Marcos associates. In the coconut industry, which is largely a small holder crop, the small producers were exploited by, among other things, a coconut levy which was misused for the advantage of a rich and powerful clique rather than serving the industry as a whole.¹³

2.25 The adverse effects of the sugar and coconut regulatory bodies were symptomatic of the wider problem of 'crony' capitalism under Marcos, and the inefficient character of the public sector. One of the most contentious examples was the People's Livelihood Program or KKK (Kilusang Kabuhayan at Kaunlaran), launched in 1981 by Imelda Marcos as Minister for Human Settlements. The KKK was ostensibly set up to provide loans for smallscale economic projects, but was widely seen as a blatant exercise in bestowing patronage in politically selective areas. The program was generally judged as wasteful, ineffective, corrupt and badly run.¹⁴

2.26 The so-called 'bail-outs' of the early 1980s, in which government-owned banks were used to substitute public equity for the outstanding debts of several large firms run by Marcos associates further illustrated Marcos's readiness to interfere in the economy to benefit his allies. The 'bail-outs' created major cash-flow problems for the banks and indicated that national economic management was subordinated to costly political intervention despite the increasingly evident need for discipline.¹⁵

2.27 The structural problems of the Philippines economy under Marcos were reflected in its poor external sector performance. It is true that there were some positive developments. The country became less dependent on its traditional major export commodities (coconut products, sugar, copper and timber) while manufactured exports (principally garments and electronic products) increased substantially. There

was also a significant diversification of trading partners. The United States' hitherto dominant role as a trading partner was reduced, and trade with Japan, the Middle East and other Asian countries increased. But a number of changes in the external environment - chiefly poor prices for Philippines traditional exports and the second oil price hike - led to a massive deterioration of the terms of trade from 1974 and to mounting balance of payments difficulties. In 1982, exports were less than two-thirds imports (see Table 1).

Table 1

THE PHILIPPINES EXTERNAL SECTOR, 1960-82					
	1960	1965	1970	1975	1982
Merchandise Exports as % of Merchandise Imports	92.8	95.2	97.4	66.3	60.6
Terms of Trade(1972=100)	147.1	128.0	141.6	87.8	55.6
Three Principal Exports as % of Total Exports	65.1	60.6	58.6	44.6	39.4
Non-traditional Exports as % of Total Exports			9.4	22.2	45.6 ^a

^a Refers to 1981

Source: H. Hill and S. Jayasuriya, 'Philippine Economic Performance in Regional Perspective', Contemporary Southeast Asia, September 1984, p.136.

2.28 The foreign exchange crisis triggered by the Aquino assassination in August 1983 precipitated an economic decline of unprecedented proportions. The economy ground to a halt in 1983 and contracted by more than 10 per cent during the next two years. Inflation exceeded 50 per cent in 1984. All sectors of the economy suffered, but the decline was particularly severe in manufacturing (see Table 2) with numerous firms closing and substantial increases in unemployment.¹⁶

TABLE 2

Gross Domestic Product by Sector, 1983-85 (billion pesos, constant 1972 prices)

	1983	1984	1985	Growth rates	
				1983-84	1984-85
1. Agriculture of which rice	24.8 3.9	25.0 4.2	25.4 4.3	0.8 7.0	1.3 4.1
2. Industry of which manufacturing	36.0 25.1	32.2 23.3	28.7 21.5	-10.6 -7.1	-10.7 -8.0
3. Services of which trade	39.3 13.9	38.4 14.1	38.0 14.0	-2.3 1.0	-1.0 -0.8
Gross Domestic Product	100.1	95.6	92.1	-4.5	-3.7
Gross National Product	98.8	93.6	89.9	-5.3	-4.0

Source: Hal Hill, 'The Philippine Economy in 1985: The Decline Continues', in *Southeast Asian Affairs*, 1986, p.256.

2.29 The crisis forced the Philippines in late 1983 to enter negotiations with the IMF and its main creditors to secure standby credit and reschedule its foreign debt. The foreign debt problem accumulated under Marcos was particularly onerous. As a proportion of GNP, the Philippines foreign debt was far higher than that of Indonesia or South Korea for example. The proportion of short term debt was also much higher, as was the ratio of debts to total exports (see Table 3). Interest payments alone exceeded 50 per cent of export earnings at current levels.

2.30 An IMF adjustment program was concluded in October 1984 (following delays caused by disclosure that the Central Bank had substantially overstated foreign exchange reserves), paving the way for an agreement with the country's commercial creditor banks in May 1985, including new loans worth US\$925 million, a US\$3 billion revolving trade credit facility and rescheduling of part of the foreign debt.¹⁷

2.31 The main aims of the IMF adjustment program were:

'... to control the growth of domestic demand, reduce inflation, and achieve a more efficient, market-determined exchange system and widespread structural reform of the Philippines economy. To these ends the program focused on control of the money supply, a reduction in the public sector deficit, liberalisation of the exchange system, a substantial reduction in tariffs, interest rate liberalisation and the lifting of price controls on some agricultural products. The program's emphasis on the need to tackle structural weaknesses in the economy was particularly directed toward public corporations, financial institutions and the sugar and coconut industries.'¹⁸

TABLE 3

EXTERNAL DEBT: PHILIPPINES AND OTHER ASIAN COUNTRIES, 1984

	Philippines	Indonesia	South		Thailand
			Korea	Malaysia	
Total Debt					
as % of GNP	80.4	37.2	51.8	58.2	36.4
as % of Exports	323.8	150.5	128.3	97.4	153.9
Short-term Debt					
as % of Total Debt	36.7	12.3	26.5	14.0	21.1
Total Debt Service					
as % of Exports	37.5	19.0	20.9	15.9	27.6
Total Interest					
as % of Exports	27.5	11.1	11.8	9.1	14.6
Foreign Exchange Reserves					
as % of Total Debt	10.4	32.5	21.7	29.0	25.7

Source - Adapted from Asian Wall Street Journal, 8 August 1985

2.32 The IMF program's conditions encountered some resistance from the Marcos Government, which felt that compliance would result in an unacceptable contraction of output. The IMF allowed some relaxation of its performance criteria during 1985. Despite these difficulties, some progress was achieved in reducing inflation and addressing the current account, balance of payments and budget deficit problems. Inflation fell from a peak of 64 per cent in late 1984 to 10.7 per cent in the twelve months to October 1985. The overall balance of payments deficit declined from \$US2.1 billion in 1983 to \$US1.4 billion in 1984, reflecting a narrowing of the current account deficit from 8.1 per cent of GNP to 3.9 per cent and larger capital inflows.¹⁹

2.33 Despite these developments, the economy remained severely depressed during 1985. World prices for sugar and coconut products continued to fall, and manufactured exports fared badly because of sluggish world demand. Total exports were down 13.9 per cent in the period January-September 1985 compared to the same period in 1984. The improved balance of payments position was largely brought about by capital inflows and new lending following the debt rescheduling rather than improvement in the country's trading performance.²⁰

2.34 The difficult external environment was compounded by Marcos's continued refusal to pursue economic reforms that would damage his close associates. Under pressure from the IMF and World Bank, Marcos grudgingly agreed to reorganise or dismantle the monopolistic regulatory bodies and marketing authorities in the sugar, coconut and grains sectors. Despite a series of changes during 1985 affecting the Philippine Sugar Commission (Philsucom), the National Sugar Trading Corporation (Nasutra) and the United Coconut Oil Mills, Inc (UNICOM), it was nevertheless evident that Marcos and his key associates were manipulating the reorganisation of these bodies in an attempt to retain overall control.²¹

2.35 In sum, Marcos's handling of the economy after August 1983 did nothing to encourage the restoration of business confidence and investment. The economic crisis had become inseparably linked to the political crisis. Broad compliance with the IMF adjustment program had stabilised the country's financial crisis to some extent but had not restored confidence in the economy's prospects for recovery while Marcos remained in power and political instability persisted.

Poverty

2.36 The social structure of the Philippines has historically been a highly unequal one. As in many traditional societies undergoing prolonged colonial rule, the development of industries, the rise of cities and the growth of strong middle and working classes was held back. The nature of Spanish colonial rule tended to favour the growth of a semi-feudal land tenure system, with a wide gap between an indigenous landed elite and a mass of poor tenants and landless labourers. Under American rule, economic relations tended to favour agriculture at the expense of industry, partly because of preferential access to American markets for a number of cash crops and tropical products.

2.37 Population pressure on diminishing land is a major reason why questions of social reform have become more pressing as the twentieth century has progressed. Serious agrarian unrest, especially in the key food-producing areas of central Luzon in the 1930s and 1940s, was a further stage in a tradition of sporadic but persistent rural protest.

2.38 Governments since independence have proclaimed commitment to social reform, but the record under pre-martial law governments was not impressive. One of the major stated objectives in Marcos's program for a 'New Society' was to reduce the gap between rich and poor and to democratise wealth and

property. In 1976, for example, Marcos claimed that 'bold programs to create and redistribute both wealth and opportunity, to dismantle the system of privilege that favoured the rich and the powerful' were being pursued under martial law.²²

2.39 Data on poverty and income distribution demonstrate a highly unequal distribution of income and wealth in the Philippines. The United States Department of State's Country Report on human rights in the Philippines for 1985 notes that:

'The poorest 60 per cent of the population received 25 per cent of total income in 1971 but only 21.4 per cent 10 years later. The upper 10 per cent moved from 37.1 per cent of national income in 1972 to 42 per cent in 1981.'²³

2.40 According to the Department of State report just cited, the proportion of Filipinos living below a government-defined absolute poverty level was 41 per cent in rural areas and 32 per cent in urban areas.²⁴ In its submission to the inquiry, the Catholic Commission for Justice and Peace pointed to worsening trends in poverty, income equality, employment and real wages in the past decade.²⁵ The State Department Country Report concluded that real wages might have fallen by 27 per cent in the previous four years as the economy contracted.²⁶

2.41 Unemployment and, in particular, underemployment should also be considered. The Department of Foreign Affairs' submission estimated that unemployment and underemployment were possibly as high as 15 per cent and 45 per cent respectively in the first half of 1985.²⁷

2.42 In the areas of health and education, the Marcos regime's achievements were also questionable. Despite the growth in agricultural output, the Philippines' first food consumption survey in 1978 found evidence of widespread malnourishment among children aged 1-6 years and a generally inadequate per capita

calorie intake.²⁸ Declining real incomes in the 1980s are likely to have exacerbated nutritional and health care problems. The Marcos regime's delivery of government services in health and welfare areas was probably impaired by the influence of the Ministry of Human Settlements under Imelda Marcos. The Ministry frequently duplicated functions of more efficient departments, or took them over, creating confusion and lowering morale. Government programs to reduce the high population growth rate were not pursued vigorously or effectively.

2.43 The legacy of the Marcos years in reducing poverty is not impressive. There are, of course, many reasons for this other than the actions and policies of his regime, including changes in the international economic environment from the late 1970s, which have eroded the substantial economic growth of the 1970s.

2.44 On balance, however, the policies of the Marcos regime did little to redress traditional inequalities and in some areas tended to exacerbate them. A major example is the coconut and sugar industries, which together have traditionally provided the major source of income for more than one third of the workforce. Both industries entered into deep crisis during the Marcos years, in part because of declining world prices, but also because of massive corruption and persistent mismanagement stemming from the concentration of control in the hands of a few close associates of Marcos.

2.45 The Marcos regime's record on land reform is mixed. Marcos did more than his predecessors had done, but achievements fell far short of the pretentious goals announced in the early period of martial law. Marcos's presidential Decree No. 27 had proclaimed the 'emancipation of all tenant farmers' and Marcos described land reform as the key test of the New Society. In practice, the land reform program was confined to rice and maize farmers whose landlords owned more than seven hectares. Landless workers were not included and land under coconut and sugar

production was exempt. One study concluded that only 20.6 per cent of total crop area, and 13.7 per cent of the agricultural labour force were covered.²⁹

2.46 Moreover, the processes by which tenants were to gain ownership were complex and the rate of distribution of certificates of land transfer was slow. One study estimated that only 42 per cent of the target group would have received their certificates by the year 2000. Additionally, on receipt of certificates, the tenants became amortising owners. Inadequate credit facilities were provided and those receiving certificates often began to incur debts.³⁰

Human Rights

2.47 That the Marcos regime's human rights record was seriously deficient is not open to question. Major forms of violation noted by Amnesty International included extra-judicial execution of civilians by government security forces; 'disappearances'; arbitrary arrest and detention; instances of torture; denial of fair public trial; and limitations on freedom of speech, press, peaceful assembly and association, including the formation of trade unions and the right to strike.³¹

2.48 Accurate statistics on the incidence of human rights violations under Marcos are hard to assemble. A number of Church and civil rights groups in the Philippines and elsewhere monitored violations, in particular Task Force Detainees of the Philippines (TFD), an organisation established in 1974 by the Association of Major Religious Superiors of the Philippines (AMRSP). Though TFD's objectivity has been called into question (for example over its lack of interest in monitoring human rights abuses by the New People's Army), its figures are widely used as indicators of the level of violations.

2.49 TFD figures for September 1985 listed 599 'political detainees and prisoners', as compared with 851 at the end of 1984. The Australian Council for Overseas Aid's submission included the following table drawn from Philippines Church sources:³²

Human Rights Violations in the Philippines (1977-1984)

Year	Arrests	Disappearances	Extra-judicial Killings
1977	1351	17	51
1978	1620	10	86
1979	1961	48	196
1980	962	19	218
1981	1377	53	321
1982	1911	42	210
1983	2088	145	368
1984	3038*	137*	445*

* Excludes Mindanao for November-December

2.50 TFD figures cited by the United States Department of State in its 1985 Country Report on human rights in the Philippines suggest a continuing deterioration in the first half of 1985, with 238 extra-judicial killings, 117 disappearances, and 2371 arbitrary arrests.³³

2.51 This bleak picture, however, requires some qualification. After 1978, Marcos allowed the limited resumption of party political activity and representative institutions. The open expression of dissent and criticism became more prevalent during the 1980s and especially after August 1983. While Marcos's acceptance of this reflected the erosion of his power more than a shift towards reform and democracy, it remains a fact that massive force was not used - as it might have been - in an attempt to silence the opposition in the period after August 1983. In terms of toleration of dissent, the existence of opposition parties and freedoms of speech, assembly and

association, the Philippines under Marcos compared favourably with many developing countries. Positive features in the human rights area noted in the United States Department of State Country Report on the Philippines include toleration of large public rallies and demonstrations; publication of harsh criticism of the Government in newspapers; freedom of religion; and freedom of movement, emigration and repatriation.³⁴

2.52 The incidence of human rights abuses also cannot be considered in isolation from the country's insurgency problems. While the Marcos regime often deliberately confused legitimate dissent with subversion, it remains the case that the Communist Party of the Philippines/New People's Army (CPP/NPA) began to wage armed revolutionary struggle several years before martial law was imposed. Claims that the NPA's brutality rivals that of the Khmer Rouge³⁵ do not seem warranted on the basis of available evidence. Yet there have been credible suggestions that the NPA's rapid growth since the early 1980s has been accompanied by a shift towards more violent methods, especially in areas under firm NPA control. This includes the heightened activity of NPA assassination squads, known as 'sparrow units', and the use of more coercive methods to collect taxes and levies.³⁶

2.53 Reference to NPA violence in no way condones or mitigates the Marcos Government's record of human rights abuse. But the behaviour of poorly paid, ill-equipped military personnel in rural areas cannot be properly understood purely in terms of an authoritarian regime repressing dissent or an abusive military tyrannising the people. The cycle of violence in the countryside was fed also by the NPA's resort to brutality.

The Armed Forces

2.54 During the Marcos years, the Armed Forces of the Philippines (AFP) roughly trebled in size (though from a very low base) and acquired a degree of influence and status hitherto denied them. They became one of the major props of his regime and

as such were widely identified with its authoritarian character, suppression of democratic rights and human rights violations.

2.55 Marcos deeply politicised the armed forces, especially after his appointment of General Fabian Ver as Chief of Staff in 1981. Marcos and Ver were often influenced more by political loyalties than by efficiency in promoting senior officers. Many loyalists were given extensions of service well beyond statutory retirement age, causing frustration and resentment among their colleagues and juniors.³⁷

2.56 Despite Marcos's buildup of the armed forces, major deficiencies appeared. As the Philippines economy slowed in the early 1980s, defence budgets contracted. The AFP's counter-insurgency performance under Marcos was marred by poor leadership and hamstrung by shortages of equipment and fuel. The average soldier was poorly paid, ill-equipped and often badly led, factors which contributed to low morale, poor discipline and deteriorating relations between the military and the civilian population. Corruption, criminal activity, looting and damage to property were commonplace, as well as the more serious abuses involving arbitrary arrest, torture and summary execution.³⁸

2.57 Despite all these flaws, the AFP's record needs to be seen in proper perspective. A large proportion of human rights abuses were committed by the CHDF (Civilian Home Defence Forces) or by military intelligence units, rather than by regular forces of the Army, Marines, Navy or Air Force. CHDF units were raised by town mayors or barangay captains (the barangay is a unit of local government roughly corresponding to a village) in response to insurgency problems. Units ranged from about 12 to 30. CHDF units relied on the Army or Constabulary to provide limited training and arms. CHDF units were poorly trained, equipped, paid and led and often served as bodyguards or 'enforcers' for local notables. CHDF strength nationwide under Marcos was about 65-70,000.³⁹

2.58 Claims that the AFP became excessively large under Marcos also need qualification. The AFP proper grew from about 55,000 in 1972 to about 150,000 personnel in 1985, of whom 70,000 were Army, 40,000 Constabulary, 17,000 Air Force and 26,000 Navy (including 9,500 marines).⁴⁰ For a population of 55 million, these forces are not excessive by regional or world standards. Nor were defence budgets high - indeed in the closing years of the Marcos era defence budgets were probably the lowest in non-communist Southeast Asia. Table 4 compares Philippines defence expenditures with those of other ASEAN countries:

Table 4

Country	DEFENCE EXPENDITURE							
	\$ per capita			% of government spending			% of GDP/GNP	
	1980	1982	1983	1980	1982	1983	1980	1983
Indonesia	14	14	16	11.1	13.5	13.6	2.9	3.5
Malaysia	98	147	140	14.0	17.7	17.3	5.7	7.1
Philippines	13	18	12	12.2	15.3	13.1	1.7	1.8
Singapore	247	301	315	20.7	17.6	15.5	5.2	4.8
Thailand	24	32	33	15.9	20.1	18.9	3.3	4.1

Source: Adapted from 'The Military Balance 1985-1986', International Institute for Strategic Studies, London, 1985, pp.172-173.

2.59 Marcos's loss of military support in the closing period of his rule may seem surprising, given the expansion of the armed forces under his presidency. But Marcos's favours fell in a highly selective way. Promotions and resources were narrowly allocated, especially to the Presidential Security Command (PSC) and the sectors of the armed forces commanded by Marcos loyalists. As the economy slowed in the 1980s, Marcos cut back on the defence budget; as he grew more suspicious of those around him, he bestowed patronage and promotion even more selectively. The elevation of General Fabian Ver as Chief of Staff in 1981 alienated many loyal and professional officers, who regarded Ver's advancement as a reward for total personal loyalty to Marcos. Ver's manipulation of promotions, resources and command allocation alienated many AFP officers and created rivalries with Defence Minister Enrile and Philippines Constabulary (PC) Commander and Deputy Chief of Staff Ramos. Marcos favoured Ver at their expense.⁴¹

2.60 The assassination of Benigno Aquino while under military escort, and the growing difficulty of containing the NPA, seem to have been major factors causing many AFP officers grave concern from 1983 on. The Aquino assassination, which was widely believed to have been planned by Ver and Imelda Marcos, if not by Marcos himself, blackened an already tarnished military image, and the NPA began to be taken seriously as a longterm threat to the nation's security. The politicisation and manipulation of the armed forces to serve Marcos's interests began to be widely resented, particularly at middle-ranking officer level. The emergence of the Reform the Armed Forces Movement (RAM) in 1985 was a symptom of the disenchantment which culminated in the bulk of the AFP switching sides in February 1986.⁴²

2.61 Though Marcos had come to rely heavily on the armed forces, he did so in a partial and arbitrary fashion. They never became the institutional basis of his regime. The pre-Marcos tradition of civilian supremacy was, in the final analysis, respected both by Marcos and by the armed forces.

The Catholic Church

2.62 A major development during the Marcos years was the emergence of the Catholic Church as a significant political force.

2.63 Although Catholicism had long exercised a major cultural and spiritual influence, its political role in the twentieth century was limited. American colonial rule resulted in the separation of Church and State and the Catholic Church did not play an important political role from independence to martial law. Although there was increasing concern for the role of the Church in society during the 1960s, the Church remained on the whole a conservative institution.

2.64 After 1972, this began to change. Martial law, human rights abuses and government failure to pursue social and economic reform encouraged the growth of progressive, radical and activist elements within the Church. A small number of priests, nuns and laity, influenced by liberation theology, joined or actively supported the NPA. Others, while not endorsing violence as a means of producing change, or adopting an overt political position, pursued social and economic justice more actively, for example by organising Basic Christian Communities in rural areas. The religious orders sponsored Task Force Detainees to monitor and publicise human rights abuses by the government.⁴³

2.65 The hierarchy and the bulk of the clergy did not follow the activists. The main institution involving the hierarchy, the Catholic Bishop's Conference of the Philippines (CBCP) contained

progressive, centrist and conservative factions. The balance between these factions was reflected in an approach often described as 'critical collaboration' with the Government, in which the Church remained politically neutral, while criticising the government in some areas, such as human rights violations. This approach reflected respect for the separation of Church and State, and perhaps also concern to balance the activities of more radical elements trying to draw the Church towards a more active social and political role.⁴⁴

2.66 From the early 1980s, the hierarchy and the bulk of the clergy began to play a more active role, in pursuit of moderate and peaceful change. In January 1983 the CBCP withdrew from the Church-Military Liaison Committee (CMLC) set up in 1973 to investigate military abuses and in February 1983 released an important pastoral letter condemning the Marcos regime for corruption and repression.⁴⁵

2.67 The hierarchy's gradual shift accelerated in the wake of the Aquino assassination. This process was led by the Archbishop of Manila, Cardinal Sin, who played a major role in channelling the nation's moral outrage. From August 1983, Sin's criticisms of the Marcos regime became increasingly sharp and included overt political activity, such as calling on Marcos to resign or to hold free elections.

2.68 The movement of the Church hierarchy from 'critical collaboration' to open opposition was motivated by several factors. The Aquino assassination and the political and economic crises of 1983, combined with the rapid growth of the communist insurgency, persuaded even conservative elements in the hierarchy that the Marcos regime was morally bankrupt and was leading the country into chaos, perhaps creating the conditions for a communist revolution which would destroy the dominant role of Catholicism and the Church in the Philippines. Moreover, if the

hierarchy had remained uncommitted after August 1983, progressive and radical elements in the Church would increasingly have gone their own way, dividing and weakening the Church.

2.69 The role of the Church and particularly that of Cardinal Sin was a major factor in bringing about Marcos's downfall by peaceful means and his replacement by the moderate democratic opposition. The Catholic Church was one of the few national institutions which Marcos had not been able to fragment and destroy. The Church had a major capacity to influence public opinion, for example through pastoral letters, through Radio Veritas (a radio station established under Sin's aegis after the Aquino assassination) and through the Church's nationwide network of educational and social institutions. The Church, and Sin in particular, invested the anti-Marcos cause with spiritual sanction. Sin's advocacy of peaceful change combined with warnings of civil war if reforms were not introduced, had a major influence in galvanising popular support for a democratic alternative.

2.70 By late 1985, the Church's political position was unambiguous. Sin played the decisive role in persuading Laurel to run as Aquino's vice-president. Radio Veritas provided an alternative to the government-controlled media. The Church urged the people to vote and many priests and nuns co-operated closely with the National Citizen's Movement for Free Elections (NAMFREL) on election day. A series of pastoral letters urged fair elections. A CBCP statement on 14 February condemned the election for 'unparalleled fraudulence' and proclaimed that the Marcos Government had no 'moral basis'. Though continuing to urge non-violent protest, the Church played a direct and major role in the crisis that began with the military rebellion on 22 February by encouraging and helping to organise the massive crowds which surrounded the rebel forces and prevented Marcos moving quickly against them.⁴⁶

2.71 Marcos's alienation of the Catholic Church was a major factor in causing his loss of authority and legitimacy in the 1980s. It was one of the few national institutions which he failed to weaken and divide during the 1970s. The de facto alliance of Church and a broad opposition coalition after August 1983 increasingly eroded his position.

The Communist Insurgency

2.72 During the closing years of the Marcos regime, the communist insurgency grew so rapidly that the prospect of a communist takeover within a decade was widely seen as a realistic one.

2.73 That threat had seemed remote in the 1970s. Though Marcos used the threat of communist subversion to help justify the imposition of martial law in 1972, this was largely a pretext. The Communist Party of the Philippines (CPP) and its military wing the New People's Army (NPA) had been formed only in the late 1960s as a breakaway from the original Philippines Communist Party (PKP), which had led an armed rising in the 1950s but which subsequently had become largely inactive and ineffective. The CPP did influence the student radicalism of the early 1970s but did not pose a serious threat to the government.⁴⁷

2.74 The CPP/NPA were from the outset marxist-leninist movements aiming at the revolutionary transformation of the Philippines and espousing armed struggle as the primary means of achieving power. During the 1970s, the CPP/NPA made relatively slow progress towards their goals. The success of the economy, with annual growth rates averaging over 5 per cent, and the general improvement of law and order following the imposition of martial law, limited the appeal of revolutionary struggle. The capture of leading CPP and NPA personalities in the mid 1970s seemed at the time a serious blow. Moreover, the CPP/NPA, which

had received limited moral and material support from China, had no source of external assistance after China and the Philippines established relations in 1975.

2.75 Despite these difficulties, the CPP/NPA persisted tenaciously with their efforts to pursue a protracted revolutionary struggle. The young CPP leaders displayed considerable acumen and maturity in analysing the reasons for the failure of the PKP rising, and adapting Maoist ideology to Philippine conditions.

2.76 Firstly, the struggle was envisaged as unfolding through three broad stages - from 'strategic defensive' through 'strategic stalemate' to 'strategic offensive'. Each major stage had numerous subdivisions. This approach combined flexibility with a sense of historical destiny. The struggle was seen as beginning on the defensive and only gradually gaining strength, so that quick results were not expected.

2.77 Secondly, the CPP saw that the Philippines involved special circumstances, because it was an archipelago and because there was no adjacent friendly power. Large 'liberated areas', such as Mao's Yenan, were not feasible. Rather, the strategy had to be one of developing a revolutionary movement on as many islands as possible, so as to compel the government to disperse its forces, but without creating conspicuous 'liberated areas' which could be targeted for major counter-insurgency campaigns.⁴⁸

2.78 Thirdly, the CPP adopted a cautious approach to recruitment. Party members had to be fully indoctrinated and highly motivated. Members of front organisations, sympathisers and guerilla fighters did not need similar levels of indoctrination, but wherever possible guerilla leaders at least should be full party members. This required cautious and careful preparation. It might take years for the CPP/NPA to establish

party branches and regular guerilla units in a district; but the advantage was that the organisation had strong political foundations and that armed struggle was not launched prematurely.

2.79 Fourthly, the CPP's 'Robin Hood' image dates from this period and was probably a fairly accurate picture in the 1970s. The CPP kept the NPA under firm control. It used violence selectively to eliminate corrupt and abusive officials and behaviour towards the common people was often better than that displayed by the poorly led and ill-paid military and para-military forces.⁴⁹

2.80 In the early 1980s, a combination of factors favoured a sharp increase in CPP/NPA activity. General economic and political conditions in the Philippines were deteriorating. Economic growth rates in the 1970s were fed by heavy borrowing and the need for structural change was ignored. The surge in oil prices at the end of the 1970s hit the Philippines very hard, as did falling commodity prices (sugar, coconut products, copper, etc.). Additionally, the benefits of martial law were wearing thin; the crime rate was rising again and Marcos's promises of a 'new society' were looking threadbare. Marcos's token political moves, such as setting up a National Assembly in 1978 and formally lifting martial law in 1981, encouraged rather than dissipated pressures for change and reform. Indiscipline, corruption and human rights abuses by elements of the armed forces were a major factor in alienating sections of the population, especially in rural areas, and facilitating the growth of the NPA.⁵⁰

2.81 From 1983, the CPP/NPA grew rapidly. The NPA by then was established in nearly all the country's 73 provinces and had an armed strength of perhaps 15,000 armed guerillas. The CPP/NPA were estimated to exercise some degree of control or influence in up to 20 per cent of the country's villages. The CPP claimed tens of thousands of members, while its united front organisation, the

National Democratic Front (NDF) established links with a wide range of student, labour, church and anti-Marcos organisations, particularly those with radical left wing or anti-American leanings.⁵¹

2.82 It is clear that a revolutionary movement of this size could not have sustained itself, especially in the absence of external support, without a significant degree of popular acceptance. Yet there remain major difficulties in assessing the extent and motivation of popular support for the insurgency in the latter stages of the Marcos period.

2.83 There is little doubt that the CPP/NPA leadership remained committed to its original marxist-leninist goals. Yet many of the movement's rank and file were probably motivated by traditional rural discontent or alienated by Marcos's authoritarian rule or by military abuses. It is instructive to note that the CPP/NPA tended to emphasise national independence, and social and economic justice, rather than class struggle, collectivisation or one-party rule. Their propaganda during Marcos's rule focused primarily on:

- . 'fascism' (by which was meant Marcos's one-man rule, and human rights abuses);
- . 'feudalism' (landlordism and the gap between rich and poor); and
- . 'imperialism' (the relationship with the United States).⁵²

2.84 The CPP/NPA had various reasons for being cautious about revealing its ultimate agenda. The Philippines is a heterogenous and pluralist society, with strongly held Christian values. Explicit advocacy of a dictatorship of the proletariat, collectivisation and other customary features of

communist-controlled systems, would have met largely negative responses in the Philippines. Many peasants who joined or supported the NPA, for example, might have aimed to own their own land rather than operate within a collectivised economy.

2.85 It is also unclear to what extent support for the CPP/NPA may have arisen from intimidation rather than choice. It has been argued that the CPP/NPA have increasingly adopted ruthless and violent methods as their size and strength have increased. The evidence for this claim is hard to assess. While analogies between the CPP/NPA and the Khmer Rouge are of doubtful value given the many differences of circumstance, history and culture, there is evidence to suggest that the NPA's methods have become more ruthless during the 1980s and that this has tended to alienate people who would otherwise have viewed the NPA with sympathy.⁵³

2.86 Despite the gains of the early 1980s, the CPP/NPA were still not in a position to take advantage of Marcos's declining strength in order to seize power for themselves.

2.87 Under Marcos, the CPP/NPA pursued a dual strategy - a military strategy of protracted people's war, and a political strategy of united front tactics, which sought to band together all political groups who wanted to overthrow Marcos and to pursue radical change.

2.88 The military strategy made considerable progress in the last five years of Marcos's rule. NPA strength by 1985 was estimated at around 20,000; guerilla fronts were established in nearly all the country's seventy-three provinces; and the NPA rather than the AFP was the main instigator of clashes.

2.89 These gains, however, need to be seen in perspective. By their own assessments the NPA were still in the 'strategic defensive' phase, through approaching 'strategic stalemate'. The next five years were seen as crucial to expanding NPA strength,

placing the national government on the defensive and demoralizing the armed forces.⁵⁴

2.90 The success of the CPP's political strategy in the closing Marcos years is harder to assess. Despite Marcos's claim that the legal opposition groups were either allied with, manipulated by or naive concerning the communists, the evidence suggests that the CPP found it difficult to pursue its 'united front' strategy. This is because neither the CPP nor the main opposition groups saw any basis for co-operation.

2.91 In theory, the National Democratic Front was intended to bring together all anti-Marcos forces and form the basis of a popular democratic coalition. In practice, the NDF regarded the mainstream opposition with hostility and consistently derided them as 'bourgeois reformists' and 'reactionaries'. The NDF reserved its favour for groups which largely shared its ideology; close ties were developed with radical labour and student groups, or anti-U.S. bases organisations. But most opposition groups regarded the NDF as dogmatic and domineering and were strongly suspicious of CPP control of the NDF. For example, NDF efforts to dominate a congress of cause-oriented groups in May 1985 caused much resentment and led to a series of splits and defections within left wing and progressive political groups.⁵⁵

2.92 The CPP/NPA's failure to play a major role in the events of February 1986 calls into question the extent of their power and influence, especially in Manila. But under Marcos they were able to reach a position from which they could not easily be dislodged, even were a new government able to move quickly to introduce political, economic and military reforms.

The Muslim Insurgency

2.93 For most of the 1970s, the threat from the NPA was overshadowed by Muslim rebellion in the southwest of the Philippines. The roots of that rebellion lie deep in history. Parts of the Philippines had been converted to Islam before the Spanish arrived, and the southwest was never brought fully under Spanish control. In the twentieth century, the hitherto predominantly Muslim areas of Mindanao were seen by many Christian Filipinos as a 'new frontier' and largescale immigration took place. Religious, cultural, linguistic and economic factors contributed to an increasing level of violence between Christians and Muslims in the 1960s and to the formation of Muslim organisations seeking greater autonomy or even secession. The imposition of martial law and the widespread confiscation of weapons, which elsewhere generally reduced levels of violence, was perceived in Muslim areas as a new threat. The Moro National Liberation Front (MNLF) spearheaded armed resistance from the early 1970s and at that time probably comprised 30,000 fighters.⁵⁶

2.94 The Marcos regime brought the Muslim rebellion under control by a mixture of harsh military repression, skilfull diplomacy in its relations with the Islamic world, and a range of concessions to Muslim sensitivities. The Government negotiated the Tripoli Agreement in 1976, through the auspices of the Organisation of the Islamic Conference. Though the MNLF claimed that the Government did not implement its terms, the establishment of two 'autonomous regions', and various concessions, including greater support for religious schools and wider scope for Islamic law, went far enough to secure co-operation or at least acquiescence from some sections of the Muslim community.⁵⁷

2.95 The Government was assisted by divisions within the Muslim community. Conservative Muslims believed the MNLF was too secular and marxist and many distrusted its links with Libya.

Linguistic and ethnic differences within the Muslim community also tended to fragment the MNLF. By the late 1970s, the MNLF was divided internally and levels of fighting fell away. The relative acquiescence of the Muslim rebellion in the 1980s was an important benefit for the Marcos regime, allowing it to allocate more military resources to meeting the rising NPA threat.⁵⁸

2.96 Despite persistent accusations from Marcos that the MNLF and NPA were co-operating, there seems little evidence of more than local and intermittent co-operation. The Muslim rebel movement tended to remain closely identified with its cultural, religious and regional roots.

2.97 Marcos's success in containing the Muslim rebellion was not complete. The religious, cultural and historical causes of the conflict have persisted, despite the decline of the MNLF and the Government's efforts to accelerate economic development and give greater recognition to Muslim culture and religion.

Marcos and the United States

2.98 Despite Marcos's loyalty as an ally, the United States eventually came to play a major role in his downfall.

2.99 United States policy towards the Philippines after 1972 had to reconcile its major strategic interests and alliance relationships with the political and human rights dilemmas posed by martial law. Marcos's partial restoration of competitive politics in 1978 and his formal lifting of martial law in 1981 appeared temporarily to give his regime greater legitimacy and stability. Vice-President Bush's visit to the Philippines in 1981 after Marcos's re-election as President, and Marcos's visit to the United States in 1982 seemed to consolidate Marcos's status as an approved ally. As Marcos came under increasing pressure

from domestic opposition, economic problems and communist insurgency, however, doubts concerning his longer term prospects began to grow.⁵⁹

2.100 The Aquino assassination in August 1983 and the political and economic crises which followed it presented the Reagan Administration with major policy dilemmas. Longterm United States interests and historical ties supported a continuing alliance with the Philippines, yet the nature of the Marcos regime made it increasingly difficult to defend a close relationship. Moreover, Marcos seemed increasingly incapable of resolving the difficulties facing the Philippines - prolongation of his rule pointed only to greater instability and more gains for the communist insurgency. Yet attempts to use American aid and influence to force Marcos to introduce reforms, or to resign, might have backfired had Marcos reacted by imposing martial law or moving to close down the bases. Additionally, in the immediate period after Aquino's assassination, there was no obvious alternative to Marcos. The democratic opposition was divided and had no leader of great national popularity; nor had Marcos established the mechanisms for a stable and orderly succession. A policy of isolating and punishing Marcos might have led to chaos or to a seizure of power by Imelda Marcos and Ver in the event of Marcos's death or incapacity, an outcome which would have spelled disaster for stability in the Philippines.

2.101 The Reagan Administration sought to reconcile these conflicting considerations by a policy that combined pressure for genuine political, economic and military reforms with continued emphasis on the importance of the Philippines to American interests and the need to sustain political, defence, economic and aid linkages. American policy thereby aimed at helping to bring about an orderly transition to a more stable and democratic government, while containing the communist insurgency, alleviating the Philippines' economic crisis and preserving the historically close bilateral relationship. United States policy

in this period is well reflected in the following remarks by Assistant Secretary of State Wolfowitz in Congressional testimony in October 1985:

'The Philippines, one of our closest and most important allies, is in deep trouble. Serious, interlocking political, economic and security problems directly threaten the long-term stability and well-being of that country. US interests of immense importance are at risk, but it is not just our interests alone that are at stake. A communist takeover in the Philippines would threaten the stability of the East Asian region and the many countries in it who have so successfully focused their efforts in recent years on economic development. Most of all, it would threaten the Philippine people themselves, permanently destroying all hopes for democracy...

Our policy towards the Philippines is an active and dynamic one designed to deal with an evolving situation. As befits a longstanding ally, we intend to continue working closely with the Philippine Government to find solutions to their problems. At the same time, we have made unmistakably clear to the Philippine leadership the need for early and dramatic progress toward fundamental reforms if we are to be of effective assistance.⁶⁰

2.102 Assessing the success of American policy is a complex task. It is easy to exaggerate the extent of American influence on the Marcos regime. Great pressure could certainly have been exerted, but the United States was not in a position to control Marcos's reactions to extreme pressure. The thrust of American policy was to some extent weakened by differences within the Reagan Administration - Reagan himself evidently was reluctant to press Marcos too hard - and by differences between the Administration and Congress, which was generally more disposed to use the aid package negotiated under the Military Bases Agreement as an instrument of pressure.

2.103 It can be argued that the acquittal of Ver and the others accused in the Aquino trial, and Marcos's fraudulent conduct of the February presidential election, demonstrate the

failure of American policy - Marcos remained obstinate to the end. It can further be argued that American policy remained ambivalent, as reflected in Reagan's initial post-election remarks which appeared to endorse the conduct of the polls.⁶¹

2.104 Yet it can also be argued that American policy did make an important contribution to Marcos's peaceful overthrow. United States policy kept Marcos under pressure to introduce reforms, while not forcing him towards extreme options such as reimposing martial law. While the main pressures for change came from within the Philippines, American pressure also contributed to the gradual reduction of Marcos's powers. The reforms which Marcos reluctantly agreed to after August 1983 did not fundamentally change the political landscape but did create opportunities for the revitalisation of moderate and democratic opposition forces.

2.105 American pressure was important in ensuring the investigation of the Aquino assassination. While the investigations eventually acquitted the accused, they compelled Marcos to allow his closest ally, General Ver, to be put on trial, illustrating how far Marcos had been put on the defensive. Close American monitoring of the 1984 and 1986 elections, including firm support for NAMFREL and the sending of official observer teams, helped to bring about significant opposition gains in the 1984 elections and exposed the extent of fraud and malpractices in the 1986 election.

2.106 American pressure during 1985, including a series of visits by senior administration and Congressional figures, was probably an important factor in Marcos's decision to call an early presidential election. The United States is also thought to have played a significant role in encouraging Laurel and Aquino to form a united opposition candidacy against Marcos, in parallel with the efforts of Cardinal Sin noted earlier. Finally, American pressure was important in the post-election period in dissuading Marcos from resorting to force to stay in power and in persuading him to go peacefully into exile.⁶²

Foreign Relations

2.107 The foreign policy of the Marcos regime can be regarded as one of its few lasting successes. Despite the arguments of radical critics that he was a 'puppet' of the United States, Marcos did more to make the Philippines more independent, and its external relations more diverse, than his predecessors since 1946 had done.

2.108 Under Marcos, the United States remained the Philippines' major trading partner and source of investment, as well as its ally in a mutual defence pact. But Marcos took steps to make the relationship more equal. In 1966, the Military Bases Agreement (MBA) was renegotiated to reduce the term of the lease from 99 to 25 years. In 1979 the MBA was further renegotiated to place the bases under Philippines, not American command. Although the MBA does not provide for rent to be paid, the 1979 and 1983 reviews required the United States president to seek specified amounts of economic and military assistance for the Philippines. The 1983 amendment also qualified the United States' right of unhampered use of the bases, by stipulating that the United States would consult with the Philippines before the establishment of long-range missiles at the bases and prior to any use of the bases for combat operations other than those in accordance with the bilateral Mutual Defence Treaty or the Manila Treaty.⁶³

2.109 Marcos substantially diversified the Philippines' external relations. The formation of ASEAN in 1967 provided a stronger sense of regional identity. The Philippines also established diplomatic relations with China, the Soviet Union and Vietnam in the mid-1970s, as well as establishing diplomatic relations with many Third World countries. During the Marcos years, Japan also developed as a major trading partner and source of aid and investment. An active diplomacy in the Middle East reduced the international difficulties arising from the MNLF rebellion and helped the Philippines establish itself as a major supplier of labour to the Middle East.⁶⁴

2.110 Marcos cultivated relations with China and the Soviet Union in part so as to exert leverage on the United States and to reinforce his image as a nationalist. Imelda Marcos played a significant role in Philippine diplomacy, visiting China and the Soviet Union on a number of occasions and serving as president of the Philippines-Soviet friendship society. But relations with the communist world remained insubstantial and the Philippines under Marcos remained a firm ally of the United States.

Conclusions

2.111 After twenty years in office, Marcos left the Philippines a legacy of decayed political institutions, an economy in crisis, a communist insurgency active and entrenched nationwide, and a society marked by sharp inequalities and widespread poverty.

2.112 Marcos's record did not always appear so bleak. During the 1970s, Marcos won the acquiescence, if not the support, of many Filipinos by providing strong government, curbing private armies and establishing improved law and order conditions. Satisfactory economic growth and accelerated rural development occurred. Muslim and communist insurgencies appeared contained.

2.113 The achievements of the 1970s, however, were not sustained. Marcos cannot be held wholly responsible for the crises that developed in the 1980s: changes in the international economic environment severely disadvantaged the Philippines as an oil importer and exporter of agricultural products facing sharply falling prices. Yet other developing countries faced similar problems and fared better. Marcos's tendency to subordinate economic management to political favouritism, for example by turning the sugar and coconut industries into virtual fiefdoms for his political allies, distorted and depressed the economy.

The failure to pursue much needed structural reforms, heavy foreign borrowing, poorly judged investments and misallocation of resources left the economy poorly placed to respond to the harsher circumstances of the 1980s.

2.114 The crisis facing the Philippines today stems in large part from the arbitrary and autocratic character of Marcos's rule. Marcos's power was intensely personalised. Despite his stated aims of breaking down the 'old society', he came to rely on an oligarchy that was narrower and more corrupt than the traditional elite. The wealth and power of a small circle of close allies increased at the expense of a broader support base.

2.115 Marcos was not a ruthless dictator by third world standards and a range of democratic freedoms survived the martial law period. Nevertheless, Marcos's suppression and subversion of established political institutions and democratic practices frustrated and alienated an ever larger proportion of Filipino society, creating conditions which the communist insurgency was increasingly able to exploit. He placed control of the armed forces in the hands of close allies, encouraging the politicisation of the military and failing to curb indiscipline and human rights abuses.

2.116 The assassination of Benigno Aquino in August 1983 was a key turning-point, tipping the economy into crisis, and galvanising a broad coalition of opposition forces. Marcos's regime was too narrowly based to hold its ground. Marcos had failed to build a strong institutional base for his regime. Neither the military nor the bureaucracy were drawn into genuine partnership. The rapidity with which his regime fell apart in its last months, and the swift transfer of allegiance by the armed forces following the fraudulent February election, illustrate Marcos's failure to transcend the politics of personal power.

ENDNOTES

1. The final stages of the Marcos era are outlined in Keesing's Contemporary Archives, Record of World Events, Longman Group Limited, Harlow, United Kingdom, Volume XXXII, April 1986, pp.34297-34302 (hereafter cited as Keesing's); see also Amando Doronila, 'The Collapse of the Marcos Regime', Asian Pacific Review, No 2, Autumn 1986, pp.25-36; Robyn Lim, 'The Philippines: "People's Power" or "Business as Usual?"', Current Affairs Bulletin, April 1986, pp.28-31.
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3. For assessments of the martial law period, see David Joel Steinberg, The Philippines: A Singular and a Plural Place, Westview Press, Boulder, Colorado, 1982, pp.99-130; Carl H. Lande, 'Philippine Prospects after Martial Law', Foreign Affairs 59 (1981) pp.1147-1168; Jose Veloso Abueva, 'Ideology and Practice in the "New Society"', in David A. Rosenberg, ed. Marcos and Martial Law in the Philippines, Cornell University Press, Ithaca and London, 1979, pp.61-63, 74-75, 80-84 (hereafter cited as Rosenberg); see also the articles in R.J. May and Francisco Nemenzo, eds. The Philippines After Marcos, Croom Helm, London and Sydney, 1985 (hereafter cited as May and Nemenzo).
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5. Corpuz, pp.78-87 and 93ff.
6. For the background to and imposition of martial law, see Rosenberg, pp.32ff.
7. For developments in 1981, see Robert L. Youngblood, 'The Philippines in 1981 From "New Society" to "New Republic"', Asian Survey, February 1982, pp.226-235.
8. Robyn Lim, 'The Regularisation of Military-Bureaucratic Regimes: The Philippine Case', paper presented at the Asian Studies of Australia Conference, Sydney, 11-16 May 1986, pp.1-3, 10ff.
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10. Hill and Jayasuriya (1985), pp.34-43.
11. Ibid, pp.42-43.
12. Ibid, pp.21-34.
13. Ibid, pp.29-31; cf. De Dios, pp.42-51.
14. Hill and Jayasuriya (1985), pp.51-56; De Dios, pp.34ff, 59ff.
15. Hill and Jayasuriya (1985), pp.78-80.
16. See G. Sidney Silliman, 'The Philippines in 1983: Authoritarianism Bequeathed', Asian Survey, Vol XXIV, No 2, February 1984, pp.152-154; De Dios, pp.16-18; cf. Submissions, Vol V, pp.S1228ff (Treasury).
17. Submissions, Vol V, pp.S1245-1248 (Treasury); De Dios, pp.78-80; Hill and Jayasuriya (1985), pp.81-83.
18. Submissions, Vol V, p.S1229 (Treasury).
19. Ibid, pp.S1230-1231.
20. See Bernardo M. Villegas, 'The Philippines in 1985: Rolling with the Political Punches', Asian Survey, Vol XXVI, No 2, February 1986, pp.135-140.
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22. Marcos, 'President's Report', September 21, 1975, quoted in Rosenberg, p.62.
23. 'Country Reports on Human Rights Practices for 1985', US Government Printing Office, Washington, 1986, p.862 (Hereafter cited as 'Country Reports on Human Rights').
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31. Submissions, Vol III, pp.S719-796 (Amnesty International); cf. 'Country Reports on Human Rights', pp.848-862.
32. Submissions, Vol V, p.S1198.
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34. Ibid, pp.849, 856-861.
35. See Ross H. Munro, 'The New Khmer Rouge', Commentary, December 1985, pp.19-38.
36. 'Country Reports on Human Rights', p.848; 'Insurgency and Counter-Insurgency in the Philippines', Congressional Research Service, US Government Printing Office, Washington, November 1985, pp.19-21, 25 (hereafter cited as 'Insurgency and Counter-Insurgency'); Munro, pp.30ff; Submissions, Vol IV, pp.S928-932, S934-942 (Mr P. Byrne).
37. Lande and Hooley, p.1095.
38. 'Insurgency and Counter-insurgency', pp.28-49.
39. Ibid, pp.35-36.
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42. On the emergence of the reform movement in the AFP see Michael Richardson, 'Military Reform in the Philippines?', Pacific Defence Reporter, February 1986, pp.11-12.

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49. Cf. Munro, 'The New Khmer Rouge', pp.25ff.
50. *Submissions, Vol I*, pp.S215-217 (Department of Foreign Affairs).
51. *Ibid*; cf. 'Insurgency and Counter-insurgency', pp.2, 16-27.
52. Cf. Frederick Z. Brown and Carl Ford, 'The Situation in the Philippines', A Staff Report prepared for the Committee on Foreign Relations United States Senate, US Government Printing Office, Washington, 1984, pp.38ff.
53. See Munro, pp.30ff, for claims that the CPP/NPA's methods have become increasingly brutal in the 1980s, and p.20 for claims that formerly sympathetic Filipinos have been alienated as a result; 'Insurgency and Counter-insurgency', pp.19-20, which alleges 'progressively tougher social controls' and increasing resort to summary execution in areas of consolidated CPP presence; *Submissions, Vol IV*, pp.S912-913, 928-930, 934-942 (Mr P. Byrne).
54. *Submissions, Vol I*, pp.S216-217 (Department of Foreign Affairs); cf. Mediansky, pp.12-13.
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57. Cf. Steinberg, pp.107-110.
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59. See Asian Survey, February 1982, pp.232-233 and Asian Survey, February 1983, pp.213-215 for United States-Philippines relations in 1981 and 1982.
60. See United States Information Service Wireless File, EP3241030, 30 October 1985, Congressional testimony by Assistant Secretary of state for East Asia and Pacific Affairs Paul Wolfowitz. On United States policy in the period after Aquino's assassination, see also Richard J. Kessler, 'Marcos and the Americans', *Foreign Policy*, No 63, Summer 1986, pp.47ff; Asian Survey, No 2, 1986, pp.134-135.
61. Kessler, pp.45-46; Asian Survey, No 2, 1986, p.134. For Reagan's changing reactions to the February election, see Keesing's, Vol XXXII, No 4, April 1986, pp.34301-34302.
62. Keesing's, November 1983, p.32522; Keesing's, June 1984, p.32917; Kessler, pp.47-57.
63. Bowen, pp.50-58 gives details of the 1966, 1979 and 1983 amendments.
64. On foreign policy under Marcos, see Robyn Lim, 'Foreign Policy', in May and Nemenzo, pp.207-224.

CHAPTER 3

THE AQUINO GOVERNMENT: CHALLENGES AND PROSPECTS

Introduction

3.1 Corazon Aquino's inauguration as President of the Philippines on 25 February 1986 marked the culmination of an extraordinary sequence of events. Although Marcos's position had become increasingly isolated during 1985, his decision on 4 November to hold presidential elections early in 1986 seemed at the time an astute one - the opposition were still divided and Marcos appeared to retain control over the National Assembly, COMELEC, the armed forces and the national media. The acquittal on 2 December of Ver and the others accused in Aquino's murder trial drew strong criticism, both at home and abroad, but suggested that Marcos was determined to resist pressures for change and reform.

3.2 In reality, Marcos's capacity to control events was diminishing. Contrary to expectations, Salvador Laurel agreed on 11 December to support Cory Aquino's candidacy for the presidency. The establishment of a united Aquino-Laurel ticket, with increasingly overt and active support from the Catholic Church, was a major setback for Marcos. As the campaign unfolded, the opposition consistently drew larger and more enthusiastic crowds than did Marcos. It became increasingly apparent that Aquino had become the focus of a massive groundswell for change. Marcos found himself under growing domestic and external pressure to hold fair elections, including pastoral letters from the Catholic Church hierarchy, and powerful pressures from the Reagan Administration and Congress.

3.3 The conduct of the election on 7 February rapidly drew strong condemnation from a wide range of domestic and foreign opinion. The official COMELEC count could not be reconciled with monitoring of the same returns by NAMFREL (the National Citizens' Movement for Free Elections) an independent polling organisation. NAMFREL claimed that perhaps 20 per cent of registered voters had been denied the right to vote because of tampering with the electoral rolls. Persistent reports of vote-buying, multiple voting and other forms of fraud rapidly eroded the credibility of the official figures. International observer teams reported evidence of substantial fraud committed overwhelmingly by the Government's supporters. Although the National Assembly, in which Marcos's KBL party had a two-thirds majority, declared Marcos the victor on 15 February, domestic and international rejection of the poll was increasing. The Catholic Bishops Conference on 14 February issued a pastoral letter criticising the poll and declaring that the Government had no moral authority to stay in office. Cory Aquino's announcement of a campaign of civil disobedience on 16 February drew massive demonstrations of support. In the United States, pressures from Congress and from within his own Administration persuaded President Reagan to distance himself from Marcos and criticise the Government's widespread resort to fraud.

3.4 Marcos's position was finally destroyed by the defection of the armed forces. On 22 February, Defence Minister Enrile and General Ramos announced that they had broken with Marcos and supported Aquino. Their decision was evidently prompted by information that Marcos was planning to have them arrested and to launch a crack-down on the opposition.

3.5 A period of extreme tension ensued. Marcos failed to move at once to crush the rebellion by force, perhaps because of warnings by President Reagan on 23 February to cut off all aid if Marcos used force against the rebels. The Church and opposition groups acted swiftly to mobilise 'people's power' in the streets

of Manila. Increasingly, armed forces units in Manila and elsewhere switched allegiance. By 24 February, Marcos's power was broken. President Reagan in effect called on Marcos to resign, saying that an end to the crisis required a peaceful transition to a new government. Once Marcos was convinced that the United States would no longer support him, and that he had lost control of the armed forces, he left for exile on the evening of 25 February, having staged a hollow inauguration ceremony at Malacanang Palace. The same day, Aquino was sworn in as President and established a new Government.¹

3.6 The problems facing the Philippines after Marcos are daunting in their number, scale and complexity. The major tasks are to restore a stable political order; to stabilise the economy and restore sustained economic growth; to achieve a more just society; and to resolve problems of law and order, especially involving the threat from the communist insurgency and the need to reform the armed forces.

3.7 The Aquino Government embarks on this ambitious agenda with certain advantages, deriving from the nature of the 'February Revolution'. The removal of Marcos without violence was a triumph for the moderate majority of the Philippines people. Although the CPP/NPA had long derided the notion of peaceful change through the ballot box as a 'bourgeois illusion', in the final analysis it was the revolutionary left who were left standing by events.

3.8 A further advantage of the 'February Revolution' was its completeness. Few non-violent changes of power have been so sweeping in their effect. President Aquino quickly took advantage of the collapse of the Marcos regime to abolish the National Assembly, proclaim an interim constitution, reform the judiciary and replace many provincial and local officials with transitional appointees until new and fair elections could be held. The residual influence of Marcos's supporters has been substantially undermined and the way cleared for a new approach.

3.9 President Aquino's personal qualities are an added advantage. Though born into an elite family, her political inexperience frees her from accusations of the corruption traditionally practised in Philippines politics. Her courage, dignity and determination have been an example and inspiration to her many followers.

3.10 Another advantage flows from the breadth of support which the new government commands. The middle class opposition, the Catholic Church hierarchy, elements of the armed forces, the business community and major figures from the Marcos Government all participated in the February revolution. The people of Manila actively supported this broad coalition of forces by ignoring the call from the left to boycott the 7 February election and by taking over the streets when the Church and the opposition called on them to protect and support the unlikely rebels Enrile and Ramos.

3.11 President Aquino can also rely on strong international support, particularly from the United States. Aquino's highly successful visit to the United States in September 1986 demonstrated very strong support for her Government from both the Reagan Administration and from Congress. American support for Aquino will serve as powerful disincentive to groups in the Philippines, with the exception of the NPA, who might seek to remove her by force.

3.12 Against these advantages, however, there is a formidable array of uncertainties and liabilities.

3.13 The Aquino Government is a coalition of disparate elements, drawn together in extraordinary circumstances and united mainly by the desire to remove Marcos. The political spectrum of the Aquino Government is remarkably diverse, embracing a former leading figure in the Marcos regime, traditional political leaders, radical nationalists and human

rights activists. President Aquino is the key to the Government's cohesion, but she lacks the support of a strong party organisation and has little political experience. Her own political ambitions and intentions are uncertain.

3.14 The Aquino Government came into office on a wave of euphoria and elevated expectations. Though it is realised that the Marcos legacy cannot be overturned quickly, the Government nevertheless must move rapidly to meet some of those expectations. It must take some hard decisions in doing so, because the expectations are diverse and sometimes conflicting.

3.15 As discussed in Chapter 2, Marcos's legacy was a disastrous combination of weak government and authoritarianism. The Aquino Government consequently faces the potentially competing expectations for greater democracy and stronger government. On the economy, there is an expectation of a return to growth after falling living standards in recent years, but the state of the economy requires a period of structural adjustment and restraint in government spending. The communist insurgency is seen by some as requiring an essentially political and economic solution, while others believe that a strong military response remains essential if the insurgency is to be contained. Efforts to achieve a more equitable society, for example by land reform or through new industrial relations policies, will be politically controversial and hotly debated on economic grounds. On foreign policy, relations with the United States and the future of the bases will be controversial.

3.16 The Aquino government is still formulating its policies on major political, social, economic, security and foreign policy issues and any assessment of its prospects must remain tentative. What follows is an outline of some of the major issues confronting the new Government.

A New Political Order

3.17 As we saw in Chapter 2, Marcos destroyed, undermined and repeatedly changed the political and constitutional framework, so that there is now no widely agreed consensus on the conduct of politics and the resolution of political competition.

3.18 The Aquino Government has moved quickly to begin the task of rebuilding the political system and dismantling the Marcos legacy. Its major actions include:

- . proclaiming a provisional constitution and appointing a commission to draft a new one;
- . restoring the right of habeas corpus;
- . reestablishing an independent Supreme Court; and
- . scheduling local and legislative elections to restore representative government after the new constitution is in place.²

3.19 Some of Aquino's actions have been criticised on the grounds that they are illegal or undemocratic. But most of the criticism has come from Marcos supporters. There is little doubt that Aquino acted astutely - and with popular support - in abolishing the National Assembly and replacing some judges and many local officials. The National Assembly had never functioned as a genuine legislature and its KBL majority had been achieved fraudulently in the 1978 and 1984 elections. To retain a KBL-dominated legislature would have spawned a succession of political crises and deadlocks. While the removal of local officials has caused a degree of resentment and undoubtedly has removed some competent and popular officials as well as Marcos loyalists, this move was probably necessary to ensure that the new Government's authority was extended throughout the nation.

Local elections next year will give displaced officials an opportunity to regain office. The interim constitution, while giving President Aquino sweeping powers for an indefinite duration, stipulates that a new constitution must be prepared and ensures judicial review of all presidential legislation.

3.20 The preparation of a new constitution will involve heated debate and will reflect competing interests and expectations. After the experience of the Marcos years, there is a powerful incentive to use the constitution to limit executive power in order to safeguard civil liberties and human rights. A wide range of vested interests, especially those associated with the traditional elite, will also seek to limit executive power and restore the pre-martial law bias in their favour. Yet many Filipinos desire and perceive the need for strong national government if law and order are to be maintained, insurgency checked, military reforms carried through, and sound economic management achieved.

3.21 There is no inevitable conflict between strong and effective central government and checks and balances to preserve civil liberties. In the Philippines, however, the two have proved difficult to reconcile.

3.22 The main features of the new constitution will not be clear for some time. The constitutional commission appointed on 25 May is due to complete its work in three months, but this schedule could prove hard to achieve. The new constitution is likely to be a presidential rather than parliamentary system, with an independent legislature and judiciary and an appointed cabinet - in broad outline a return to the pre-martial law system. The presidency is likely to be limited to one term of six years or two terms of four.³

The Cohesion of the Government

3.23 Aquino's administration spans a wide range of personal, party and policy differences which threaten its unity, and she will have a major task simply in holding her Government together.

3.24 Several members of her Government are widely believed to have presidential aspirations. These include the Vice-President Salvador Laurel, Agriculture Minister Ramon Mitra, Local Government Minister Aquilino Pimentel and Defence Minister Juan Ponce Enrile. Their ambitions could threaten the cohesion of the Government. There are good reasons, however, for them to remain within the Government rather than leave it. Aquino has said that she will not stand for re-election. If her term is set at four years (from February 1986) under the new constitution, presidential hopefuls are probably better placed to develop their campaigns from within the Government than outside it. Anyone seeking to bring on an early presidential election would risk defeat if Aquino chose to stand, given her broad national popularity.

3.25 The presence of Marcos's former Defence Minister Juan Ponce Enrile in Aquino's Cabinet has given rise to concern about its cohesion, stability and commitment to reform. Enrile is distrusted by some because of his long association with Marcos and is believed to retain presidential ambitions. While affirming his loyalty to Aquino, he has made plain his disagreements with her over the release of political detainees and the policy of negotiating with the communists. Enrile's support for leniency for those involved in Tolentino's abortive challenge to the Aquino Government has also caused friction between Enrile and others in Aquino's Cabinet.

3.26 As for Enrile's background, his relationship with Marcos was more complex than is often supposed. Enrile and Ramos both lost influence after 1981 when Marcos made Ver the Chief of Staff. Serious differences with Ver over military appointments

had developed by 1983 and Marcos increasingly favoured Ver at Enrile's expense. It is generally assumed in the Philippines that Enrile and Ramos were not involved in plotting and executing the murder of Benigno Aquino in August 1983. Enrile's relationship with Marcos thereafter was under a cloud. Enrile's links with reformist elements in the armed forces evidently caused concern for Marcos and Ver. The origins of the February rebellion, therefore, go back for some years.⁴

3.27 Enrile certainly represents a potentially serious challenge to Aquino, especially if he can capitalise on fears that her Government may be too weak to deal with the insurgency and maintain law and order, or may move too fast and too far in pursuing social and economic reforms. But Enrile is not well placed to mount an early or extra-constitutional challenge. For the moment he has no formal party organisation or party allies to rely upon. His support from within the armed forces is strong but attempts to stage a coup would probably fail, given the popularity of the Aquino Government and the general commitment of the armed forces to civilian supremacy. Enrile has also repeatedly asserted his loyalty to Aquino and the interim constitution.

3.28 Were Enrile to leave the Government in the near future, he would risk political isolation and could possibly face damaging investigation from the presidential commissions dealing with human rights and corruption. Enrile's prospects for building his future political career would seem best served by remaining within Aquino's Government.

3.29 For her part, Aquino probably appreciates the value of Enrile's inclusion. The circumstances of the February Revolution required a compromise, since neither Aquino nor Enrile could have toppled Marcos alone. Moreover, Enrile's inclusion in the Government robbed the Marcos camp of a potential leader and focus for opposition to Aquino. Additionally, Enrile's inclusion may

reassure many Filipinos that Aquino's Government will not be weak or liable to lean too far to the left. Aquino would have found it very difficult to develop a conciliatory approach towards the insurgency without having Enrile and Ramos in her camp, even though Enrile has stated his reservations and Ramos is likely to share them. Enrile's presence in the Government serves as an argument against those who accuse Aquino of excluding everyone formerly associated with Marcos. Finally, it should be noted that a survey conducted in May 1986 found very high levels of satisfaction (over 80 per cent) with the inclusion of Enrile and Ramos in the Aquino Government. For the time being, Aquino and Enrile need one another and their differences are likely to be contested within the Government.⁵

3.30 Unlike Enrile, other possible presidential aspirants belong to established party organisations. Laurel heads UNIDO (the United Nationalist Democratic Organisation) which was the largest and best organised opposition grouping in the former National Assembly. Aquino ran for the Presidency on a UNIDO ticket but is not a member of UNIDO. Laurel is an experienced traditional politician from an elite family with a strong provincial base and a network of extensive political alliances. For Laurel, the advantages of office and government would seem to provide the best platform to launch his campaign for the next presidential election. As Vice-President, he is set to succeed if Aquino stands down. Mitra and Pimentel, both members of the PDP-Laban (Philippine Democratic Party - Lakas ng Bayan) alliance, are also likely to see their long-term aspirations served by remaining within the Government.

3.31 There are fair prospects, therefore, that personal political ambitions may help hold Aquino's Government together rather than pull it apart. Rivalry between UNIDO and PDP-Laban is likely to surface in next year's local government and national legislative elections, but there are powerful incentives for them to maintain their alliance under Aquino and retain their significant representation in her Government.

3.32 Apart from personal and party rivalries, Aquino's Government embraces a wide range of policy differences on sensitive issues. Many of these differences are beginning to sharpen as the Government endeavours to formulate and implement policies. The major difference to emerge so far appears to be over the handling of the communist insurgency (see below paras 3.99 - 3.116) and over military reform and human rights issues (see below paras 3.56 - 3.66). On these issues, there is sharp disagreement and mutual suspicion between Enrile (and possibly other Ministers) and the more liberal and radical members of Aquino's administration, including the head of the Human Rights Commission, Jose Diokno, Executive Secretary Saguisag and Presidential Spokesman Arroyo.

3.33 Other differences have emerged on economic and social issues. Economic Planning Minister Monsod and Finance Minister Ongpin have expressed conflicting views on debt repudiation. Differences also exist on the regulation of foreign investment, industrial relations and the extent of protection for industry and manufacturing.⁶

3.34 The task of establishing the Government's direction and reconciling such differences falls essentially upon Aquino. So far, she has surprised many observers by her strength in asserting her authority, for example by overriding Enrile on the release of political detainees, and asserting that debt repudiation would not take place. Her handling of the Tolentino affair has steered a middle course between Enrile's advocacy of leniency and pressures from other Ministers for stern measures against all those involved. Her handling of the insurgency similarly combines a conciliatory approach, with the threat of a firm military response if the NPA fails to respond appropriately in negotiating a ceasefire.

3.35 The prospects for a return to political stability and effective government will be improved if Aquino can succeed in holding her Government together and ensuring that policy

differences are increasingly contested in private rather than publicly. The cost of achieving this may be slow progress in formulating and implementing policy on key issues, and this may give an impression of weakness and vacillation. But perhaps the most urgent task the Philippines faces is to achieve a period of national reconciliation and relative political stability. If the Government fragments before next year's elections to establish a national legislature, it may face renewed and possibly repeated crises of legitimacy and encourage attempts to overthrow it by extra-legal means. The failure of Tolentino's challenge to the Government provides some reassurance of Aquino's continuing authority.

Opposition Politics

3.36 As well as having to manage its internal differences, the Aquino Government will face a range of pressures from a variety of opposition political parties. The political spectrum, however, is confused and may remain so for some time.

3.37 Although there is still considerable popular support for Marcos, the KBL party fragmented on his departure. Enrile's inclusion in the new Government has, at least temporarily, deprived opposition groups on the right of a potential leader. Marcos's former Labour Minister Blas Ople, an experienced, capable and ambitious politician with established business and labour links, has established a new party including elements of the KBL. Its policies and electoral prospects remain unclear. The revival of the Nacionalista Party is a more significant development, especially as it seems likely to provide a vehicle for Enrile's future political ambitions.

3.38 Enrile is likely to be the main focus of attention for those concerned about the Government's handling of the insurgency and law and order problems or its social and economic reforms. So long as Enrile remains within Aquino's Government, the prospects

for a strong conservative party to emerge in opposition will remain slight.

3.39 The situation on the left is unclear. Traditionally, Philippines politics has not involved political parties of the left, with the CPP remaining illegal because of its advocacy and practice of armed struggle. The late Marcos years saw the gradual burgeoning of a wide range of sectoral organisations and so-called 'cause-oriented groups' opposed to Marcos and pursuing a wide range of reformist, nationalist and left wing goals on issues such as land reform, industrial relations, human rights, social and economic justice, foreign investment and foreign bases.⁷

3.40 Although Marcos persistently sought to represent all these manifestations of opposition as being communist-controlled or influenced (as he did with centrist and conservative opponents as well), the reality is far more complex. There undoubtedly is communist control and influence in some areas, but its extent was greatly exaggerated by Marcos. The NDF appears to have failed to exercise dominant influence in the closing period of the Marcos years. Many organisations and individuals within the 'cause-oriented groups' remain committed to democracy and their approach is reformist and not revolutionary.⁸

3.41 The 'cause-oriented groups' advocated boycotting the elections in 1984 and 1986, as did the CPP. Like the CPP, they now appear to have concluded that this strategy was a mistake. Their failure to organise on a political party basis in those years means that the left, while already well organised and mobilised, is not well prepared to capitalise on the return to democratic politics.

3.42 The left is probably too diverse to form a single major party. Sison, the former CPP Chairman who was released from detention by Aquino, has played a major role in the establishment of a new left wing party, the Partido ng Bayan or 'People's

Party'. This party is likely to be shunned by the moderate and democratic left, because it is widely regarded as a CPP front. The major alliance of 'cause-oriented groups', BAYAN, is itself heterogeneous. Moreover, the inclusion of nationalists and reformists such as Diokno and Sanchez in the Aquino Government will probably take votes from the left, as will Aquino's strong personal appeal.

3.43 The electoral impact of the left is therefore hard to predict. While there is a powerful and widespread demand for social and economic reform, and restoration of lost living standards, there is also a realisation that the Government faces major constraints on what it can achieve.

3.44 The emergence of left-wing parties, however, would represent a major change in politics in the Philippines. If the left presses hard on social and economic reform, and on issues such as purging the military, reducing defence budgets, denying base access to the United States, and accommodating the CPP/NPA, there is likely to be an increasingly sharp polarisation between left and right, both in the electorate at large and within Aquino's Government.

3.45 The extent to which the Government will face a major challenge from opposition parties in next year's local and national elections will depend on several factors, including Aquino's ability to retain the loyalty of leading figures in her administration, and her Government's capacity to manage the economy. Failure in either area will significantly enhance the prospects for strong opposition parties to emerge.

The Catholic Church

3.46 The Catholic Church played a major role in the removal of Marcos, although its open alignment with the opposition developed only towards the end of the Marcos period.

3.47 Although it is often stated that the Aquino Government has the support of the Catholic Church, that statement requires some qualification. The character of the 'February Revolution' served both to draw the Church together in support of peaceful political change, but also to galvanise radical and activist elements within the Church. These may now press Aquino's Government for early and sweeping reforms, and could generate damaging criticism if their expectations are not met. At the other end of the spectrum, conservative elements will urge a retreat from political activism and social and economic reform now that Marcos is gone.

3.48 The mainstream of the Church, however, is likely to support Aquino in the interests of national reconciliation and moderate reform. Cardinal Sin's role in balancing internal Church politics will be an important one.

3.49 On social, economic and human rights issues, radical, liberal and moderate forces within the Church favour reforms, though they differ on the extent and pace of change and on how far the Church should go in criticising or protesting against the Government. Broad elements of the Church probably realise the constraints, both political and economic, which limit the Government's scope to proceed quickly in implementing reforms.

3.50 The Church itself plays an extensive role in welfare and poverty alleviation and exercises considerable influence on the business community through lay organisations. Through these channels, the Church can support and promote social and economic reform. The political implications of the Church's role will depend in part on the relative strength of radical, conservative and moderate forces.⁹

Democracy and Law and Order

3.51 The Aquino Government faces difficult decisions in reconciling its commitment to full restoration of democracy with the popular expectation for effective government and maintenance of law and order.

3.52 As noted in Chapter 2, the geography, history and culture of the Philippines fostered a tradition of volatile, violent and fissiparous politics. A return to free and frequent elections at national and local levels will inevitably bring with it a resurgence of localised violence, fraud and corruption, given the attractiveness of office, the fiercely competitive character of Philippines politics, and the strength of traditional patron-client and kinship relations.

3.53 Moreover, some of the Government's enemies have a vested interest in testing the Government's resolve and will not necessarily observe the restraints required for a viable democracy. The abortive attempt by Tolentino to establish a rival government in early July 1986 illustrates the readiness of frustrated elements to step outside normal democratic methods of protest.¹⁰

3.54 Although there seems no prospect of Marcos returning to power, the Government can expect particularly strong opposition in the provinces of northern Luzon, where support for Marcos is strong. Armed rebellion there cannot be ruled out.

3.55 In some parts of the country, provincial 'warlords' have defied the new government's authority.¹¹ The Government cannot afford to allow a resurgence of traditional 'private armies' in rural areas. An important issue is the control of the country's police and para-military forces. Historically, local control of the police has been linked with the proliferation of private armies and the partial and arbitrary enforcement of law

and order by local political and economic interests. Marcos's placement of the police under national control and the suppression of private armies was one of his most popular actions. There have been recent pressures to return police control to local authorities. The Government must ensure that reformed and depoliticised military and police forces can maintain peace and order, or demands for a return to strong authoritarian government will build up in the community generally and in the armed forces.

The Armed Forces

3.56 Military reform is high on the agenda of the new Government, yet is a highly contentious issue.

3.57 The assassination of Benigno Aquino while under military escort severely damaged the already tarnished public image of the armed forces. Their role in the February Revolution has to some extent restored self-esteem and a measure of public confidence.

3.58 There is a broad consensus in the armed forces that reforms are necessary. General Ver's departure and the removal of a score of 'overstaying generals' has permitted the promotion of more professional officers. The abolition of Ver's National Intelligence and Security Authority (NISA) and the Presidential Security Command have dismantled key elements of the Marcos power structure. Other reforms include the dismantling of the highly centralised structure of Regional Unified Commands favoured by Ver and Marcos, and the replacement of many battalion and brigade commanders. There are also proposals to reform the para-military CHDF, by improved training, tighter recruitment procedures and a stricter approach to supervision and discipline. The Defense Ministry is also being restructured.

3.59 Military reforms, however, are a controversial issue. Many Filipinos want to see a more extensive purge and punishment of personnel guilty of human rights violations. The Aquino Government includes a number of prominent human rights lawyers and activists who have deep reservations about Enrile and Ramos's credentials and willingness to cleanse the forces. The Government's Commission on Human Rights is headed by the distinguished human rights lawyer and former Senator Jose Diokno and includes Sister Mariana Dimaranan, a leading figure in TFD (Task Force Detainees). Aquino's Executive Secretary Joker Arroyo and Presidential Spokesman Rene Saguisag are both members of FLAG (Free Legal Assistance Group), and the Minister of Labour, Augusto Sanchez is a co-founder of MABINI, a legal group specialising in human rights cases. They are likely to press for firm action in pursuing the punishment of military personnel accused of human rights violations, and may also seek reductions in the size of the armed forces and defence expenditures. Others in the Government, especially Enrile, will vigorously oppose such moves. President Aquino will have a difficult task in resolving these differences.

3.60 Many Filipinos evidently want to see the Government take a strong stand on law and order issues. A socio-political survey conducted for the respected Bishops-Businessmen's Conference for Human Development (BBCHD) in August 1985 indicated high levels of concern about public safety and produced a surprisingly positive assessment of the role of the CHDF (Civilian Home Defence Forces), often regarded as the most indisciplined and abusive of the military and para-military forces. Nationwide, 52 per cent of respondents agreed that the CHDF helped maintain law and order, with only 17 per cent disagreeing. A similar survey in May 1986 found 58 per cent agreement, and only 19 per cent disagreement, with the proposition that there had been a great improvement in the military in the last three months.¹²

3.61 While the armed forces' punishment of offenders has increased in recent years, some notorious cases are still outstanding, for example the killing of more than 20 civilians at Escalante on Negros island last year when CHDF and Philippine Constabulary (PC) personnel opened fire on demonstrators.¹³

3.62 Criticism of the armed forces is especially sharp from left-wing groups, some of which are allied to the CPP, and from the CPP itself and its front organisations. They have an obvious interest in fomenting distrust of the armed forces and complicating relations between them and the Government.

3.63 Within the armed forces, there is considerable unease about the Government's efforts to negotiate with the CPP. The absence of military representation on the Government's negotiating panel is reportedly resented within the armed forces, who believe that a strong military response remains essential to an effective policy against the communists. For her part, Aquino has stated that she would not hesitate to employ a reformed and revitalised military against the communists if they reject her conciliatory approach. The high level of insurgent activity since the change of Government, however, is causing considerable concern in the armed forces.¹⁴

3.64 Given likely budgetary constraints in this and coming years, the armed forces will have to compete for funds against many other interests. United States military aid will be of critical importance in helping the Government reconcile budgetary restraint with the need to provide the armed forces with better pay, conditions, training and equipment.

3.65 The armed forces played a critical role in the February Revolution. At that time, they reasserted the tradition of civilian supremacy, yet in the process were inevitably drawn directly into the political arena for the first time in the history of the Philippines since independence. The armed forces,

through Enrile, will expect to have a voice on key policy issues, such as handling the insurgency and future defence and security relations with the United States. But whether the armed forces would mount a coup against the civilian government is questionable, unless it appeared to them that Government was incapable of handling the insurgency. Even then, the armed forces would probably seek to help install a stonger and more sympathetic civilian government than to replace it with a military regime.

3.66 For the time being, such a development seems improbable. The bulk of the armed forces appear committed to civilian supremacy and recognise the Government's popularity. Tolentino's abortive coup evidently failed to attract significant military support. Chief of Staff Ramos is strongly committed to maintaining the supremacy of civilian government. This continues the traditional subordination of the military to civilian power, which has been unchallenged since independence.¹⁵

The Economy

3.67 The Aquino Government faces a formidable array of problems in dealing with the economic legacy of the Marcos years. The most pressing needs are to improve economic policy formulation and management, to revive business and investor confidence, to reschedule foreign debt and to formulate an appropriate budgetary strategy.

3.68 The Government's economic strategies are still being formulated and there is evidence of conflicting viewpoints within the Government and within its economic planning and advisory authorities. In broad outline, however, the Government has indicated that it will pursue a market-oriented reform program. Finance Minister Ongpin indicated some of the main elements of

this strategy at a meeting with major creditors in Tokyo last May. They include:

- . business deregulation
- . reform of financial institutions
- . streamlining the public sector
- . trade liberalisation
- . tax reform
- . dismantling agricultural monopolies and reforming agricultural pricing policies.¹⁶

3.69 These measures are broadly in line with the structural adjustment programs sought by the IMF and World Bank in recent years. Their adoption is likely to increase the confidence of the Philippines' creditors, facilitate rescheduling of the foreign debt and new lending, and restore domestic and overseas investor confidence.

3.70 Even if a reform-oriented strategy is consistently pursued, economic recovery will be slow and difficult. The international outlook for the Philippines' major agricultural and commodity exports is not bright. The outlook for other major exports - textiles, clothing, footwear and electronics - is not substantially better. The decline in oil prices will assist economic recovery, though this will be offset to some extent by reduced remittances from Philippines workers in the Middle East. The appreciation of the yen should provide wider opportunities in the Japanese market, though competition will be strong. Many of the Government's reforms will be opposed by sectional interests and progress in tax reform, trade liberalisation and other areas may be slow to produce results.

3.71 The Government's economic strategy needs to strike a balance between the necessity for disciplined economic management and the need to stimulate the economy after three years of contraction and falling living standards. The Government's main economic planning body, the National Economic and Development Authority (NEDA) evidently believes that it is essential to stimulate economic growth as a prerequisite to economic recovery, even if this entails a substantial budget deficit.¹⁷

3.72 There are signs that there is an emerging consensus among international financial institutions and bilateral and commercial creditors that short-term stimulus of the economy is justified provided that reforms are also pursued. The meeting in Tokyo of the Philippines Consultative Group in May 1986 reportedly led to tentative agreement among major creditors on a package of financial assistance to help bridge an expected budget deficit for 1986 of about US\$1.2 billion, equivalent to approximately 25 per cent of total budget spending and almost 4 per cent of GNP (the budget deficit in 1985, under IMF guidelines, was equivalent to 1.7 per cent of GNP).¹⁸

3.73 The provision of new lending will in part depend on evidence that the Philippines is pursuing a reform-oriented program that will soon reduce the need for budget support. As one submission noted:

'The various elements of the adjustment program set up in collaboration with the international financial institutions are aimed at a return to long-term economic growth. If the government fails to meet its economic targets and, in particular, if there is a return to heavy deficit spending, the progress already made will be dissipated and more serious economic dislocation is likely to result.'¹⁹

3.74 The budget outlook for 1986 is still uncertain. Apart from the Government's own planned expenditure, the size of the deficit will be substantially influenced by massive spending by the Marcos Government in relation to the February presidential

elections. The original budget deficit target for 1986 was already exceeded in the first quarter of the year.

3.75 Apart from resolving its budgetary problems, a major priority will be debt rescheduling. The high proportion of short-term debt inherited from the Marcos years will impose a continuing high debt-servicing burden which is expected to decline only gradually from a 1987 peak.²⁰

3.76 Debt rescheduling has been a contentious issue within the new Government. There has been some advocacy of partial repudiation, including by the Director-General of NEDA, Solita Monsod, particularly where fraud and corruption are suspected to have occurred in incurring the debt. The US\$2.2 billion borrowed to finance the controversial nuclear power plant (now shelved) has been mentioned in this context. The majority view in the Government, however, seems to be that debt repudiation is not a feasible option. The Central Bank Governor, Jose Fernandez and Finance Minister Ongpin have cautioned against actions which could lead to isolation and damage prospects for future rescheduling and new lending. President Aquino has indicated that repudiation is not being considered.²¹

3.77 The outlook for rescheduling and new lending will depend in part on the nature of the IMF agreement now being negotiated, but there are signs that the new Government is receiving sympathetic treatment. Agreement with the IMF on a new credit arrangement now seems imminent. The Philippines' foreign bank creditors have agreed to extend the term of a US\$925 million loan package which was due to expire in June. The World Bank is expected to grant a new loan of A\$482 million. The United States has accelerated disbursement of US\$200 million in Economic Support Funds (ESF). President Aquino's highly successful visit to the United States in September 1986 has paved the way for further increases in economic assistance from the United States.

3.78 Restoration of private investment, both domestic and foreign, is a major priority but will be hard to achieve given the difficult economic outlook and uncertainties about the Government's economic policies and political prospects. Many Filipinos have moved financial assets abroad in recent years because of political and economic uncertainties under Marcos. Indications so far suggest that capital flight has ended and that domestic investor confidence is beginning to recover. The policies adopted by the Government on foreign investment will be of critical importance. But foreign investment is a highly contentious issue. Liberal foreign investment regulations would be attacked by a wide range of nationalist and left-wing groups.

3.79 The Government will need to develop policies to attract the return of Philippines assets moved abroad and the inflow of foreign investment. The Government may find it difficult to recoup large sums of 'hidden wealth' accumulated by Marcos and his family and associates - the legal complexities are likely to make recovery a long and difficult process. The Government will also need to ensure that the legitimate pursuit of 'ill-gotten wealth' as an element in economic reform does not take on the appearance of a forced or arbitrary transfer of assets. The operation of the Presidential Commission for Good Government (PCGG) has reportedly caused considerable concern and controversy within the Philippines business community.²²

3.80 The Government's domestic economic priorities are still being determined and a detailed examination of its likely policies is not possible at this stage. Current indications are that agriculture and rural development will receive greater attention, especially in respect to dismantling monopolies and streamlining and reducing government controls on the marketing and pricing environment. This could lead to better prices for producers, encouraging greater utilization of rural labour. More public spending on infrastructure projects (roads and irrigation, for example) will also provide increased employment in rural

areas. Giving priority to rural development, however, may cause discontent in urban areas, especially if the price of food rises.²³

3.81 Crop diversification is a major longterm need, especially with a view to increasing exports. Agricultural products to be promoted could include coffee, fruits, nuts and vegetables, palm oil, cacao and fisheries. The state of world agricultural trade, however, would appear to limit prospects in the short term. The Government's expenditure constraints will also limit its capacity to provide farmers with easier access to credit, government services, improved technology and other inputs.

3.82 Manufacturing and industry present particularly difficult problems. The Government will seek to promote export-oriented industries, but the market outlook, though less difficult than for agriculture, is not bright. Established exports, including electronics, textiles, footwear and garments will remain the mainstay of manufacturing exports for some time. Trade liberalisation, which is an essential element in longterm structural adjustment, is likely to move slowly because of opposition from sections of the private sector who will resist reductions in protection.²⁴

3.83 In summary, the Philippines faces a difficult economic outlook. Growth rates are likely to remain low while structural adjustment and reforms are pursued, budgetary and balance of payments deficits brought under control and foreign debt rescheduled. The Government's capacity to stimulate growth and to begin to restore lost living standards will be sharply constrained.

Industrial Relations

3.84 Industrial relations has emerged as a controversial issue for the Aquino Government. On the one hand, the Government is resolved to dissociate itself from the repressive practices of the Marcos period and to reform industrial relations legislation. On the other hand, increased labour unrest threatens to undermine the Government's efforts to restore business confidence and encourage foreign investment. Divisions within the union movement have also complicated efforts to establish industrial peace.

3.85 In May this year the Government convened a National Tripartite Conference, with representation from leading union federations, the Ministry of Labour and Employment, and employer groups, to help achieve industrial peace. The meeting failed to achieve agreement on key issues such as revising labour legislation, establishing mechanisms for consultation, or integrating cost of living allowances into basic salaries.

3.86 The business community has reacted unfavourably to some statements by the Government, including a speech by President Aquino on 1 May indicating proposed changes to the labour code. These included:

- . repeal of a letter of instruction which previously allowed management to replace striking workers who refused to follow return to work orders;
- . banning of police from picket lines unless actual violence occurs;
- . requirement for a two-thirds vote of union members to declare a strike amended to a majority vote;

- . labour representatives to be appointed to all government policy making bodies; and
- . lowering to 20 per cent of the number of workers in a company needed to petition for a certification election or to register a union.

3.87 It is not yet clear to what extent the proposed changes will be implemented. Employer organisations believe that such moves would increase strikes and discourage new investment, but the Government is also under pressure from unions threatening increased militancy if labour legislation is not reformed.²⁵

3.88 Labour Minister Sanchez has also emerged as a controversial figure. Business groups have regarded him as pro-labour and the more conservative union groups regard him as favouring the more militant unions. Sanchez has floated a number of proposals, including for profit-sharing, which have caused concern in the business community.²⁶

3.89 Divisions within the labour movement are also complicating efforts to achieve a stable industrial relations environment. Historically, the labour movement in the Philippines has been fragmented. There are currently almost 2,000 registered labour groups, comprising about five million members or about one quarter of the workforce. The union movement is dominated by two rival labour federations, the Trade Union Congress of the Philippines (TUCP), which claims about 1.3 million non-agricultural workers, and the Kilusang Mayo Uno (KMU or May 1st Movement), with perhaps 600,000 members.

3.90 The TUCP and KMU view each other with hostility. The TUCP was the only officially recognised trade union federation under Marcos and is often seen as a politically conservative federation, though it was increasingly critical of Marcos and his Government's labour policies. The TUCP was split between Marcos

and Aquino factions during the February elections. The KMU is widely regarded as the most militant of the union federations, and is seen by some as being sympathetic to or even directed by the CPP.²⁷

3.91 The Aquino Government established a Labour Advisory Consultative Council (LACC) in March this year to encourage formulation of a common position by the labour movement. So far, the LACC seems to have had limited success in resolving divisions within the labour movement.²⁸

3.92 Figures from the Ministry of Labour and Employment indicate a rising level of industrial activity, with more strikes recorded for the first seven months of 1986 than for the whole of 1985.²⁹ Demands for increased wages and better conditions appear to be the main cause of strikes, but strikes are also taking place in protest at lay-offs or alleged unfair labour practices. The Government's plans to streamline the public sector and to restructure the economy through trade liberalisation are likely to cause further friction with the labour movement, as both could threaten jobs, at least in the short term.

3.93 The Aquino Government faces competing pressures from business and labour at a time when the state of the economy sharply constrains the Government's options. Industrial peace is an essential element for sustained economic recovery and industrial relations policy will require sensitive and skilful handling. Reform and consistent enforcement of labour legislation is essential to meet legitimate labour grievances. If the Government is perceived as being unable to control labour demands, however, business and investor confidence will not be restored.

Poverty Alleviation

3.94 There are strong expectations that the Government will implement major reforms and new programs to alleviate poverty, especially in rural areas, and to tackle the complex question of land reform. Failure to do so will fuel discontent which the communist movement can exploit. But the pursuit of social and economic reforms will be constrained by the state of the economy.

3.95 The Government's likely emphasis on rural development and agriculture is being developed partly in recognition of the high levels of rural poverty and the detrimental effects of the policies of the previous government for agricultural producers.

3.96 The Government's intentions with respect to land reform are still unclear. There are undoubtedly strong expectations that the Government will move to address the problems of landlessness, high rents and scarce credit for tenants and small farmers. Failure to meet these expectations will create disenchantment and unrest which the NPA and other opposition groups could exploit. On the other hand, extensive land reform would encounter powerful political opposition and would be expensive to implement. Government revenues and bureaucratic machinery currently appear inadequate to give compensation to landowners affected by land reform, and to provide the access to credit, and provision of essential inputs, required to ensure that the beneficiaries of land reform are able to survive as viable producers and avoid a rapid slide into debt.

3.97 President Aquino has pledged to strengthen the land reform program. The Government is unlikely to rush into land reform, however, because of political sensitivities and the need to develop priorities for the reform and restructuring of agriculture. Careful consideration would have to be given to deciding which crops or products should be involved in or promoted through land reforms. More data needs to be compiled on

patterns of land use, farm size and their relationship to productivity. President Aquino has stressed that redistribution of land without adequate provision of credit, training and other inputs would be ineffective. The Government has not yet decided whether to extend land reform to sugar and coconut lands.³⁰

3.98 Other important issues in poverty alleviation relate to provision of health care and education. In paragraph 2.42 it was noted that the Marcos regime's performance was at best only adequate in preserving the beneficial legacy of the American colonial period and pre-martial law administrations in these areas. The abolition of inefficient Marcos-created bureaucracies, such as the Ministry of Human Settlements, and the revitalisation of the appropriate bureaucratic agencies, may help alleviate the situation. The new Government may also be able to work more harmoniously with non-government organisations and in particular Catholic Church agencies dealing with basic needs, than did the Marcos regime. But budgetary constraints will limit what the Government can achieve in the short term.

The Communists and the February Revolution

3.99 The CPP had good reason to be pleased with the initial result of the 7 February election. Marcos appeared to have held on, though more discredited than ever, and the moderate opposition's attempts to achieve change through the ballot box appeared to have been dashed. The CPP could look forward to further military and political gains as Marcos's unpopularity deepened and ill health and old age further undermined his ability to control events.

3.100 The 'February Revolution' which swept Marcos from the Philippines was a major setback for the CPP and its allies. They had argued that the Marcos dictatorship could be ended only by armed struggle; yet the February Revolution involved little

violence. They had condemned the armed forces of the Philippines as Marcos's tools of repression; yet Marcos's downfall was precipitated by a military rebellion which saw the armed forces throw their support behind Aquino. They had called on the people to boycott the election as a farce, only to see the people turn out to vote in large numbers. They described themselves as the vanguard of the Filipino people against Marcos, only to be caught flat-footed by events. It was the Catholic Church and the moderate opposition, not the revolutionary movement, which used 'people power' to defend the military rebellion and manifest the collapse of Marcos's position by taking over the streets of the capital. Within days of her inauguration, Aquino had overruled objections from Enrile and Ramos and ordered the release of political detainees, including the former CPP and NPA chiefs, Sison and Buscayno, and announced that she would seek a ceasefire with the NPA to establish the basis for a political settlement with the insurgents.

3.101 The CPP still seems to be in the process of assessing the new circumstances and how best to respond. There are signs of divisions within the CPP on these questions. Thus far, the CPP's strategy has been to sustain a high level of military activity, while developing a set of conditions to be met if a ceasefire and political compromise are to occur.³¹

3.102 In early September, negotiations were still in the preliminary stages and rapid progress is not expected.

3.103 The strategy of the CPP is hard to assess. Some leading figures in the Aquino Government believe that the CPP is not genuinely interested in a settlement and will use the negotiations for propaganda purposes while persisting with armed struggle, and waiting for the popularity of the Aquino Government to wane, before condemning it as a Government of landlords and capitalists.

3.104 The changed circumstances since February will test the cohesion and extent of ideological commitment in the insurgency. Those who were motivated primarily by opposition to Marcos's authoritarian rule may favour a cessation of armed struggle now that a popular leader is in place. Many will be wary, however, of the presence of Enrile and Ramos in the new Government and will want to see whether Aquino can reform the armed forces and curb human rights abuses before accepting amnesty and returning to society. For the hardliners, the aim will be to discredit Aquino's Government as a coalition of elite interests, supported by the military and the United States.

3.105 The level of fighting conducted by the NPA will be one way of gauging feelings within the insurgency. The indications so far are that the NPA is maintaining a high level of activity, though the number of clashes and casualties is lower than in 1985. Clashes between the NPA and the armed forces between 1 March and 31 July this year are reported to have resulted in the deaths of 311 troops and police, 523 civilians and government officials and 515 NPA, compared with figures of 365 military personnel, 930 civilians and 965 NPA in the same period last year. The reduced rate of casualties may indicate declining NPA morale or effectiveness, or it may be the result of a merely tactical and temporary reduction in activity by the NPA, combined with a more defensive posture by the armed forces. The reduction in casualties since February appears significant, although the accuracy of the figures cited above is uncertain. It is too early to conclude that the insurgency is losing ground or changing its aims and strategies.³²

3.106 Some media reports suggest that more moderate elements may be gaining the upper hand within the insurgency and that this will pave the way for ceasefire negotiations.³³ The terms and conditions reportedly being sought by the CPP, however, will probably exceed what the Government is prepared to accept. With respect to a ceasefire, the CPP has reportedly set terms which are not merely aimed at reforming the armed forces and curbing

human rights abuses - goals to which the Government is in any case committed - but which also threaten the capability of the armed forces by, for example, terminating foreign military assistance. With respect to an eventual political settlement, the CPP is reportedly seeking power-sharing arrangements, including the participation of the CPP in a 'democratic coalition government', and the merger of the NPA and the AFP to form new national forces. The CPP is also seeking removal of United States bases and abrogation of treaties with the United States. These conditions would amount to a drastic restructuring of the country's political system and foreign policy and will be unacceptable to the Aquino Government.³⁴

3.107 President Aquino's approach to the insurgency thus far has been conciliatory, though she has warned that a tough line will be taken if the CPP persists in seeking power by armed struggle. Implicit in Aquino's approach so far is the assumption that the majority of the insurgents are motivated by social, economic, political and moral grievances rather than by revolutionary ideology, and that most can be won over if her Government can demonstrate that it is determined to redress those grievances.

3.108 The Government has powerful assets on its side. It is popular with the people; it has the strong backing of the Catholic Church, most of the armed forces and large sections of the middle class. Reform of the armed forces appears to be underway and human rights violations appear to have decreased. Above all, the peaceful victory over Marcos, in which 'people power' and the military rebellion converged, has at least temporarily confused the revolutionary left and created a mood of national reconciliation. The release of detainees - especially Sison and Buscayno - shows that Aquino is genuinely committed to political freedom.

3.109 Yet Aquino's conciliatory approach could easily fail, either because the primary motivation of the insurgents is genuinely revolutionary, or because underlying socio-economic and political problems are not tackled or cannot be overcome.

3.110 The economic problems facing the Aquino Government have already been outlined. The Government will be hard pressed to stabilize the economy, let alone move rapidly to create jobs and extend government services. Foreign economic aid will help, but the scale of the economic problems is enormous. Population growth alone adds 800,000 to the workforce each year.

3.111 The Government's agenda of reform could be blocked from within. Aquino's Government contains a mix of conservative, moderate and progressive forces which may be unable to develop a coherent and consistent approach to reforming the economic system and making it more equitable.

3.112 Some powerful and wealthy Filipinos see the fall of Marcos as an opportunity to restore lost power and privileges. If these interests prevail in a selfish and sectional way, Aquino's hopes for delivering good government will diminish, and the appeal of radical options will again increase.

3.113 Another major problem in the provinces is the CHDF. These para-military forces were designed as local militias to help maintain law and order, but all too often have been used by local elite interests as de facto private armies. The Aquino Government has considered abolishing them, but despite their bad record for human rights abuses and dubious military value, the CHDF may be necessary so long as the NPA remains so strong. The Government will need to ensure much tougher discipline and control over the CHDF by military and police officers.

3.114 Moreover, the Aquino Government is divided on how best to handle the insurgency. The decision to release all political detainees, including leading CPP/NPA figures, was taken against

the advice of Defence Minister Enrile. The negotiating team established by Aquino to begin talks with the rebels is a purely civilian group, and this has reportedly caused concern and resentment in the armed forces. A series of NPA ambushes on military personnel around the time when negotiations were due to begin in early July reinforced concerns that the communists were taking advantage of the Aquino Government's conciliatory approach.

3.115 It is not clear how long the Aquino Government can maintain this approach if the NPA maintains a high level of military activity. According to United States officials, the insurgency is continuing to grow. Unless negotiations indicate that the CPP/NPA is genuinely seeking a cease-fire, Aquino may have no choice but to step up counter-insurgency operations. The CPP/NPA would no doubt claim that this showed that the new Government remained repressive, and the cycle of violence and human rights violations would persist.

3.116 The prospects of a lasting and effective ceasefire, let alone a negotiated settlement, with the insurgency in the near future do not appear favourable. Even if the Government can draw away support from the committed revolutionaries, it is likely to have to continue the costly battle against the CPP/NPA at a time when its resources and energy are already taxed by its agenda of formidable political and economic difficulties.³⁵

Muslim Insurgency

3.117 Although the Muslim insurgency movement in the southwestern Philippines has weakened considerably during the 1980s, Muslim rebel groups remain active. A resurgence of the Muslim rebellion to the levels of the mid 1970s would severely strain the Aquino Government's resources and greatly compound the AFP's counter-insurgency tasks. Although there remain widespread

grievances among Filipino Muslims, a major escalation in rebel activity seems unlikely. The main rebel movement, the Moro National Liberation Front (MNLF) is weakened by factional, personal and ethnic differences. It faces a number of rival rebel groups and is also viewed with suspicion by many Filipino Muslims because of its Libyan connections and perceived marxist tendencies.

3.118 President Aquino has sought negotiations with Muslim rebels and met MNLF leader Nur Misuari in early September 1986.³⁶ Divisions among the rebel groups and within the Muslim community generally will complicate efforts to achieve a ceasefire and to satisfy Muslim demands for increased autonomy and greater recognition of religious and cultural identity. The state of the economy will also limit the Government's capacity to accelerate economic development in Muslim areas. Although a major escalation in rebel activity is not likely, the southwestern Philippines will remain an area where law and order problems, economic underdevelopment and Muslim grievances combine to create difficulties for the Government.

Foreign Policy

3.119 The Aquino Government is unlikely to initiate major changes in foreign policy. This is partly because domestic political and economic concerns will preoccupy the Government in the next few years at least, and partly because the main outlines of Philippines foreign policy, established during the Marcos era, reflect and serve Philippines interests.

3.120 The foreign policy of the Marcos era has been described in Chapter 2, but its main features may briefly be restated. Under Marcos, the United States remained the Philippines' principal trading partner and source of investment and aid, as well its ally in a mutual defence pact and host to major military

facilities. But Marcos took a number of steps to make that relationship more equal - for example by renegotiation of the Military Bases Agreement, and by greatly expanding and diversifying the foreign relations of the Philippines. Despite the argument of his left-wing critics that he was a 'puppet' of the United States, Marcos's two decades as President Philippines foreign policy became more independent and its external relations far more diverse than had been the case in the previous two decades.

3.121 The Aquino Government's foreign policy priorities are likely to reflect substantial continuity with the Marcos period. The Philippines' relations with the United States, and its role within ASEAN, will be major concerns. President Aquino's visit to the United States in September 1986 was highly successful in re-establishing close and friendly bilateral relations following the difficulties of the late Marcos period.

3.122 Relations with the United States will involve a wide range of issues. Within the Philippines, there is strong and broadly based friendship and admiration for the United States, mingled with concern that the United States exerts excessive influence and constrains Philippines independence. Some Filipinos are strongly anti-United States and wish to see the relationship - especially in respect to the presence of US bases - greatly reduced. Most Filipinos favour continued close ties, but many feel that the basis of the relationship should reflect more clearly Philippines' sensitivities about its independence and sovereignty.

3.123 Some Filipinos question whether the Mutual Defence Treaty of 1951 adequately safeguards Philippines security. It has been argued, for example, that its provisions concerning response to aggression are too weak and should be replaced by clauses ensuring automatic assistance. Some concern has also been expressed that the Mutual Defence Treaty is not interpreted by

the United States as applying to areas claimed or occupied by the Philippines in the South China Sea. Whereas these lines of complaint call for an even closer relationship, other critics suggest that the alliance is unnecessary because the Philippines faces no external threat, or is dangerous in that it associates the Philippines too closely with the United States, thereby risking threats to or attacks upon the Philippines by enemies of the United States.³⁷

3.124 A similar spectrum of views exists concerning the United States bases in the Philippines. Indeed, it is the bases rather than the alliance which is the chief focus of debate in the Philippines about its security relationship with the United States.

3.125 The presence of the bases derives from a Military Bases Agreement, dating from 1947. Originally, this Agreement gave the United States a ninety-nine year rent-free lease covering use of a number of bases, chiefly Clark Air Force Base and Subic Bay Naval Base. Under Marcos, the terms of the agreement were renegotiated several times (see paragraph 2.108).

3.126 Debate in the Philippines on the bases is complex. Most Filipinos appear to favour their retention - a national survey conducted in May 1986 found 50 per cent favoured retaining the bases and only 19 per cent opposed. A survey conducted for the Bishops-Businessmen's Conference in mid 1985 had found 43 per cent in favour and 23 per cent opposed.³⁸

3.127 The case against the bases is argued by the Philippines left, including the Communist Party of the Philippines, and by a variety of nationalist groups, for example the Anti-Bases Coalition (ABC) led by former Senators Lorenzo Tanada and Jose W Diokno (Diokno is head of the Commission on Human Rights in the Aquino Government). Their main arguments are that the bases are not under full Philippines control and that they serve

American global interests rather than Philippines national security. They point to the absence of imminent external threats, and argue that the bases would be prime targets for Soviet nuclear first-strike or retaliation in the event of super-power conflict. They argue also that the bases are likely to be used to store nuclear weapons. The proximity of the bases to the most thickly populated and economically important Central Luzon region is seen as heightening these risks.³⁹

3.128 Another line of criticism, during Marcos's period as President, was that the aid provided by the United States in relation to the Military Bases Agreement gave Marcos weapons, equipment and funds to shore up his position despite his repression of opposition and destruction of democratic institutions and processes.⁴⁰

3.129 Arguments in favour of the bases are also complex. Many Filipinos support the presence of the bases for a variety of reasons. The absence of an imminent external threat does not lessen the value of a security relationship with the world's strongest power and largest democracy. The bases make the Philippines a highly valued ally for the United States, so that if a threat does emerge, the United States will be motivated by self interest as well as loyalty and historical ties to defend the Philippines. The American capacity and interest to do so would be greatly diminished if the bases were not there.

3.130 Concern about external threats has increased with the growth of Soviet military power in the Pacific and in particular the expanded Soviet military presence in Vietnam and the South China Sea.

3.131 Apart from concerns about national security, many Filipinos have broader concerns about the balance of power in the Asia-Pacific region. Philippines military power is inadequate to allow it to play a significant role by itself. Alliance with the

United States and granting of base facilities allows the Philippines to contribute very substantially to the maintenance of a strategic environment in the Asia-Pacific which is broadly advantageous to itself, its ASEAN neighbours, the United States, Japan, China, Australia and New Zealand - a situation where Soviet power is inferior and not adequate to threaten or intimidate regional states. As a member of ASEAN and a country heavily dependent on international trade, the Philippines has a vital interest in regional stability and the security of sea lanes.

3.132 The role which the bases may play in support of United States interests and commitments outside the Asia-Pacific region is of less direct relevance to the Philippines. But a substantial proportion of Philippines oil imports come from the Middle East, and the large number of Filipinos who work in the Middle East gives the Philippines a significant interest in the stability of the Persian Gulf and Indian Ocean.

3.133 The economic value of the bases is another significant asset for the Philippines. Under the current five-year agreement, they are likely to bring in around US\$900 million in economic and military aid, or an even larger sum, in the light of recent proposals by the Reagan Administration and leading Congressional figures to increase aid. Beyond that, the bases are the second largest employer in the Philippines (after the Government) and bring in considerable foreign exchange - estimated at about US\$350 million annually - through employment of over 40,000 Filipinos, spending on the maintenance of the bases and by the 14,000 United States military personnel stationed there.⁴¹

3.134 Filipinos who support retention of the bases for some or all these reasons often do so with reservations. Some feel that Philippines sovereignty and control over the bases is imperfect, despite recent amendments which ensure access by the Philippines base commander and the submission of information by

the United States regarding force levels, equipment and weapons systems, and the establishment of a joint committee to facilitate more effective implementation of the Military Bases Agreement. Some feel that the bases in some way represent a continuing neo-colonial element in relations with the United States. Some are dissatisfied that the United States refuses to regard as 'rent' the aid which it provides under the five-yearly reviews of the MBA. Some believe also that the United States gives the Philippines inadequate compensation in comparison to other countries hosting United States facilities, for example Spain, Greece and Turkey. These arguments are used not to attack the presence of the bases, but to secure more generous recompense and to remove perceived limitations on Philippines sovereignty.⁴²

3.135 The policies of the Aquino Government on the future of the security relationship with the United States are unlikely to involve dramatic departure from the status quo. President Aquino, though once associated with political groups opposed to the bases, stated during the election campaign that the current agreement would be respected till 1991, after which the government would 'keep its options open'. It is uncertain whether a referendum on the future of the bases will be held, as once proposed.⁴³

3.136 The Aquino Government covers a wide spectrum of political opinion. Some leading figures are known to oppose the bases, but the great majority are likely to favour retention with amendments favourable to the Philippines. On present indications, the emergence of a Philippines Government in the next few years committed to removal of the bases is most unlikely.

3.137 This is not to say that the bases will not be a contentious issue. Marcos's removal from office has taken away a major plank in the anti-bases platform and eased a major source of anti-American feeling. But there is a mood of heightened national pride in the Philippines. Whatever Government is in

power in the next few years (save the improbable accession to power of a radical or communist regime) will press hard to get better terms from the United States.

3.138 The next five-yearly review of the MBA, likely to be negotiated in 1988, will have a major bearing on the result of any renegotiation of the MBA for the period after 1991. If the Philippines Government can show that it has been able to have the MBA amended to assert sovereignty more clearly and gain more aid, opposition to a new leasing arrangement after 1991 is likely to weaken.

3.139 There is at present no necessity to negotiate a new lease, since the current one does not expire in 1991 - it continues indefinitely subject to cancellation at one year's notice by either party. Given the importance of what is at stake for both sides, however, they may see advantage in a more secure leasing arrangement. The new Constitution currently being drafted may require formal renegotiation of the bases agreement.

3.140 The future of the bases, and of the Philippines-United States security relationship, is of obvious importance to Australia, for reasons discussed in Chapter 1. While recognising that these matters are for the Philippines and United States Governments to settle as a bilateral issue, the Committee believes that Australia's interest lies in a continued alliance between the United States and the Philippines and retention of the United States bases there which contribute substantially to stability in the Asia-Pacific region.

ASEAN

3.141 The Aquino Government is likely to maintain and probably strengthen the role of the Philippines as a member of ASEAN.

3.142 During the latter years of his Presidency, Marcos gave less attention to ASEAN as his political, economic and insurgency difficulties mounted. Though he attended the ceremonies to commemorate Brunei's entry into ASEAN in February 1984, his meetings with other ASEAN heads of state were increasingly infrequent. Within ASEAN, the Philippines tended not to seek a leading role, partly because the main issue of the early 1980s - the Cambodian conflict - was seen as a less pressing matter by the Philippines than by the other ASEAN states.

3.143 President Aquino used the recent ASEAN Foreign Ministers' Meeting in Manila to affirm Philippines' commitment to ASEAN and to encourage the member states to devote more energy to expanding intra-ASEAN economic co-operation.⁴⁴ Aquino's visits to Indonesia and Singapore in August 1986 - her first overseas visits as President - reflect the priority her Government attaches to ASEAN.

3.144 The way has now been cleared for the holding of an ASEAN Summit in Manila next year. This will provide further opportunities for the Philippines to strengthen its role within ASEAN, and for ASEAN states to develop closer links with the Philippines. Lee Kuan Yew visited the Philippines in July 1986. The Philippines' role as Chairman of the ASEAN Standing Committee until 1988 will also serve to strengthen its role within ASEAN.

3.145 Within ASEAN, the Philippines' relations with Malaysia have been strained because of the dispute over Sabah. The Malaysian view has been that the Philippines should make a clear statement renouncing the claim and amend sections of the constitution which appear to support the claim. Marcos undertook in 1977 to renounce the claim, and the Philippines Government has not actively pursued it. But no clear renunciation has been made. The Malaysian view was that it would not attend an ASEAN Summit in the Philippines unless the claim was dropped. Malaysia in recent times has moderated that stand, clearing the way for a Summit to be held next year.

3.146 The Aquino Government has not yet announced a policy on the Sabah question, though on 3 March 1986 President Aquino expressed willingness to resolve the dispute.⁴⁵ Unconfirmed press reports suggest that recent secret talks between the Philippines and Malaysian Governments have so far failed to reach agreement.⁴⁶ An early resolution is in the interests of both parties and of ASEAN generally.

Conclusions

3.147 The Aquino Government faces a formidable array of challenges. A decade and a half of corrupt authoritarian rule has left a legacy of political disorder and economic decline. Marcos politicised and undermined the judiciary and the bureaucracy. Human rights abuses, the suppression of legitimate dissent, and the failure to achieve social and economic reforms divided Philippines society and increased support for the communist insurgency. Marcos's mismanagement of the economy and the excesses of crony capitalism exacerbated longstanding structural problems in the economy and contributed to sharp falls in living standards in the closing years of his regime.

3.148 The legacy of the Marcos years also includes an accumulation of expectations for rapid change and reform. Yet these expectations are diverse and often competing. There are divisions within Philippines society on the character of the communist insurgency and how it should be handled by the new Government; on relations with the United States and the future of the American bases; on economic policy; and on social and economic reforms. There are strong expectations for a return to democracy and the limitation of the power of the State; yet there are also strong expectations for firm government to maintain law and order, contain insurgency and improve the formulation and implementation of policy.

3.149 These differences are mirrored in the composition of Aquino's Government. Formed in the extraordinary circumstances of the February Revolution, the Government covers a broad spectrum of personal, party and policy differences. It will be an achievement if the Government can hold together; the formulation and implementation of policy on key national issues, such as the insurgency, military reform and land reform, will be still harder.

3.150 The Philippines' political problems are compounded by massive economic difficulties. Even given sound economic management, economic recovery will be slow and difficult. The outlook for Philippines' exports is not bright. The foreign debt burden, even if generously rescheduled, will also impose major constraints on the Government's economic options in the years ahead.

3.151 There are strong expectations that the Government will implement major reforms and new programs to alleviate poverty, especially in rural areas, and to tackle the complex question of land reform. Failure to do so will fuel discontent which the communist movement can exploit. But the pursuit of social and economic reforms will be constrained by the state of the economy. Moreover, major reform programs - particularly involving land reform - will carry substantial political costs and will need to be implemented so as to take account of competing interest groups.

3.152 Some powerful and wealthy Filipinos see the fall of Marcos as an opportunity to restore lost power and privileges. If these interests prevail in a selfish and sectional way, Aquino's hopes for delivering good government will diminish, and the appeal of radical options will again increase.

3.153 The Government faces competing pressures from business and labour at a time when the state of the economy sharply constrains its options. Industrial relations policy will require

skilful and sensitive handling if legitimate labour aspirations for improved wages and conditions are to be reconciled with the restoration of business and investor confidence.

3.154 The outlook with respect to the communist insurgency remains uncertain. Marcos's peaceful replacement by a moderate democratic government was a major setback for the communists. But the underlying causes of the insurgency are likely to persist. Even if the Government's strategy of offering a ceasefire and amnesty succeeds in drawing away support from the committed revolutionaries, the latter are not likely to abandon armed struggle. Prospects for a lasting and effective ceasefire do not appear favourable. The Aquino Government is likely to face a continuing threat from the CPP/NPA, at a time when its energies and resources are already strained in dealing with the country's pressing social and economic needs.

3.155 Despite the number and complexity of these challenges, there are grounds for cautious optimism. The Aquino Government has the support and confidence of large sections of the Filipino people. The circumstances of the February Revolution served to some extent to reduce some of the divisions of the Marcos era, for example, by drawing the armed forces into a positive role in support of civilian supremacy and peaceful political change. The peaceful character of the February Revolution also demonstrated the depth of commitment of the Philippines people to democratic aspirations and helped restore public confidence in government.

3.156 The Aquino Government so far has shown an impressive commitment to restoring civil liberties and democratic institutions and in formulating and pursuing a program of moderate and gradual economic reform, tempered by recognition of the constraints imposed by the state of the economy.

3.157 President Aquino has capitalised on her undoubted

popularity. She has combined firmness in establishing her authority - for example by abolishing the National Assembly and constitution and replacing many officials - with fairness and concern for national reconciliation. She has included Enrile and Ramos in key positions despite their past associations, yet has also given strong representation in her Government to those concerned with human rights and social reforms. She has sought negotiations with the communists while warning that she will use a revitalised military against them if they fail to negotiate a fair settlement.

3.158 The Aquino Government's foreign policy is likely to involve a strengthened commitment to ASEAN. The holding of an ASEAN summit in Manila next year may prove a significant development in fostering ASEAN cohesion and giving greater emphasis to intra-ASEAN economic co-operation.

3.159 Relations with the United States are likely to remain close. The Reagan Administration and Congress are united on the need to support the Aquino Government and increase the level of economic and military assistance. The Aquino Government's decision to adhere to the Military Bases Agreement until 1991 assures the immediate future of the American bases in the Philippines. Despite the existence of some anti-bases and anti-United States sentiment in the Philippines, the Aquino Government is likely to maintain the traditionally close political, economic and security links with the United States.

3.160 The changes which have occurred in the Philippines this year do not guarantee that political stability or economic recovery will be achieved in the near future. Nevertheless, the accession to power by peaceful means of a broadly based government committed to democracy and moderate reform is a far better outcome than appeared likely in the closing stages of the Marcos period, when the nation seemed increasingly divided and

weakened. Despite the difficulties facing the Government, and the tensions and strains within it, there is a very broad constituency supporting the Government's emphasis on national reconciliation and moderate reform. If Aquino can hold together the broad middle ground, there is a fair prospect that her Government will lay the foundations for political stability and economic recovery.

ENDNOTES

1. The sequence of events is outlined in Keesing's, Vol XXXII, April 1986, pp.34297-34302; see also Robyn Lim, CAB, April 1986.
2. Department of Foreign Affairs, Transcript of Evidence, pp.739-740; Lande and Hooley, pp.1099-1101.
3. On constitutional reform, see also Robyn Lim, CAB, April 1986, p.31; Department of Foreign Affairs, Transcript of Evidence, pp.739-740.
4. On Enrile's conflicts with Ver and his declining fortunes in the Marcos Government, see Asian Survey, February 1984, p.157; Far Eastern Economic Review (hereafter cited as FEER), September 8 1983, p.11; May and Nemenzo, p.93.
5. For an assessment of Enrile, see Robyn Lim, CAB, April 1986, pp.29-30; see also FEER, 24 July 1986, pp.38-39. For public approval ratings of Aquino's Cabinet, see 'Public Opinion Report, Ateneo-Social Weather Stations', 1 July 1986, p.7.
6. Lande and Hooley, pp.1091-1092; FEER 28 August 1986, pp.28-34.
7. On the emergence of the cause-oriented groups and the growth of the leftwing in Philippines politics, see Asian Survey, February 1986, pp.130-131; Belinda A. Aquino, 'The Philippines: End of an Era', Current History, April 1986, pp.157-158; Francisco Nemenzo, 'The Left and the Traditional Opposition', in May and Nemenzo, pp.53-58.
8. For splits between the radical and moderate left, see Asian Survey, February 1986, p.131.
9. On the role of the Catholic Church, see Lande and Hooley, pp.1092-1094; Robyn Lim, CAB, April 1986, p.29.
10. For an account of Tolentino's attempted coup, see FEER, 17 July 1986, pp.14-15.
11. See R.J. May, 'The Philippines After Euphoria', in Australian Outlook, Vol 40, No 2, August 1986, p.88.
12. 'The BBC Nationwide Socio-Political Opinion Surveys of 1984 and 1985', Pandacan, Manila, August 1985, p.27. (hereafter cited as BBC Nationwide Survey); 'Public Opinion Report, Ateneo-Social Weather Stations', 1 July 1986, p.9.
13. For an account of the Escalante incident, see Submissions, Vol III, pp.S816ff. (Amnesty International).
14. See for example FEER, 19 June 1986, pp.26-27; FEER, 28 August 1986, pp.28-35.

15. On the role of the armed forces, see Lande and Hooley, pp.1094-1096. On prospects for military reform, see Michael Richardson, 'Military Reform in the Philippines?', Pacific Defence Reporter, February 1986, pp.11-12.
16. FEER, 19 June 1986, p.66; Department of Foreign Affairs, Transcript of Evidence, pp.741-743.
17. FEER, 12 June 1986, pp.107-108.
18. FEER, 19 June 1986, pp.64-66; Department of Foreign Affairs, Transcript of Evidence, p.756; Submissions, Vol V, p.S1231. (Treasury).
19. Submissions, Vol V, p.S1237 (Treasury).
20. Ibid.
21. Australian Financial Review, 17 June 1986, p.12; FEER, 3 July 1986, pp.63-65; Manila BUSINESS DAY, 14 March 1986, p.1.
22. See, for example, FEER, 22 May 1986, pp.60-62; Manila PHILIPPINE DAILY INQUIRER, 29 March 1986, p.4.
23. FEER, 12 July 1986, pp.107-109.
24. For problems facing the manufacturing and industry sectors, see Department of Foreign Affairs, Transcript of Evidence, p.756.
25. FEER, 7 August 1986, pp.54-55; Foreign Broadcast Information Service, Daily Report, Asia and Pacific, 21 May 1986, P1-2 (hereafter cited as FBIS).
26. Manila BUSINESS DAY 24 March 1986, p.8, 'Labour Minister Puts Forward "Socialistic Ideas"'; Manila BUSINESS DAY 9 April 1986, p.8, 'Labour Minister Interviewed in "Pro-Labor" Policies'; FEER, 7 August 1986, pp.54-56.
27. FEER, 7 August 1986, pp.54-56; Manila THE NEW PHILIPPINE DAILY EXPRESS, 17 May 1986, p.2.
28. Manila THE NEW PHILIPPINE DAILY EXPRESS, 17 May 1986, p.2.
29. FEER, 28 August 1986, p.31.
30. FBIS, 14 April 1986, P7-8; 15 April 1986, P3-4; 1 May 1986, P5-6.
31. For CPP assessment of and reaction to the February Revolution, see FEER, 12 June 1986, pp.45-46; see also Robyn Lim, CAB, April 1986, p.30; Department of Foreign Affairs, Transcript of Evidence, pp.743-744, 749-750.
32. FEER, 28 August 1986, p.9.
33. Manila PHILIPPINE DAILY INQUIRER, 4 June 1986, pp.1 and 6.
34. FBIS, 30 June 1986, P3; 7 July 1986, P19-22.
35. Cf. Michael Richardson, 'No Quick End to Insurgency in the Philippines', Pacific Defence Reporter, May 1986, pp.7-8.
36. FEER, 11 September 1986, pp.18-19.
37. See, for example, Francisco S. Tatad, 'Keeping Philippine Bases', Washington Quarterly, Vol 7, No 1, Winter 1984, p.89.
38. 'BBC Nationwide Survey', p.32.
39. See, for example, the submission from the National Democratic Front, (Vol IV, pp.S1101-1104); Jorge Emmanuel, 'Rapid Extinction: The Consequences of a Nuclear Attack on the Philippines', Southeast Asia Chronicle 89, April 1983; Rolando Simbulan, The Bases of Our Insecurity, Manila Balai Fellowship, 1983.

40. See, for example, Submissions Vol II, pp.S381-383 (Ecumenical Movement for Justice and Peace, Philippines).
41. 'Background on the Bases: American Military Facilities in the Philippines', United States Information Service, 1986, p.16.
42. See Tatad, pp.89-90.
43. Keesing's, Vol XXXII, April 1986, p.34300.
44. FEER, 10 July 1986, p.15.
45. Department of Foreign Affairs, Transcript of Evidence, p.744.
46. FEER, 31 July 1986, p.7.

CHAPTER 4

AUSTRALIAN POLICY

Introduction

4.1 Australian policy towards the Philippines drew a wide range of comment and criticism in submissions and evidence heard by the Committee. The majority of those individuals and organisations commenting on Australian policy felt that the Australian Government had failed to respond appropriately to the situation in the Philippines under Marcos. It was frequently argued that the Australian Government did not take a hard enough line in criticising human rights abuses under the Marcos regime. Many argued that it was inappropriate for Australia to maintain a normal bilateral relationship with a country ruled by an authoritarian and repressive regime. In particular, the maintenance of a defence co-operation program and bilateral aid projects was criticised on the grounds that this represented or could be seen as support for the Marcos regime. Though few advocated the severing of diplomatic relations, many urged that Australia should scale down or reorient aspects of the bilateral relationship, either to show disapproval, or to ensure that those aspects of the relationship could not be seen as supportive of Marcos and his policies.¹

4.2 A number of submissions and witnesses further argued that Australian policy towards the Philippines under Marcos should have been more clearly oriented towards encouraging reform or anticipating political change. The Catholic Commission for Justice and Peace, for example, recommended:

'... that Australian Government policy should be based upon the inevitability and desirability of changes in the political, social and economic structures in the Philippines which have institutionalised injustice.'²

4.3 Other submissions which made the same or similar points included Community Aid Abroad and the Uniting Church.³

4.4 The major recommendations advanced were that Australia should distance itself from the Marcos regime, for example by stopping defence co-operation and redirecting development assistance through non-government channels. It was also argued that Australia should speak out more strongly against human rights violations and should develop closer contacts with opposition groups. The opposition groups most frequently referred to were not the major parties which contested the February election in support of Cory Aquino's candidacy, and now form the Government, but groups further to the left, such as BAYAN and the National Democratic Front.⁴

4.5 The Australia Defence Association's (ADA) submission was also critical of government policy, though from a different standpoint. It argued that:

'Public statements by the Australian government should avoid alienating the present Philippines government (i.e., the Marcos Government) in case it is returned at honestly-conducted elections. Australia's pressure for reforms should be applied in private.'⁵

4.6 The ADA was critical of statements made by the Foreign Minister Mr Hayden in Parliament on 26 November 1985, in which strong criticisms of the Marcos Government were made, on the grounds that:

'... the influence of the Australian Government will be diminished by such attacks on the part of a senior Government Minister.'⁶

4.7 The ADA argued that public criticism of the Marcos regime without offering constructive alternatives was inappropriate. Apart from exerting pressure for reform privately, the ADA believed that the Australian Government:

'... should develop relations with the principal democratic opposition groups in the Philippines and publicly condemn the NPA policy of armed insurrection and its concomitant policies of terrorism against the Filipino people. Equally the government should be prepared to make clear its refusal to endorse the policies of the anti-Marcos coalition in Australia to the extent that it has failed to condemn the policies of the NPA.'⁷

4.8 The range and diversity of the views outlined above give an indication of the policy dilemmas and community pressures facing the Australian Government in handling its relations with the Philippines in the late Marcos period.

General Considerations

4.9 The Philippines in the late Marcos period presented a range of dilemmas for Australian policy which had, to some extent, been present since the declaration of martial law in 1972. On the one hand, the Philippines was a significant regional nation, a member of ASEAN and a key Pacific ally of the United States. Its foreign policy and international behaviour were broadly favourable to Australian interests. Given the concern of successive Australian Governments in the 1970s to become more actively involved in the Asia-Pacific region, it was natural that the Philippines should be regarded as a country with which a constructive relationship should be maintained. On the other hand, the Marcos regime was authoritarian and had a poor human rights record. Unlike most nations in the region, the Philippines had experienced a lengthy period of democratic government. Democratic traditions and aspirations were well established and were reflected in continuing opposition and protest within the Philippines against the Marcos regime. These factors aroused the interest and concern of sections of the Australian community and generated pressures for Australia both to distance itself from the Marcos regime and to seek to influence that regime towards greater political freedom and respect for human rights.

4.10 These policy dilemmas were not seen as a pressing problem during the 1970s. For a variety of reasons, the Philippines did not rank highly in Australian priorities. It had limited economic importance for Australia; its membership of ASEAN and close ties with the United States perhaps encouraged the view that it could be taken for granted; and it was more remote geographically than were the other ASEAN countries. The key regional issue of the late 1970's and early 1980's was the renewed conflict in Indochina, in which the Philippines played perhaps the least active role of the ASEAN states.

4.11 From the early 1980s, however, events rapidly brought the Philippines to the forefront of regional concern. Marcos's position began to look insecure in the context of mounting economic problems, insurgency and growing domestic protest. The protracted trial of Father Brian Gore also served to focus Australian interest on the Philippines.⁸

4.12 The assassination of Benigno Aquino in August 1983 and the massive wave of protest which followed marked a turning point in the fortunes of the Marcos regime. They called into question both the popular legitimacy of the regime and its prospects for survival. Interest and concern in the Australian community increased and the Government came under greater pressure from some sections of the community to review policy towards and relations with the Philippines.

Assessment

4.13 The main options available to the Australian Government would appear to have been:

- . to maintain the status quo;

- . to show disapproval of the Marcos regime by criticising it and by reducing bilateral relations; and
- . to develop a policy which sought to distance Australia from the Marcos regime's authoritarian features, without appearing to interfere in Philippines affairs and without damaging bilateral linkages.

4.14 The first option would have seemed an inadequate response to the momentous developments in the Philippines, making Australia appear unresponsive to change in an important neighbouring state.

4.15 The second option would have amounted to active disengagement from an important regional state facing severe difficulties. Had bilateral relations been sharply reduced, and had Marcos nevertheless stayed in power, important bilateral linkages would have been eroded or lost altogether. Australia could have been seen as having failed to develop positive and constructive responses. Australia's capacity to promote its interests and influence would have been curtailed.

4.16 Moreover, the Government would have had to consider carefully the implications of a policy involving sustained criticism of and disengagement from a regional neighbour. Had Australia chosen to use aid or defence co-operation as instruments of political pressure upon Marcos, other nations in the region with whom aid and defence links have been formed could have come to doubt Australia's willingness to co-operate in a sustained way with countries possessing different political systems and values. The difficulties created for Australian-Indonesian relations by the David Jenkins article on President Suharto in April 1986 shows how easily sensitivities can be injured in Southeast Asia.

4.17 The policy adopted by the Australian Government after the Aquino assassination most closely conformed to the third option outlined above. This approach best reflected and served Australia's interests in a peaceful resolution of the crisis in the Philippines, and in sustaining a longterm constructive relationship with the Philippines. It also allowed Australia to distance itself from Marcos, and encourage reforms, while not appearing to interfere in Philippines affairs.

4.18 The main elements in Australian policy included:

- . review of defence co-operation, which was maintained but kept at a modest level and increasingly confined to training and technical assistance;
- . review of bilateral aid projects, which were maintained but modified (for example in Northern Samar) to give greater emphasis to community and NGO involvement;
- . a more active approach on human rights;
- . calls for a thorough and fair investigation of the Aquino assassination;
- . encouragement of political reform, for example urging the fair conduct of the National Assembly elections in May 1984; and
- . encouragement of economic reforms, including dismantling of 'crony capitalism', through Australia's involvement in the IMF and other international financial institutions.

4.19 These measures were accompanied by reductions in some aspects of bilateral relations which, though not stated as policy, reflected a concern to distance Australia from Marcos and to signal concern over the situation in the Philippines. There were few ministerial visits to the Philippines in the period between the Aquino assassination and the change of government. The Prime Minister, Mr Hawke, did not visit the Philippines in this period, whereas he visited Indonesia, Malaysia, Thailand and Singapore in his first twelve months as Prime Minister. After President Aquino's accession to power, Mr Hawke explained that this had been a deliberate choice to avoid the appearance of supporting Marcos.

4.20 Australian policy towards the Philippines entered a more active phase after Marcos's announcement on 4 November 1985 of an early presidential election, which focused attention on the prospects for reform and political change. The foreign policy statement in Parliament by the Australian Foreign Minister on 26 November 1985 reflected a stronger approach than had previously been evident. The statement, given below, contained both a clear statement of Australian interests, sharp criticisms of the Marcos Government and unambiguous calls for reform:

'The Marcos Government faces severe economic dislocation and widespread and understandable dissatisfaction with its political and economic record. Human rights abuses by some organs of the Government and extensive economic injustice resulting from the Government's resolute inaction against the privileges and political power of its wealthy oligarchic patrons have provided fertile ground for the growth of insurgency, which now constitutes a serious challenge. The decision to withdraw Australians from the rural development project in Northern Samar was taken because of the deteriorating security in that province. The project contributed significantly to the livelihood of farmers in the area and it has not been terminated. It will be continued as far as possible with Australian supervision based in Manila.

The Philippines will continue to engage our active attention. It is a member of our immediate region, of considerable importance to us for various strategic, foreign policy and economic reasons. Australia has made a substantial commitment to the people of the Philippines in terms of aid. The Government hopes that the Philippines will be able, through broad and urgent political, economic and military reform, to meet the legitimate aspirations of its people. It is gratifying that the United States and other countries are also urging reform on the Philippines Government. Much will depend on the will and capability of the winner of the presidential elections proposed for early next year.⁹

4.21 This statement drew a sharp response from the Marcos Government, including a decision to withdraw permission for the RAAF to use Clark Air Base. In Australia, the statement was welcomed, though widely regarded as too little too late, by sections of the community which had been advocating a policy stance more critical of Marcos.¹⁰ As noted above, however, the ADA felt that Mr Hayden's public statement had been ill-advised.

4.22 The Committee considers that Australian policy towards the Philippines in the late Marcos period was appropriate, given the limitations of Australia's capacity to influence events and the desirability of sustaining bilateral linkages. Attempts to use aid or defence co-operation as instruments of political pressure would probably have failed, given Marcos's resolve to give as little ground as possible. Reduction or suspension of aid or defence co-operation - whether initiated by Australia or by the Philippines - would merely have diminished the bilateral relationship. Had Australia chosen to use aid or defence co-operation as instruments of political pressure upon Marcos, other nations in the region with whom aid and defence links have been formed could have come to doubt Australia's willingness to co-operate in a sustained way with countries possessing different political systems and values. Criticisms that Australian policy

failed to exert greater pressure on Marcos appear to overstate the extent of our influence and do not take account of the consequences of reducing bilateral linkages.

Human Rights

4.23 The issue of human rights exemplifies the dilemmas facing the Australian Government in formulating policy towards the Philippines under Marcos.

4.24 The poor human rights record of the Marcos regime is undeniable (see paragraphs 2.47-2.50). The Philippines under Marcos had signed or ratified 16 out of the 21 principal international human rights instruments, a much higher figure than for many other regional states.¹¹ Human rights has long been a major domestic issue in the Philippines and inevitably featured as an element in the bilateral relationship because of the Australian Government's commitment to the international protection and promotion of human rights.¹²

4.25 Yet there are major difficulties in determining how much weight should be attached to human rights issues in comparison with other interests and how best to pursue their protection and promotion in foreign policy. As noted in paragraphs 2.51-2.53, the human rights situation in the Philippines under Marcos had positive as well as negative features, and a range of mitigating circumstances existed. In the interests of moral consistency and fairness, Australia could not be seen to be singling out the Philippines.

4.26 As the Department of Foreign Affairs noted in its submission, the Australian Government places a high priority on human rights and closely monitored the situation in the Philippines under Marcos. The Australian Embassy maintained contact with human rights groups, attended some trials, and made

representations to the Philippines Government in cases of special concern. Individual cases taken up with the Marcos Government in 1985 included:

- . Father Rudy Romano (abducted on 11 July 1985);
- . four members of FLAG (Free Legal Assistance Group) charged with subversion and under detention;
- . alleged violations of labour laws concerning children; and
- . the Escalante incident (involving the death of twenty civilians when military and para-military personnel opened fire on a crowd of demonstrators).

4.27 According to the Department of Foreign Affairs, a significant share of the work of the political section in the Embassy was devoted to human rights issues.¹³

4.28 A major difficulty in the human rights area is to identify effective means of exerting influence. As the Committee noted in its 1984 report on ASEAN and Australia:

'The level of influence which Australia can exert on human rights issues will depend partly on the overall quality of Australia's multilateral and bilateral relationships in the region. If Australia has established a well-conceived set of political and economic policies towards its ASEAN neighbours, it can argue with credibility that human rights concerns are an ongoing part of Australia's interest in the region...

Australia will need to continue to approach human rights issues in ASEAN countries with sensitivity. Attempting to draw direct associations between the extension of aid (military or civil) and human rights performances of regional governments would

not, except in unusual circumstances, be appropriate. Any such actions would need to be weighed against the importance of maintaining channels of communication with regional governments on these issues.¹⁴

4.29 While many of the submissions to the Committee called for a more active approach on human rights, there were few positive recommendations for how this could be achieved. The most common recommendations were negative - for example the suspension of defence co-operation. As noted in paragraphs 6.22-6.23, there were also recommendations for human rights to be given more prominence in defence training courses, but there are practical difficulties in devising courses for specific countries or including content which some countries may construe as a form of political indoctrination.

4.30 The Committee believes that the Australian Government was correct in refraining from drawing associations between human rights and aid or defence links. That would have risked diminishing important aspects of the relationship which went beyond government-to-government ties, without advancing the protection of human rights. The Committee takes the view, however, that Australian representations on human rights could perhaps have been made more forcefully, especially in areas where violations of international human rights instruments ratified by the Philippines were at stake. Greater use could perhaps have been made of international fora, such as the UN and ILO, to press human rights concerns.

The Aquino Government

4.31 The Australian Government was among the first to recognise and express its support for the new Government. The Committee considers that this was an appropriate response in view of the clear popular rejection of Marcos and acceptance of the new Government.

4.32 The maintenance of bilateral relations with the Philippines under Marcos was by no means confined to the government-to-government sphere. The Australian Embassy in Manila maintained regular contact with a wide range of opposition and community groups, including human rights organisations and labour, student and womens' groups, as well as church organisations.¹⁵ In the late Marcos period, embassy contacts with the moderate opposition were particularly close and frequent. The fostering of these contacts has borne fruit since the change of government in the Philippines and is reflected in the friendship and warmth which the Aquino Government feels towards Australia.

4.33 It is difficult to see how the Australian Government could have gone further in developing relations with the opposition without exceeding the bounds of convention concerning non-interference in another country's internal political affairs.

4.34 The Government's early expressions of grave concern at reports of irregularities and fraud in the conduct of the February election were a timely and appropriate response. The Committee considers, however, that it would have been desirable for Australia to have sent an official observer team to the February election, as proposed by the Committee.¹⁶ While the Australian embassy was able to monitor and report developments, efforts to send an official observer team would have demonstrated more clearly the Government's interest and concern and lent greater weight to its subsequent condemnation of the elections.

4.35 The Australian Government has taken a number of steps to express its active support for the Aquino Government. These include:

- . early recognition of the new Government;

- . the visit by the Foreign Minister Mr Hayden to Manila from 9-11 March (the first by any Foreign Minister after the change of Government);
- . the visit by the Prime Minister Mr Hawke on 25 and 26 May;
- . the announcement of a 50 per cent increase in Australian aid in early March and the despatch of an ADAB mission in April;
- . the extension of a revolving trade credit facility of A\$50 million, which was to have expired on 15 March 1986;
- . active support for international co-operation in rescheduling the Philippines' foreign debt;
- . the invitation to President Aquino to visit Australia;
- . the visit by the Minister of Immigration and Ethnic Affairs Mr Hurford to the Philippines in April.

4.36 The Committee strongly endorses these steps and urges the Australian Government to continue to foster bilateral relations with the Philippines.

Conclusions and Recommendations

4.37 Australian policy towards the Philippines in the late Marcos period had to weigh and reconcile a range of diverse and often competing considerations.

4.38 The Committee considers that the Australian Government acted appropriately in pursuing a policy which sought to encourage reform and to distance Australia from Marcos without appearing to interfere in Philippines affairs. The Committee also considers that the Government acted appropriately in sustaining bilateral linkages, including aid and defence links, which serve both countries' longterm interests.

4.39 The Committee considers that a policy of active disengagement from the Marcos regime would not have been appropriate. Attempts to use aid or defence links as instruments of pressure upon Marcos would have had little chance of success. Moreover, had Australia chosen to use aid or defence co-operation as instruments of political pressure upon Marcos, other nations in the region with whom aid and defence links have been formed could have come to doubt Australia's willingness to co-operate in a sustained way with countries possessing different political systems and values.

4.40 Criticisms of Australian policy on the grounds that it failed to exert greater pressure on Marcos would seem to overstate the extent of Australian influence and underestimate the adverse consequences of curtailing or severing important bilateral linkages.

4.41 The Committee considers that the hardening of Australian policy towards Marcos from late 1985 was an appropriate response to the changing political situation in the Philippines following Marcos's decision to hold a snap election.

4.42 The Committee welcomes and strongly endorses the Australian Government's early recognition of the Aquino Government, and the decision to increase development assistance. The early visits to the Philippines by Mr Hayden and Mr Hawke are also commended as a reflection of the importance which the Australian Government attaches to the Philippines.

4.43 The Committee considers that political stability and economic recovery in the Philippines are of direct and considerable interest to Australia. The Philippines has an important role to play in the stability, security and prosperity of Southeast Asia. The Committee strongly endorses the steps taken by the Australian Government to assist the new Government in the Philippines and recommends that:

- the Australian Government continue to recognise the importance of the Philippines in regional affairs and seek to develop policies designed to foster political stability and economic recovery in the Philippines.

ENDNOTES

1. See for example submissions by the Catholic Commission for Justice and Peace (Vol II, p.5557); Community Aid Abroad (Vol II, pp.5592-593); Philippine Action Support Group (Vol IV, pp.51086-1087). Cessation of diplomatic relations was recommended by Philippine Australia Union Links (Submissions, Vol II, p.5603). See also Francisco Nemenzo, 'Australia and the Philippines: Reflections on the Morrison Report', in Australian Outlook, Vol 39, No 2, August 1985, pp.85-87, in which the Government was urged to take a stronger stand on human rights. For a response to Nemenzo see Robyn Lim, 'Australia and the Philippines: a reply to Dr Nemenzo', op.cit., pp.89-92.
2. Submissions, Vol II, p.5552.
3. Submissions, Vol II, pp.5592-593 (Community Aid Abroad); Vol I, p.5155 (Uniting Church).
4. See, for example, submissions by ACFOA (Vol V, p.51191); Uniting Church (Vol I, p.5156); Philippine Action Support Group (Vol IV, pp.51086-1087); Women and Development Network of Australia (Vol III, pp.711-712).
5. Submissions, Vol II, p.5298.
6. Ibid, p.5295.
7. Ibid, p.5298.
8. For accounts of the Gore trial, see Alfred W. McCoy, *Priests on Trial*, Ringwood, Victoria, Penguin Books, 1984; Bruce Stannard, *Poor Man's Priest: The Father Brian Gore Story*, Sydney, Collins, 1984; and Bob Wurth, *Justice in the Philippines: Father Brian Gore, the Church, the State, and the Military*, Sydney, Australian Broadcasting Corporation, 1985.

9. Australian Foreign Affairs Record, Vol 56, No 11, November 1985, pp.1117-1118.
10. See, for example, the submission by Community Aid Abroad, in which the shift in Australian policy is welcomed but described as 'somewhat abrupt and belated' (Vol II, p.5592).
11. Submissions, Vol IV, p.51108 (Human Rights Council of Australia).
12. Submissions, Vol I, pp.5255-257 (Department of Foreign Affairs).
13. Ibid. Cf. Submissions, Vol IV, p.51113 (Department of Foreign Affairs).
14. Parliament of the Commonwealth of Australia, Joint Committee on Foreign Affairs and Defence, 'Australia and ASEAN: Challenges and Opportunities', Parliamentary Paper 231/84, Australian Government Publishing Service, Canberra 1984, pp.221-222.
15. Submissions, Vol I, pp.5255-257, Vol IV, pp.51113-1114 and Transcript of Evidence, pp.28-29 (Department of Foreign Affairs).
16. Senate, 'Hansard', No 19 of 1985, pp.3168-3169.

CHAPTER 5

DEVELOPMENT ASSISTANCE

Introduction

5.1 Australia has been providing bilateral development assistance to the Philippines since the early 1950s, originally in the framework of the Colombo Plan. Australian aid to the Philippines expanded significantly in the 1970s, as successive Australian Governments attached greater importance to relations with the ASEAN states. The approval of largescale integrated area development projects in the provinces of Zamboanga del Sur and Northern Samar during the 1970s involved a substantial increase in the bilateral program. In 1984-85, the Philippines was the fifth highest recipient of Australian bilateral aid (after Papua New Guinea, Indonesia, Malaysia and Thailand). Aid to the Philippines made up 2.25 per cent of the total bilateral program in 1975-76, rising to 3.06 per cent in 1982-83 before falling to 2.68 per cent in 1984-85.¹

5.2 Australian aid to the Philippines has been the subject of considerable controversy in recent years. Few have questioned that the Philippines is a deserving recipient of Australian aid, but the forms and effectiveness of aid have been extensively debated.

5.3 The major criticisms of Australian aid have been made by some Australian non-government organisations and community groups, including the Catholic Commission for Justice and Peace (CCJP), Community Aid Abroad (CAA) and the Australian Council for Overseas Aid (ACFOA). The main lines of criticism reflect concern that Australian aid was perceived as providing support and approval of the Marcos regime; that government-to-government aid

was not the most effective way of delivering aid; that Australian aid was not directed towards, or was failing to benefit, the very poor; that the philosophical assumptions underlying Australian aid were flawed, since they failed adequately to address the basic needs of the poor; and that road building projects, such as the Zamboanga and Samar projects, were further suspect because they might facilitate counter-insurgency operations and thus contribute to related human rights abuses. Concern about the political ramifications and effectiveness of Australian aid were highlighted in 1985, as confrontations between Australian project staff and the New People's Army caused the Australian Government to decide to withdraw the Australian project workers from Northern Samar.

5.4 The submissions and evidence received by the Committee in the course of this inquiry indicate that debate on the aims and effectiveness of Australian aid to the Philippines continues, though there are signs that criticisms of project aid from NGOs and community groups have moderated to some extent.

Aims

5.5 The current objectives of Australian aid to the Philippines were outlined by the Foreign Minister, Mr Hayden in a speech in March 1986:

'... there are three substantial grounds on which aid to developing countries in our region is justified; humanitarian reasons; reasons of self-interest; concern for regional stability.

The first ground should not need elaboration, in my view. It should be unacceptable that people living in a peaceful and prosperous country like ours should ignore the plight of human beings having to live in hovels on garbage dumps. It should be unforgivable for Australians earning more than \$11000 a year on average to refuse to help near-neighbours earning less than \$1000. To raise the question is to provide the answer.

The second ground - self-interest - speaks for itself also. The Australian Development Assistance Bureau (ADAB) estimates that about 70 per cent of funds for aid programs are actually spent in Australia on goods and services...

The third ground on which we give aid to countries such as the Philippines is equally obvious and mightily important. The accession to power of the Aquino Government has saved the Philippines from the threat of collapse into even worse social instability. In the worst case scenario that may have developed under Marcos - if the trends which were well advanced under Marcos were allowed to continue - the Philippines could well have disintegrated...

Thus, an important country in our region - straddling major trade routes - would have become extremely unstable. Nor could the possibility be ruled out of competitive interests developing - some based on historic differences and some stemming from concerns about the destabilising effect of power vacuums occurring - and all threatening confrontation between great powers and regional powers.²

5.6 This statement of broad aims is consistent with the Jackson Report's definition of the rationale for aid:

'Aid is given primarily for humanitarian reasons to alleviate poverty through economic and social development... Aid also complements strategic, economic and foreign policy interests, and by helping developing countries to grow, it provides economic opportunities for Australia.'³

5.7 The Jackson Report concluded that:

'Australian aid policy has... not one but several mandates, and these need to be balanced against each other through the political process.'⁴

This approach was endorsed by the Committee in its review of the Jackson Report in 1985.⁵

5.8 The Committee's consideration of Australian aid to the Philippines has confirmed its belief that there can be a coincidence of humanitarian, foreign policy and economic objectives without compromising the integrity of the aid program.

5.9 The Committee is satisfied that the Philippines has a significant and deserved place as a recipient of Australian aid. The Philippines is a developing society facing major constraints to sustained economic growth and including a large proportion of the population who live in poverty. As well, the Philippines occupies a strategic location in a region of primary foreign policy and economic concern to Australia.

The Aid Program

5.10 The Australian development assistance program to the Philippines comprises a number of components including bilateral projects, bilateral NGO programs, bilateral food aid, regional research for development projects, the International Development Program of Australian Universities and Colleges (IDP), the Australian Centre for International Agricultural Research (ACIAR), the Asean-Australia Economic Co-operation Program (AAECP), and the Head of Mission Discretionary Aid Funds (HOMDAF). The breakdown of the program in these forms of aid for the period 1980/81 to 1984/85 is illustrated in Table 5.

5.11 Following the change of government in the Philippines in February 1986, the Australian Government has undertaken to increase development assistance to the Philippines by 50 per cent to about \$25 million. Following that decision, an Australian aid mission visited the Philippines to determine how best Australia's expanded aid commitment could be implemented.

5.12 Before reviewing the proposed expanded program, several features of the existing program deserve comment in the light of criticisms put to the Committee. Most of the criticisms concerned bilateral project aid, which has been the largest component of the program (64.1 per cent in 1984/85, see Table 5).

TABLE 5

OFFICIAL DEVELOPMENT ASSISTANCE
BILATERAL AID TO THE PHILIPPINES

A\$'000 (Figures in brackets represent percentages).

	1980/81	1981/82	1982/83	1983/84	1984/85
Project Aid	8,242 (71.8)	9,878 (74.2)	12,172 (72.9)	12,700 (72.4)	12,312 (64.1)
AAECP	1,209 (10.5)	1,141 (8.6)	1,655 (9.9)	1,733 (9.9)	1,726 (9.0)
Training Aid	437 (3.8)	1,331 (10.0)	1,903 (11.4)	2,128 (12.1)	3,721 (19.4)
Food Aid	1,564 (13.6)	910 (6.8)	965 (5.8)	963 (5.5)	1,083 (5.6)
Other	28 (0.2)	59 (0.4)	12 (0.1)	10 (0.1)	365 (1.9)
TOTAL	11,480	13,319	16,707	17,534	19,207
ACIAR Student Subsidy (not included in Statistical Summary)				655 641	1,092 641
TOTAL	11,480	13,319	16,707	18,199	20,940

Source: ADAB Statistical Summary: Australian Official Development Assistance to Developing Countries.

Project Aid

5.13 The major bilateral projects are the two rural development projects in Zamboanga del Sur and Northern Samar.⁶ The former project was approved in 1974 and completed in 1985 with the Australian contribution totalling A\$51 million. The Northern Samar project was begun in 1979 and is expected to conclude in 1988, with the Australian contribution reaching a figure of A\$64 million.⁷

5.14 Both projects were widely criticised by some Australian NGOs and community groups in submissions and evidence before the Committee. The Zamboanga project was generally criticised more strongly; the Northern Samar project was seen as having improved as a result of several reviews and reorientations. Both projects were also defended by a number of witnesses, who argued that the NGO criticisms often arose from misunderstandings of the projects' aims, and were based on out-of-date information, inaccurate description or defective argument.⁸

5.15 The main criticisms raised by the NGOs have already been identified. Some specific points made in submissions to the Committee will provide a further indication of these criticisms. The Australian Freedom from Hunger Campaign (AFFHC) argued that:

(i) The major projects have secured the involvement of relatively small numbers of their target group, key agricultural programs have experienced low farmer adoption rates and high "drop-out" rates. In many cases, involvement is maintained only by the relative prosperity of participants, special conditions (credit, input subsidy) and extensive information and promotion campaigns.

(ii) This poor record is a feature of all programmes associated with the Philippines government. As ADAB's (1981) PADAP Social Impact Study concluded "rural people have a great distrust and suspicion of government programs and this includes the ZDSDP

[PADAP] project. [It] has become identified too closely with all government projects for many farmers to want to participate or become involved.

- (iii) The project initiatives begun during Australian assistance are unlikely to be sustained by government agencies. By 1978 it was considered "highly unlikely that most government agencies have either the trained personnel or the resources to follow-up the newly improved levels of accessibility", and that the project initiatives could "be significantly dissipated in a few years..."
- (iv) The kind of small-scale, appropriate technology and participatory projects supported by NGOs like AFFHC are now also gaining official support, i.e. NSIRD. There appears to be limited scope within the current policy for these type of projects to be effectively undertaken.⁹

5.16 The Australian Council for Overseas Aid (ACFOA) argued that:

'The fundamental issue in the debate over the Zamboanga del Sur and Samar projects has been the extent to which the benefits of the projects have accrued to the people for whom the projects were intended. Overlaying this concern, has been the more controversial question of whether or not the military in the Philippines gained benefit from the roads constructed as part of these two projects...

ACFOA endorses the Jackson Committee's conclusion that the overriding objective for aid is that it be given for humanitarian purposes for the alleviation of poverty through social and economic development.

The situation in the Philippines has been such as to preclude the achievement of these objectives. Neither have the objectives as stated by our Government been achieved - our bilateral aid cannot be said to have promoted equitable development, to have benefited the poorest, nor can it be said to have promoted regional

stability. The economic situation, the human rights situation and the militarization of the Philippines, have not provided the framework in which development assistance could be effectively implemented.¹⁰

5.17 Assessing the effectiveness of largescale aid projects, whose implementation may take place over a decade, is a complex task. An aid project, no matter how extensive, is only one element for change among many - its effects may be hard to distinguish.

5.18 The projects have been criticised for an excessive emphasis on infrastructure. It has been argued that roads and bridges are of limited value to the poorest groups in the community and may also benefit the military.¹¹ The Committee considers that this criticism misses the point that sustained economic growth, without which lasting poverty alleviation is unlikely to occur, requires the removal of major obstacles to development. In many developing countries, inadequate infrastructure is one of the most crippling obstacles to development.

5.19 The Committee is not convinced that road use is confined largely to the "haves" in a community. Studies of the Zamboanga and Samar projects suggest that road use has increased for all socio-economic groups as a result of the infrastructure projects. Better roads mean more farmers can get produce to market more quickly; this in turn contributes to a general increase in economic activity in the area, from which some benefit accrues to all.¹²

5.20 The argument that road-building would especially assist the military is also one that the Committee finds unpersuasive. Better roads mean faster movement and wider access for everyone who owns or has access to vehicles. In the case of Samar, the roads largely run along the northern coastline, not in the areas

where the NEA is most regularly present and active. Survey material provided to ADAB showed that military use of roads in Zamboanga del Sur amounted to less than 2 per cent of total utilisation.¹³

5.21 In evidence before the Committee, ACFOA suggested that the integrated development projects would be more successful if they were designed primarily as agricultural extension programs, with road-building included if the need became evident.¹⁴ This approach would have the benefit of directing the program immediately and unmistakably to meeting basic needs. But in practice such an approach could be difficult to implement. If Australian aid is to be given in areas in great need of development - and both Zamboanga del Sur and Northern Samar were chosen partly because of their undeveloped character - the inadequacy of the infrastructure is likely to make it difficult to deliver agricultural aid in a broadly based and sustained fashion.

5.22 In Northern Samar, for example, major infrastructure deficiencies existed before the project began. Bridges were unsafe and many roads became impassable mud tracks in the rainy season. The project is providing an all-weather two-lane road from Allen in the west (connecting with a north-south highway being constructed with Japanese aid) to Catubig in the east. This is the only east-west road link in the province. Thus far, the project has completed 40 bridges, with another 21 being completed. Sixty kilometres of two-lane concrete road have been constructed, with another 30 kilometres partially completed and nearly 30 kilometres in completed or partially completed feeder roads.¹⁵ In the case of Zamboanga, over 200 kilometres of road were constructed, about 210 kilometres improved or rehabilitated and 24 bridges built.¹⁶

5.23 The construction and improvement of roads and bridges is no guarantee that sustained economic development will follow. But improved transport and communication will often be necessary

as a prerequisite for the extension of government services and the implementation of the more community-oriented elements of the aid project.

5.24 Many criticisms of the Samar and Zamboanga projects centred on the charge that they were not sufficiently oriented towards agriculture. This criticism has some substance to it, though mainly in relation to the initial stages. Both projects, however, were always intended to be integrated development projects - neither was ever conceived as a purely infrastructural project.

5.25 In Zamboanga, for example, irrigation, water supply and agricultural components were always envisaged as accompanying and following on the road and bridge-building components. Phase I of the Zamboanga project, though mainly concerned with road and bridge building, also included the construction of the Sibuguey Valley Irrigation Project (SVIP), which was already half completed by the end of Phase I, and a number of agricultural extension projects. These included the Multiple Cropping Research Program and Multiple Cropping Production Program; a livestock development project; and a coconut lands development project. Phase I included also sinking of wells and installation of hand pumps to extend and improve water supply. While these projects had limited impact in Phase I, their inclusion indicates that the Zamboanga project was never conceived purely in terms of infrastructure.¹⁷

5.26 Phase II of the Zamboanga project (beginning in 1980) also combined further infrastructure development with an expanded agricultural program. The latter included components in multiple cropping research and production, agro-forestry, fresh-water fisheries, livestock, agricultural engineering and upland farming.¹⁸

5.27 In the Samar project, a similar evolution is discernible. In each case, the project was redesigned in the light of experience, of internal reviews conducted for ADAB and of criticisms raised by NGOs.

5.28 Both projects were also criticised for failing to give sufficient attention to fostering and working with community groups. These criticisms did not take into account the length of time required for the projects to win local acceptance. Phase I of the Zamboanga project entailed only limited involvement with small community projects and activity in the social services sector. In Phase II, a social development component was included with the aim of improving delivery of social services by co-ordinating the work of existing agencies in basic health care, nutrition, sanitation, and pre-natal and infant care. The social development component involved co-operation with various Government departments, including Social Services and Development, Health and Education, Culture and Sports, as well as working at provincial, municipal, village and hamlet levels. A list of social development achievements is outlined below.¹⁹

Purok child development centres constructed:	54
Community centres constructed:	2
Barangay halls improved:	1
Community toilets constructed:	60
Meters of water pipe installed:	347
Water sources developed/improved:	12
Water outlets developed/improved:	17
Community gardens established:	44
Household toilets built/improved:	1264
Household gardens newly established:	1895
Household sanitation improvements:	1098
Children attending daycare preschool:	1987
Children attending immunization programs:	3394
Children being monitored on growth charts:	1999
Number of learning groups established:	75
Number of participants in learning groups:	1325
Community meetings held:	143
Purok meetings held:	440
Household visits made:	3821
Number of community workdays conducted:	974
Approximate number of workday man-days:	4030
Number of agency field workers participating:	84
Number of community leaders participating:	407

(Note: Barangay and purok are the smallest units of local government administration in the Philippines.)

5.29 The social development project was developed during 1983 and came into operation from August 1984. While it would have been beneficial to include social development components much earlier in the project's life, the social development project has been successful in practical terms and in providing a pilot model for the delivery of social service inputs.

5.30 In the case of Samar, the decision in 1982 to relocate the project base from Manila to Catarman greatly assisted the achievement of the project's goals. Philippines Government departments and institutions were better able to co-ordinate effectively with the project. Moreover, farmer associations (which were already being set up before the move to Catarman) increased rapidly following the relocation.²⁰

5.31 It is not always recognised that the Samar project involves extensive co-operation with Philippines NGOs. They include VICTO (the Visayan Co-operative Training Organisation) which assists farmers in keeping their association accounts and records; PBSP (Philippine Businessmen for Social Progress), which also assists farmer associations in organising themselves and identifying and solving problems; and CSSI (the Centre for Small Scale Industries). Critics of the project should bear in mind this important community-oriented aspect.²¹

5.32 The important role of farmer associations in the Samar project since the 1982 review is a significant development. Many of these associations comprise tenants and small owners only and have developed independently with the assistance of Philippine NGOs as mentioned above. A Farmers Marketing Service (FMS) has been established, with a number of co-operative stores, enabling farmers to bypass middlemen to a greater extent in marketing their goods. In the view of the former community development consultant for the Samar project, the farmer associations and co-operatives have been increasingly effective in enhancing the economic, political and cultural independence of the poorer farmers and tenants from local landlords and politicians.²²

5.33 The developmental impact of the projects is difficult to measure, but the Committee considers that some criticisms are unwarrantably harsh or rest on misunderstandings of the projects' aims. For example, it is misguided to criticize the projects for failing to benefit the poorest more than other groups in the community, since this was not one of their aims. Their aim was to raise living standards generally, benefiting the poor in the context of general economic betterment.

5.34 The objectives of the Samar project, for example, were described to the Committee in these terms:

- . to assist the local people to lift their economy so as to provide a better standard of life
- . to provide essential infrastructure to make this possible
- . to strengthen the necessary governmental institutions so as to ensure continued progress after project completion.²³

5.35 An impact evaluation study of the Zamboanga project in 1984, and the project completion report prepared for ADAB in December 1985, found that the project had met many of its objectives. These included major increases in farmers' incomes as is shown in the following table:

TABLE 6

COMPARISON OF THE 1976 AND 1981 GROSS INCOME
OF FARMING HOUSEHOLDS BY INCOME CLASS

INCOME CLASS	1976		1981		Increase Decrease (%)	Level of Signif.
	X	S.D.	X	S.D.		
Lowest Quartile	624.53 (83)	268.58	885.04 (77)	284.19	+260.51 (41.7%)	.001
Second Quartile	1454.99 (83)	263.41	1933.97 (79)	445.40	+487.98 (32.9%)	.001
Third Quartile	2874.68 (81)	687.28	4068.08 (77)	970.64	+1193.40 (41.5%)	.001
Highest Quartile	8612.07 (82)	4532.51	11518.58 (76)	4254.91	+2906.51 (33.8%)	.001

NOTE: a) Numbers in parenthesis represent number of sample farmers
 b) Incomes given in the table are real incomes deflated by the consumer price index to 1976 prices.
 c) x represents the average income per quartile and S.D. represents the standard deviation for a particular quartile.

Source: 'Project Completion Report', Zamboanga Del Sur Development Project, December 1985, p.17 and 'Impact Study of the Zamboanga del Sur Development Project', June 1984, p.27.

5.36 Other significant benefits included increased electrification (the number of households connected rose from 5 per cent to 23.8 per cent); increased piped water supply; increased mobility, bringing both social and commercial benefits and assisting the extension of Government services to outlying areas. Studies by the Institute of Philippine Culture (IPC) indicated high levels of approval for the project, with 28.7 per cent of respondents rating the project's impact as very good, 61.9 per cent as good, 9.3 per cent as neither good nor bad and only 0.1 per cent as bad.²⁴

5.37 The findings of the impact study were challenged in evidence given by Community Aid Abroad, who argued that claims of improvement in social and economic indicators were misleading or inaccurate.²⁵ The Committee accepts - as the impact study itself noted - that attempts to distinguish the effects of the project from other factors influencing economic development in the province, and attempts to quantify those effects, are fraught with difficulties. But when the data concerning income, electrification and infrastructure are juxtaposed with the approval rating given to the project, and with the general perceptions of change between 1976 and 1981 as recorded by the IPC surveys²⁶ (see below) it is difficult to sustain the argument that the project has failed to promote growth and remove obstacles to development.

PERCEPTION OF CHANGE
FROM 1976 TO 1981

	Health Status	Educational Aspiration	Peace & Order	Barrio Overall
Improved	25%	49%	40%	60%
Same	64%	32%	49%	26%
Worsened	11%	19%	11%	14%

5.38 In the light of the evidence placed before it, the Committee has concluded, on balance, that largescale integrated development projects are a suitable vehicle for aid delivery and that the projects in the Philippines have increasingly met their objectives as aims, concepts and methods have been refined. The

Committee considers that some of the NGO criticisms are valid, particularly for the Zamboanga project in its earlier stages. In general, though, the Committee finds that many NGO criticisms are either undeservedly harsh, or derive from a false view of what foreign aid can achieve or should seek to achieve.

5.39 Given the widespread misgivings about the Philippines projects in sections of the Australian community and particularly among some NGOs, the Committee considers that ADAB needs to improve its performance in the public information area. ADAB is aware of the need to do more in this important area and to redress the deficiencies identified in the Jackson Report. The Committee recognises that ADAB is constrained by limited resources in its efforts to address these problems. The Committee also considers that ADAB needs to perform better in the monitoring and evaluation of major projects during their implementation and after their completion.²⁷

Other Components

5.40 Given the amount of criticism levelled at Australia's project aid, it is surprising how little comment was made on other elements of the aid program, though these constituted 36 per cent of the program in 1984-85 (see Table 5).

5.41 The Committee considers that these components are relevant and appropriate. In particular, the Committee welcomes the significant educational and training element involved (19.4 per cent in 1984-85). In 1984-85 there were 257 ADAB sponsored students from the Philippines in Australia. In addition, Australian aid in educational and training areas is directed through the South East Asia Ministers of Education Organisation (SEAMEO), the Australian Centre for International Agricultural Research (ACIAR), the International Development Program of Australian Universities and Colleges (IDP) and the International Science, Technology and Research Programs (ISTRP) fund.²⁸

The Expanded Aid Program

5.42 In response to the Philippines' difficult economic circumstances and the Australian Government's decision to increase aid to the Philippines, ADAB sent an aid mission to the Philippines in April 1986. The report of the aid mission outlines a series of proposals on how best to structure and implement an expanded aid program over a three-year time-frame, with indicative planning figures of \$25 million, \$30 million and \$35 million from 1986/87 to 1988/89 (see Table 7). The final form of the expanded aid program for 1986/87 is yet to be determined.

5.43 The aid mission has attempted to develop an innovative approach in response to the special circumstances of the Philippines. Briefly, the mission recommends a three phased approach, involving a mixture of aid forms and allowing for changes as priorities evolve and economic conditions improve. As summarized in the report of the aid mission, the three phases are described as follows:

'In the immediate phase, Australia should continue ongoing programs and activities including research and training; a Sectoral Inputs Program (SIP) involving provision of essential commodities should be introduced; assistance to the Church and the non government community should continue and preparations for a significantly expanded effort in the form of an Australian Community Assistance Program (ACAP) begun; some technical assistance and preparatory activities for longer term programs could commence.

In the medium term, the Sectoral Inputs Program should be phased out; ACAP would be implemented and expanded; the scope of technical assistance would be widened; preparations for the longer term program would continue; and some new projects would begin.

In the long term, the Sectoral Inputs Program would have ended; ACAP would be operating at around \$2 million per annum; and a series of long term development projects including those involving cofinancing with the World Bank and the Asian Development Bank would be underway.¹²⁹

5.44 The new elements in the program are essentially the Sectoral Inputs Program (SIP) and the Australian Community Assistance Program (ACAP).

5.45 The Sectoral Inputs Program has been devised as a response to the Philippines' pressing balance of payments and budget deficit problems. Briefly, SIP would comprise provision of essential commodities (sourced in Australia) to the Philippines Government for monetization in pesos. As the aid mission report notes:

'It is unusual for Australia to provide a large proportion of aid to a Southeast Asian country through commodity aid. But the present internal conditions and needs of the Philippines are unusual too. There are strong arguments in favour of mounting the program which can be phased out after two years.¹³⁰

5.46 The report argues that commodity aid is an extremely effective way of overcoming budget deficit and balance of payments problems:

'The provision of commodities such as dairy products, coal, grains, fertilizers or pesticides, would relieve balance of payments pressures in the Philippines and could be sold by the Philippines Government in the domestic market to raise peso revenues and reduce the budget deficit.¹³¹

5.47 The report argues also that commodity aid is easily administered, especially if focussed on one or two key areas, such as energy and food crops.¹³²

5.48 The Committee considers that the SIP is an appropriate and timely response to the needs of the Philippines Government. It is a means of releasing expanded aid quickly and effectively and can be increased, reduced or phased out as circumstances require.

TABLE 7
PHILIPPINES COUNTRY PROGRAM
INDICATIVE FUNDS ALLOCATIONS
(A\$'000)

ITEM	1985-6	1986-7	1987-8	1988-9	1989-90
Australia-ASEAN Co-operation	1500	1000	1000	1000	1000
Agricultural Research	1247	1300	1300	2000	2500
Education and Training	2884	2900	2900	5500	8000
Community Assistance	244	400***	800	2360	3400
Projects	11500	10900	8000	17440	20600
Sector Inputs		8500	16000	6700	
T O T A L S	17375*	25000	30000**	35000**	35500**

* Expenditure this year has accelerated since the change in government in February.

** Indicative planning figures only.

*** Includes up to \$200,000 for expanded PSS programs.

Source: Expanding Australian Aid to the Philippines (Report of the ADAB Aid Mission to the Philippines April, 1986) p.14.

5.49 One concern about the SIP must be its potentially adverse effects on Australian exports to the Philippines. The aid mission report states, but does not argue, that such effects will not occur.³³

5.50 The Australian Community Assistance Program (ACAP) has as its stated objectives employment creation and income generation in rural areas. The ACAP would operate through the Church and non-government organizations in the Philippines, providing funds for small-scale development and welfare projects. The non-government sector is seen as an appropriate channel to provide assistance to small entrepreneurs and to ensure that basic needs are addressed at the grass-roots level.

5.51 There is an established record of co-operation between the Australian Government and NGOs, both generally and in the Philippines. NGOs are already extensively involved in the development of farmer and community associations in the Northern Samar project and community-sponsored small-scale projects are also funded under the Heads of Mission Discretionary Aid Fund (HOMDAF).

5.52 NGO and Church community organisations in the Philippines are numerous and well-established throughout the country, offering an appropriate network for the delivery of aid.

5.53 The aid mission report identifies a number of 'program principles' to ensure the integrity and effectiveness of ACAP. The program should:

- ' support projects of high quality that reflect direct participation by beneficiaries;
- be open and accountable with provision for reporting and regular review; and
- encourage the strengthening of community groups and associations;

The Program should be easily administered from a base in the Australian Embassy in Manila, involving minimum supervision from ADAB in Canberra.³⁴

5.54 The Committee considers that the ACAP proposal has much to recommend it and should go some way towards addressing the criticism, raised by some Australian NGOs, that Australian aid to the Philippines is inadequately focussed on community needs and is excessively implemented through bilateral rather than community channels.

5.55 The Committee endorses the aid mission's proposal that representation from ACFOA be included in the design of a suitable system. There are well-established links between the NGO communities in Australia and the Philippines, facilitated in some cases by ADAB's Non Government Organisations Project Subsidy Scheme (NGO-PSS) which provides subsidies to Australian NGOs for projects in developing countries and for development education in Australia. This experience should be useful in the design of ACAP.³⁵

5.56 The Committee endorses also the proposal for careful monitoring and evaluation, including independent audit by an international accountancy firm.³⁶

Education and Training

5.57 The Committee notes with approval the aid mission's proposals for a substantial increase in aid for education and training. A carefully designed program of educational aid should be an important component of Australia's development assistance effort in the Philippines. To date there has been only limited involvement by Australia in the Philippines education system, which is heavily oriented towards the United States.

5.58 One of the most successful bodies involved in the provision of educational assistance is the International Development Program of Australian Universities and Colleges (IDP). The Committee agrees with the view put to it by this organisation that:

'... inadequate living standards in developing countries can only be comprehensively and permanently raised through the internal structures of the countries concerned and that educational aid is a highly effective vehicle for appropriate influence.'³⁷

5.59 Funded by ADAB, the IDP manages a program of educational assistance to, and co-operation with, a wide range of institutions and authorities throughout Southeast Asia and the South Pacific. It provides academic and technical assistance by way of post-graduate fellowships and study visits to Australia, specialist academic advice, and support for research laboratories and libraries.

5.60 The Committee believes it would be possible to broaden the scope of Australia's educational assistance, using the IDP experience, particularly into fields such as teacher training. Australia's highly developed Technical and Further Education system could play a significant role both in terms of the provision of teacher training and other vocational courses.

5.61 If properly directed, for example at the provincial level, it could be argued that the major beneficiaries of educational assistance would ultimately be the poor and disadvantaged sectors of Philippines society. In the long term, there would be an increase in awareness of Australia as a provider of educational services.

5.62 The Committee also took evidence from Mr Don Hayward, MP, Member for Prahran in the Victorian Legislative Assembly. Drawing on his own personal experience in the Philippines, Mr Hayward proposed that Australia should

provide direct practical and technical assistance to manufacturing industry in the Philippines. This could be arranged most effectively on a firm by firm basis with Australian enterprises co-operating with companies in the Philippines. Australians could either work with their counterparts in the Philippines, or could agree to accept Filipinos in Australia for agreed periods of training.

5.63 Co-operation of this nature would not only assist the expertise of Philippines manufacturing, particularly at the middle levels, but in a modest way would contribute towards the re-industrialisation of the Philippines. It is also likely that firms participating in the program will purchase from Australia machine tools, equipment, production systems and more sophisticated materials and components which would be essential inputs into their final products.³⁸

Women and Development

5.64 A number of submissions drew attention to issues relating to the special situation of women in the Philippines and in the bilateral relationship. Some of these issues are addressed in Chapter 8.

5.65 The Committee notes the arguments expressed in the Jackson Report on women in development:

'In developing countries women are responsible for a large part of agricultural production, distribution and marketing, and they form an important part of the urban labour-force as industry grows. The welfare of children, old and disabled people depends on them. Yet in most countries women exercise almost no influence over development.

Australia's aid programs should make a special effort to assist women to play a full and equal role in development. Population planning and nutrition programs should have high priority.

Special programs should be devised to train women to raise their earning capacity and their leadership potential. A major effort should be made to raise the proportion of women trained in Australia to 50 per cent of all students from developing countries. Aid should specifically avoid discrimination against women, for example in agricultural work and in access to credit. A special central fund, additional to country program funds, should be used to stimulate projects specially designed to meet the needs of women. Australian women should be encouraged and assisted to pursue professional careers in development.³⁹

5.66 The Committee also endorses ACFOA's recommendation:

'That the Australian Government recognise the crucial role of women in the Philippines economy, and ensure that women are fully involved in the planning, implementation and evaluation of all aid projects - both Government and non-government.'⁴⁰

5.67 The Committee considers that the proposed Community Assistance Program is well suited to take account of the needs of women in development and to promote the participation of women in the development process.

5.68 The Committee notes that some assistance is provided by ADAB's Women in Development Fund for the Australian People for Health, Education and Development Abroad (APHEDA) Health Training Centre in Mindanao (\$14,000 in 1984/85 and \$36,000 in 1985/86). APHEDA is the overseas aid agency of the ACTU. The Non-government Organisations Project Subsidy Scheme (NGO-PSS), through which ADAB provides subsidies to Australian NGOs for projects in developing countries, has also supported a women's health program in the Philippines.

Conclusions and Recommendations

5.69 The Committee considers it appropriate that the Philippines should rank high among the recipients of Australian development assistance in view of its development needs and its strategic, political and economic importance to Australia.

5.70 The Committee acknowledges that some criticisms of the integrated rural development projects are warranted, but considers that many of the criticisms are relevant largely to the earlier stages of the projects. Development projects of this type are complex, and many lessons have been learned during the evolution of the Zamboanga and Samar projects. In its current form, the Samar project represents a well-balanced combination of infrastructure and agriculture components with an appropriate emphasis on fostering community organisations and local decision-making.

5.71 The Committee believes that the integrated rural development project is an effective way of delivering aid and that similar projects could be planned elsewhere in the Philippines.

5.72 The Committee understands the Australian Government's decision to withdraw Australian personnel from Samar in 1985 on security grounds. It would be a pity, however, if project implementation were to lose momentum now, when the project is reaching maturity and when the change of government in the Philippines offers prospects for new opportunities for development.

5.73 The Committee recommends that:

- . the Australian Government, in consultation with the Philippines Government, should arrange the return of Australian personnel to Northern Samar as soon as security conditions allow. The Committee considers such a development both warranted and welcome.

5.74 The Committee also recommends that:

- . ADAB examine whether funding for the Samar project might usefully be extended, to

consolidate existing gains and explore the scope for further development.

5.75 The Committee considers that the proposed expanded aid program outlined by ADAB offers an imaginative and constructive approach to the problems confronting the Philippines and the opportunities created by the change of government in the Philippines.

5.76 The Committee commends the proposed Sectoral Inputs Program (SIP) as an appropriate and timely response to the Philippines' pressing budgetary and balance of payments difficulties. The Committee considers, however, that the SIP proposal will require careful design to ensure that existing and potential Australian exports to the Philippines will not be adversely affected.

5.77 The Committee commends also the proposals for an Australian Community Assistance Program (ACAP), which focuses on the pressing need to create jobs and generate income in rural areas, and which recognises the important and effective role which Philippines NGOs and the Catholic Church can play in pursuing these objectives. The Committee endorses the ADAB aid mission's proposal that representation from ACFOA be included in the design of a suitable system.

5.78 In the field of education assistance the Committee endorses efforts to increase Australia's involvement in the Philippines. In this respect the tertiary and further education sector has an important role to play.

5.79 The Committee recommends that:

- . educational assistance be broadened to include teacher training and other vocational courses.

5.80 The Committee recommends that:

- the role of women in development be given due recognition and that the aid program for the Philippines should be designed to ensure that Filipino women are involved in the planning, implementation and evaluation of projects.

ENDNOTES

1. Submissions, Vol I, pp.S243-245 (Department of Foreign Affairs).
2. Speech by the Minister for Foreign Affairs, Mr Bill Hayden to the Queensland Branch of the Australian Institute of International Affairs in Brisbane on 26 March, in Australian Foreign Affairs Record, Vol 57 No 3, March 1986, pp.152-153.
3. 'Report of the Committee to Review the Australian Overseas Aid Program', March 1984, p.3. (hereafter cited as 'Jackson Report').
4. Ibid, p.19.
5. Parliament of the Commonwealth of Australia, Joint Committee on Foreign Affairs and Defence, 'The Jackson Report on Australia's Overseas Aid Program', Parliamentary Paper 302/85, May 1985, pp.8-10.
6. The official title of the Zamboanga project is the Zamboanga del Sur Development Project (ZSDSP). The project is sometimes also referred to as PADAP (Philippine Australian Development Assistance Program). The Northern Samar project's official title is the Northern Samar Integrated Rural Development Project (NSIRDP). In this report, the projects are referred to as the Zamboanga project and the Northern Samar project.
7. 'Expanding Australian Aid to the Philippines', Report of the Australian Development Assistance Bureau Aid Mission to the Philippines, April 1986, p.19. (hereafter cited as 'Expanding Australian Aid').
8. Submissions, Vol V, pp.S1258-1259 (Mr J.B. Turner); Submissions, Vol IV, pp.S981-997 (Mr P. Byrne).
9. Submissions, Vol V, pp.S1146-1147.
10. Submissions, Vol V, p.S1203. For similar criticisms, see the submissions by the Catholic Commission for Justice and Peace (Vol II pp.S559-561); Community Aid Abroad (Vol II, pp.S592-593); Women and Development Network of Australia (Vol III, pp.S699-700); Philippine Australia Union Links (Vol II, pp.S634-636).
11. Submissions, Vol II, p.S560 (CCJP).

12. 'Benefit Cost Analysis of the Project', Northern Samar Integrated Rural Development Project, June 1984, p.1.
13. House of Representatives, 'Hansard', No 15 of 1983, p.2948.
14. Transcript of Evidence, pp.678-679.
15. Information provided by ADAB, June 1986.
16. 'Project Completion Report', Zamboanga del Sur Development Project, December 1985, p.127. (hereafter cited as 'Project Completion Report'). The Project Completion Report was prepared by members of the team of Australian consultants assigned to the project.
17. Ibid, pp.11-12.
18. Ibid, pp.23-31, 40-88 passim.
19. Ibid, pp.89-101.
20. Submissions, Vol VI, p.S1405 (Crooks, Michell, Peacock, Stewart Pty Limited and GRM International Pty Ltd).
21. Mr J.B. Turner, Transcript of Evidence, pp.409, 412-413 and Submissions, Vol V, pp.S1259-1260.
22. Mr J.B. Turner, Transcript of Evidence, pp.404-405, 407, 412-413.
23. Submissions, Vol VI, p.S1404 (Crooks, Michell, Peacock, Stewart Pty Limited and GRM International Pty Ltd).
24. 'Impact Study of the Zamboanga del Sur Development Project', June 1984, pp.52-53 (hereafter cited as 'Impact Study').
25. Transcript of Evidence, pp.491-494.
26. 'Impact Study', p.52.
27. Cf. 'Jackson Report', pp.227, 233-236.
28. Submissions, Vol I, pp.S247, S250-252.
29. 'Expanding Australian Aid', p.1.
30. Ibid, p.27.
31. Ibid, p.28.
32. Ibid.
33. Ibid.
34. Ibid, p.22.
35. Ibid, p.23.
36. Ibid.
37. Submissions, Vol III, p.S671.
38. Transcript of Evidence, pp.446-460.
39. 'Jackson Report', p.10.
40. Submissions, Vol V, p.S1209.

CHAPTER 6

DEFENCE CO-OPERATION

Defence Relations

6.1 Australia has maintained a defence relationship with the Philippines since the early 1970s as part of a wider pattern of defence relations with friendly neighbouring states in Southeast Asia and the South Pacific. These relations are designed to serve a number of interests. They demonstrate Australia's commitment to regional security and to the fostering of a sense of shared security interest. They facilitate consultation and exchange of views on matters of mutual interest. They complement Australia's political and economic relations with friendly nations. They earn goodwill for Australia from countries which benefit from the training, expertise and equipment which is provided through Defence Co-operation Programs (DCP). As the Department of Defence argued in its submission:

'As is the case with all South East Asian countries, one of the long-term objectives of the defence relationship with the Philippines is to promote Australia's involvement in bilateral and multilateral consultations relevant to regional security. Australia cannot control developments in South East Asia; we can however, use active defence relationships to help influence strategic perceptions there. Our defence activities in South East Asia enable Australia to promote our security interests by encouraging regional countries, including the Philippines, to participate in co-operative defence relations which recognise our common interests in the security of the region against external threat and hence emphasize the degree to which our security prospects are inter-dependent.'

6.2 Concern about defence and security issues in Southeast Asia has increased in the 1980s with the Vietnamese invasion of Cambodia, the Sino-Vietnamese hostilities and the growing Soviet military presence in Vietnam notably at Cam Ranh Bay. The importance of co-operative defence relations with the ASEAN states has been recognised by successive Australian Governments.

Defence Relations with the Philippines

6.3 The main features of defence relations with the Philippines at present is the Defence Co-operation Program (DCP) and the reciprocal defence representation in Manila and Canberra. There have also been staff college exchanges, senior-level visits and bilateral exercises, though the latter two have not taken place since 1982. A Royal Australian Navy task force made a port call in August-September 1984 as part of a major deployment to the region.

6.4 The Royal Australian Air Force has participated in air exercises in the Philippines involving United States and Philippines forces at Clark Air Force Base, though on 29 November 1985 the then Philippines Government advised that it had withdrawn authorisation for the RAAF to use Clark. The Aquino Government reversed that decision in August 1986.

6.5 Australia's defence relations with the Philippines have been a subject of controversy within the Australian community because such relations were perceived as providing support and assistance to the Marcos regime and as being implicated in the Philippines' internal conflicts and related human rights abuses. But defence relations with the Philippines have also been defended on the grounds that the Philippines is a friendly regional country of substantial strategic interest to Australia and that Australia should demonstrate its commitment to regional security by maintaining defence ties.

6.6 The defence relationship was one of the key issues raised in evidence before the Committee. Debate focussed very largely on the Defence Co-operation Program, which in recent years has been the major element in the defence relationship.

The Defence Co-operation Program

6.7 The defence co-operation program with the Philippines is part of a pattern of co-operative defence activities between Australia and many of its regional neighbours. This pattern of activity stems from our abiding national interest in the stability and security of the Southeast Asian and South Pacific regions. In this context, the fundamental aim of DCP, in the words of the 1984-85 Defence Report, is

'...to establish and extend contact and co-operation between the Australian Defence Force and the armed forces and related organizations in regional countries, to the benefit of all participants. The program includes provision of defence-related training in Australia, two-way visits, personnel exchanges and equipment-based joint projects.'²

6.8 Australia's defence co-operation program with the Philippines dates from 1972. The program has remained at a modest level, with expenditure of about \$1.5 million annually since 1979/80. Expenditure in 1984/85 was \$1.36 million and in 1985/86 about \$1.5 million. Expenditure since the late 1970s has been divided about equally between project assistance, and training and study visits in Australia.

6.9 The most important recent projects have been training support for the DART electronic target range system, purchased from Australia, and the Nomad support project, in which a three-man Australian Army aircraft engineer team and a civilian engineer have been attached to the Philippines Air Force at Mactan Air Base in Cebu to assist in developing maintenance and supply systems.

6.10 Australian involvement in the DART project concluded in 1982. The Nomad project (commenced in 1981) is also drawing to a close - the army personnel completed their attachment in July 1985 and the civilian engineer is to be withdrawn in October 1986.

6.11 DCP expenditure for 1985/86 of about \$1.5 million includes approximately \$0.3 million for the Nomad project, and about \$0.56 million for a Mobile Light Field Hospital project (which is still in the planning stage).³

6.12 The major element in the DCP in recent years has been training in Australia of personnel from the Armed Forces of the Philippines (AFP). Some 632 AFP personnel have received training since 1973, the majority in recent years:

	1980/81	1981/82	1982/83	1983/84	1984/85
Trainees	103	87	112	70	62
Study Visits	12	11	7	-	6

In 1985/86, 76 Filipino service personnel undertook training or made study visits in Australia.⁴

6.13 According to the Department of Defence, the emphasis in training is 'towards technical and management-related areas, to help the AFP acquire the skills necessary for the operation of a modern defence force'.⁵ In 1984/85, for example, the 62 AFP personnel received training in the following areas:

Navy

Training Technology (HMAS CERBERUS) - 2
 Supplementary List Executive Officer (HMAS CERBERUS/CRESWELL/WATSON/JERVIS BAY) - 1
 Gas Turbine Mechanics (HMAS CERBERUS) - 2
 Marine Technician (Propulsion) (HMAS NIRIMBA) - 2
 Electrical Technician (Systems) (HMAS NIRIMBA) - 2
 Electrical Technical (Propulsion) (HMAS NIRIMBA) - 1
 Advanced Quarter Master Gunner (HMAS CERBERUS) - 1

RAN Staff College (HMAS JERVIS BAY) - 1

Aviation Technician/Mechanic (HMAS ALBATROSS) - 2
Advanced Nuclear Biological Chemical Defence (HMAS PENGUIN)
- 1
Commanding Officer/Executive Officer Designate (HMAS
WATSON/CERBERUS/WATERHEN) - 1 Total - 16

Army

Command and Staff College (Queenscliff) - 2
Survey (cartography, air camera operator) (School of
Military Survey) - 1
Pathology Laboratory Technician (Military hospital) - 1
Dental Technician (Army School of Health) - 1
Electrical Fitter (RAEME Training Centre) - 1
Regimental Officer Advanced (Infantry and Artillery)
(Infantry Centre and School of Artillery) - 2
Tactical Intelligence (School of Military Intelligence) - 4
Inspector Health (Army School of Health) - 1
Vehicle Mechanic (Puckapunyal) - 3
Intermediate Officer (TAC 3) (Canungra) - 2
Training Development Officer (Mossman) - 3
Instructor Development (Mossman) - 2
Instructor NBCD (Moorebank) - 1
Instructor Minewarfare (Moorebank) - 2
Subject 4 (Sgt) Electronics (Bandiana) - 2 TOTAL 28

Air Force

Management of Training (RAAF Wagga) - 1
Sergeant Supervision and Management (RAAF Wagga) - 2
RAAF Staff College (RAAF Fairbairn) - 1
C130 Instrument Familiarisation (RAAF Richmond) - 2
C130 Engine and Prop Familiarisation (RAAF Richmond) - 3
C130 Airframe Familiarisation (RAAF Richmond) - 2 TOTAL 11

Other

Joint Services Staff Colleges (Canberra) - 1
Australian Administrative Staff College (Mt Eliza) - 6
TOTAL 7
GRAND TOTAL 62

6.14 The DCP with the Philippines is modest in comparison with most other countries in the region. DCP with Papua New Guinea totalled \$16.03 million in 1984/85, and with Indonesia \$9.6 million. In 1984/85, some 315 military personnel from Malaysia received training in Australia. The cost of DCP with the ASEAN countries (except Brunei) for 1984/85 is shown below.⁶

Indonesia	\$9.642 million
Malaysia	\$5.613 million
Thailand	\$4.302 million
Philippines	\$1.356 million
Singapore	\$1.322 million

Criticisms of DCP

6.15 Australia's Defence Co-operation Program (DCP) with the Philippines has been the subject of considerable controversy in recent years. This controversy was clearly reflected in the submissions and evidence presented to the Committee, revealing a wide range of conflicting views on the aims, nature and implications of defence co-operation with the Philippines.

6.16 The main concern of those opposed to DCP was that it associated Australia with human rights abuses committed by military and security personnel in the Philippines. For example, the Catholic Commission for Justice and Peace (CCJP) recommended:

'...that the Australian government should suspend all military assistance to the Philippines.'⁷

6.17 The CCJP's main argument was that the Australian DCP, in assisting the Armed Forces of the Philippines thereby became implicated, directly or indirectly, in the widely documented human rights abuses committed by military and security personnel. Also central to the CCJP's opposition to DCP was the argument that the AFP was involved primarily in 'enforcing the repressive system within the Philippines' and not in meeting 'an external threat'. Similar concerns and arguments were voiced in a wide range of submissions and by numerous witnesses.⁸

6.18 The Nomad support project was criticised on the grounds that Nomads were used in counter-insurgency operations. Questions were raised in the Australian Parliament in 1985 concerning allegations that Nomads had been used to drop bombs, including napalm, at Carandangan on the island of Mindanao between May and August 1984. A number of witnesses before the Committee also drew attention to these allegations.⁹

6.19 Many submissions argued that it was inappropriate for Australia to provide training for AFP personnel in view of the incidence of human rights abuses by military and para-military forces.

6.20 ACFOA, among others, further argued that, despite the change of government in the Philippines, the military structures of the previous regime were still largely in place and that DCP should not resume:

'... until such time as significant reforms are carried out within the Philippines military system. This includes
- a significant reduction in the size and role of the armed forces;
- a thorough investigation and bringing to trial of all armed forces personnel found guilty of human rights abuses.'¹⁰

6.21 A number of submissions urged the Australian Government to investigate claims that Filipino servicemen trained in Australia were implicated in human rights abuses in the Philippines.¹¹

6.22 The argument was also put that Australian training courses should give clear emphasis to human rights questions. Amnesty International, for example, recommended that:

'As Australian military assistance to the Philippines includes the training of a number of Philippines military personnel, Amnesty International Australia urges that a human rights component be included in any Australian training program of Philippine military security and police personnel.'¹²

6.23 Similarly, the President of the Human Rights Council of Australia argued that:

'... there is a strong case for the withdrawal of defence aid. However, if this form of assistance is to be continued, I urge that it be focused not on strategic and security concerns, but on programs to reform the military, in particular

encouraging new emphases on conflict resolution by peaceful means and on the protection of the human rights of the population, especially in areas of conflict. The new administration might conceivably welcome a program of training which was designed to instruct military and para-military personnel in their responsibilities as protectors of the rights of citizens, based on those human rights instruments to which the Philippines is a party.'¹³

Considerations

6.24 The maintenance of DCP was defended on several grounds. The Department of Defence argued that Australia's national interest was served by Australia's involvement in bilateral and multilateral defence activities in the region of our primary strategic interest; and that the DCP was an important ingredient in a wider pattern of defence contacts reflecting our commitment to regional security. Severance or curtailment of such contact would cast doubt on Australia's resolve to sustain a practical contribution to regional neighbours.¹⁴

6.25 As far as human rights abuses are concerned, the Department of Defence acknowledged their occurrence but argued that the training conducted in Australia under DCP was not a contributing factor:

'It is not related to internal security combat roles.'¹⁵

6.26 On the contrary, any proposals under DCP were 'carefully chosen and controlled to ensure that they do not threaten human rights'. The Defence submission argued that the assistance provided through training in Australia,

'...is identical in nature to that provided in the Australian armed forces and is designed to instil in the individual recipients values that would discourage human rights abuses.'¹⁶

6.27 The submission argued further that training under the DCP could contribute to the development of a more professional and competent AFP, which in turn was an important element in the Philippines Government's pursuit of wide-ranging economic, social and military reforms.¹⁷ The maintenance of peace and order by reformed and depoliticised military and police forces has been noted in paragraph 3.55 as an important element in achieving political stability and economic recovery.

6.28 The Committee considers that the aims and nature of the DCP are not always clearly understood. It is important to note that no weapons or armaments are provided under DCP.

6.29 The Committee does not consider that training of AFP personnel in Australia contributes to human rights abuses in the Philippines or that it represented endorsement of the policies and practices of the Marcos government. An examination of the training courses pursued by 62 AFP personnel in 1984-85, for example, shows that the training is spread over a wide range of areas, as is appropriate when the aim is to help the AFP develop as a modern and efficient force.¹⁸

6.30 The fact that the AFP is engaged in counter-insurgency operations, and that some AFP personnel commit human rights abuses, are not in themselves reasons why Australia should not engage in training of AFP personnel.

6.31 Evidence presented before the Committee suggests that the majority of human rights abuses by government forces in the Philippines are committed by members of the Philippines Constabulary (PC), which is one of the four services comprising the AFP, or by special intelligence units, or by the Civilian Home Defence Forces (CHDF) which are local militias ostensibly under AFP control, but not part of the AFP itself. AFP personnel trained in Australia appear to be drawn from the Army, Navy and Air Force, which are less closely implicated in human rights

abuses.¹⁹ It should be remembered that although abuses by the military receive greater publicity, there is also a high level of violence against the civilian population from the NPA and other lawless elements of society.

6.32 The Committee does not have the resources to pursue the question of whether Australian-trained Filipino servicemen have committed human rights violations in the Philippines. It is questionable whether the Australian Government should seek to monitor the subsequent careers and conduct of all trainees from particular countries. Countries sending trainees to Australia would resent being singled out in this way. Moreover, such monitoring would be a time-consuming, costly and possibly unworkable undertaking.

6.33 Ultimately, the conduct of AFP personnel is a matter for the Philippines to resolve. If Australian training imparts useful skills and knowledge and encourages a professional and disciplined approach, it will have served a worthy purpose. If a participant in a training course in Australia later became involved in human rights violations, this is not a reason for condemning the training program as a whole, unless it could be shown that the training program in some way contributed to the subsequent ill-conduct. Amnesty International said that they were not aware of any Australian-trained personnel committing human right abuses.²⁰

6.34 The Committee also considers it inappropriate to suggest that DCP should be withheld unless changes are made to the size and role of the armed forces of the Philippines, as recommended by ACFOA. These matters are the prerogative of the Philippines Government to decide. The Philippines, like all other countries, has a legitimate right and interest in maintaining armed forces. If the CHDF (70,000) are excluded, the AFP is not large in relation to a population of 55 million. The Army, Navy and Air Force together comprise about 115,000

personnel, and the Philippines Constabulary, 40,000. Thailand, with a population of 52 million, maintains regular armed forces of 235,000; Vietnam, with a population of 60 million, has a regular armed forces in excess of one million.²¹

6.35 The Committee notes that President Aquino's Government has taken steps to reform the armed forces, for example by removing 'overstaying generals', redeploying combat units from Manila to the provinces and by creating a military anti-graft board which will investigate allegations of corruption among senior officers during the Marcos period. Other reforms include the dismantling of the highly centralised structure of Regional Unified Commands favoured by Ver and Marcos, and the replacement of many battalion and brigade commanders. There are also proposals to reform the para-military CHDF, by improved training, tighter recruitment procedures and a stricter approach to supervision and discipline. The Defense Ministry is also being restructured. The Committee considers that training programs under DCP are likely to assist the process of reform by exposing Philippines service personnel to Australian values and inculcating efficiency and professionalism.

6.36 It is worth noting that some of the senior officers now rising to prominence under the Aquino Government, including the new Vice Chief of Staff General Mison, have attended training courses in Australia at the Joint Services Staff College or Army Staff College. Apart from the fact that this bodes well for future defence relations between the two countries, it demonstrates the value of sustaining relationships in the longterm.

6.37 The alleged absence of external threats to the Philippines was frequently raised as an argument for discontinuing defence co-operation. Defence co-operation is intended to help countries prepare for the day when a threat may emerge; no country should neglect its defence needs on the

grounds that external threats are absent. Australia and the Philippines have similar and shared interests in regional security. The maintenance of regional defence ties strengthens co-operative attitudes and helps deter the emergence of threats. The growth of the Soviet military presence in Vietnam from 1979 demonstrates the way in which the security environment, and security perceptions, can change significantly in a few years.

6.38 With respect to the Nomad support project, several factors need to be borne in mind. Firstly, the Nomad has been built in Australia as a general purpose transport aircraft, and has been sold to a number of countries, including the Philippines, Thailand and Indonesia. It would be inappropriate for Australia to seek to determine the use to which these aircraft are put.

6.39 If Australia sells Nomads, it is proper and reasonable for Australia also to provide maintenance support, training and spare parts. Australia maintains Nomad support projects with Papua New Guinea, Indonesia and Thailand as well as the Philippines. Australia's reputation is enhanced by our readiness to back up the Nomad sales with maintenance and training support.

6.40 With respect to the Philippines, the Nomads are being used as 'flying trucks'. There is no evidence that any of the Nomads purchased by the Philippines Air Force have been modified to carry weapons or release ordnance.

6.41 The allegations raised concerning the dropping of bombs and napalm at Carandangan have not been substantiated. A Nomad was used in relation to counter-insurgency operations there, to ferry munitions and ground crew from 5-7 August 1984, and a Nomad was also used later in investigating the allegations of napalm use.²² Both of these would seem to be legitimate uses of Nomad aircraft, and not related to proven human rights

violations. It should be noted that the National Democratic Front acknowledged in its submission that there has been 'no direct confirmation' that the Nomads have been used to drop bombs.²³

6.42 The Nomad issue raises the question whether it might be feasible to construct a DCP which avoided any controversial elements. In practice, this would prove difficult. If the maintenance of Nomad aircraft is seen as supporting counter-insurgency operations, so too might vehicle maintenance or assistance in cartography. The point is that any assistance which helps a military force to function and stay in the field can be construed as assistance for the activities carried out by that force.

6.43 Even if Australia were to confine DCP to purely technical areas, the objection could be raised that this allowed the AFP to reallocate resources from those areas to its combat functions. Moreover, an excessively restricted DCP might no longer appeal to a partner country, which could object that the program was unbalanced and was really a technical or economic program, not a military one. The Australian Defence Force and Department of Defence might also object that a narrowly restrictive approach to DCP robbed it of any real value as far as co-operative defence relations were concerned.

6.44 The Committee believes that no useful purpose would be served by withholding defence co-operation. The time to make the AFP more proficient and professional is now, and Australia's DCP can make a modest but useful contribution. Consultation with the Aquino Government should be conducted on the most appropriate form and orientation of defence co-operation.

The Australia Defence Association Proposals

6.45 A somewhat different perspective on DCP was provided by the Australia Defence Association. Its submission defended DCP with the Philippines for reasons similar to those advanced by the Defence Department - the substantial strategic importance of the Philippines to Australia and the need for Australia to maintain longterm constructive relations with the Philippines Government, including on defence and security matters. The Association went on to argue, however, that the content of the DCP could be substantially redirected towards 'enhancing the capacity of the Philippines Navy and Air Force to secure sea lanes, prevent the smuggling of arms to the NPA and reducing the incidence of piracy'. In the Association's view, assistance of this kind would demonstrably serve Australian security interests as well as those of the Philippines, and would be less liable to charges of assisting internal repression. The Association suggested that these aims could be met by 'the provision of modern patrol craft, search aircraft and training in procedures and organisation'.²⁴

6.46 The Committee considers that the proposals put forward by the Australian Defence Association for a reorientation of DCP with the Philippines represents a useful and constructive contribution to debate on the subject. The Committee is not convinced, however, that a program focussing on maritime security and surveillance needs could be sustained within the relatively limited budget allocations which are available. Nevertheless, there would be merit in the Department of Defence and the relevant Philippines authorities considering whether such a reorientation would be appropriate. One of the advantages of the current DCP is that it provides training, at moderate costs, across a broad range of areas relevant to improving the technical quality of the Philippines armed forces.

ANZUS and the Manila Treaty

6.47 There are two treaties under which Australia could conceivably be required to consult or act with other countries in relation to the Philippines.

6.48 Certain articles of the ANZUS Treaty could give rise to such a situation. The United States could seek consultations with Australia under articles III, IV or V of the ANZUS Treaty if developments in the Philippines were interpreted as a threat to its security in the Pacific or were United States forces in the Philippines to come under armed attack.

6.49 Australia and the Philippines are signatories to the 1954 Southeast Asia Collective Defense Treaty, also known as the Manila Treaty. Other adherents to the treaty are New Zealand, Thailand, the United Kingdom, the United States and France. Pakistan has withdrawn from the treaty.

6.50 The Manila Treaty specifies that each party is obliged in the event of armed aggression to act to meet the common danger in accordance with constitutional processes and to consult in cases of threats other than armed attack (Article IV. 1-2).

6.51 Both treaties were referred to in a number of submissions put before the Committee. References by the Foreign Minister Mr Hayden in July 1985 and February and March 1986 to hypothetical illustrations of Australian obligations under ANZUS were widely commented on, mainly to the effect that the Australian Government should make a statement clarifying its understanding of its obligations under ANZUS and the Manila Treaty. Several submissions argued that Australia should make it clear that in no circumstances would it intervene or send forces to the Philippines.²⁵

6.52 Several factors need to be borne in mind when assessing such hypothetical invocations of treaty obligations.

6.53 With respect to the Manila Treaty, although it remains in legal force, there have been no joint consultative or other activities under the treaty since the dissolution of SEATO in 1977. According to the Department of Foreign Affairs, the Government is keeping Australia's continuing adherence to the treaty under review.²⁶ Although security relations between Thailand and the United States are still linked with the Manila Treaty, it seems unlikely that it would be invoked with respect to the Philippines.

6.54 With respect to ANZUS, there is little value in attempting to lay down specific guidelines for hypothetical situations. The ANZUS Treaty allows for flexible responses to a range of threats. To enumerate a wide range of scenarios and specify how Australia should respond in each case would have little value, since only the Government of the day, faced with the circumstances of the day, could decide how best to respond. It should also be noted that the obligation in the first instance would only be to consult.

6.55 A further consideration is that the Philippines and the United States have a bilateral defence pact. The United States and the Philippines could act in response to a threat without invoking Australian support.

6.56 The Committee considers that there is no advantage in the Australian Government attempting to specify how it would respond to hypothetical invocation of ANZUS concerning the Philippines, particularly since the likelihood of that happening appears remote in present circumstances. The prospect of ANZUS being invoked as a response to internal security developments in the Philippines seems remote.

Conclusions and Recommendations

6.57 On balance, the Committee considers that the Australian Government acted correctly in maintaining defence links with the Philippines, despite the internal conflicts which have afflicted that country and the mounting evidence of the unpopularity of the Marcos regime in its closing years. The Committee notes that defence relations with the Philippines were under review during the closing stages of the Marcos Government. It must remain a matter for judgement whether circumstances in the Philippines would have warranted a suspension of defence relations had Marcos stayed in power after February 1986.

6.58 The Committee considers that it would be desirable for defence relations with the Philippines to be maintained and perhaps expanded now that there is a new government, provided that this is mutually acceptable. A wide range of considerations has led the Committee to this view. These include:

- . the strategic importance of the Philippines and Australia's longstanding ties with that country
- . the aims and nature of the Defence Co-operation Program (DCP), which does not contribute to exacerbating the Philippines internal conflicts, but rather concerns the fostering of bilateral cooperation and the development of a modern professional military force in the Philippines.

6.59 This last consideration is a matter of great importance if the Philippines Government is to achieve political stability, curb human rights abuse, and deal more effectively with insurgency. Australia has a modest but useful role to play now in assisting the Aquino Government to make the Armed Forces of the Philippines more professional and proficient.

6.60 The Committee notes that the findings of the Cooksey review of Australia's Defence Co-operation Programs have not been publicly released, either in respect of the Philippines or generally. In view of widespread concern and uncertainty in the community about the purpose and character of DCP, the Committee suggests that the Government consider making a public statement clarifying the objectives and scope of defence co-operation with the Philippines.

6.61 The Committee endorses the Department of Defence's view that a 'continuing, carefully-shaped defence relationship with the Philippines' allows us to offer practical support to the Philippines Government's programs for reform of the armed forces.²⁷

6.62 The Committee recommends that:

- . The Australian Government continue its Defence Co-operation Program with the Philippines; and
- . The Australian Government consult with the Government of the Philippines on the most appropriate form and orientation of the Defence Co-operation Program; and give careful consideration to any proposals from the Philippines Government for re-orientation of the DCP including any relating to human rights issues.

ENDNOTES

1. Submissions, Vol I, p.S196.
2. Defence Report 1984-85, Australian Government Publishing Service, Canberra 1985, p.10.
3. Information in this and preceding paragraphs is drawn from the Department of Defence Submission, Vol I, pp.S194-195 and S199-201.
4. Senate, Daily Hansard, 19 August 1986, p.58.

5. Ibid, p.S199.
6. Defence Report 1984-85, pp.10-13 and 142-147.
7. Submissions, Vol II, p.S553.
8. Submissions, Vol II, pp.S562-565 (CCJP); Submissions, Vol V, pp.S1201-1202 (ACFOA); Submissions, Vol III, p.S603 (PAUL).
9. Australian Foreign Affairs Record, Vol 56, No 9, September 1985, pp.860-861; Submissions, Vol II, p.S564.
10. Submissions, Vol V, p.S1202.
11. Submissions, Vol V, p.S1200 (ACPOA).
12. Submissions, Vol III, p.S828.
13. Submissions, Vol IV, p.S1110.
14. Submissions, Vol I, pp.S191-192 and 196-197.
15. Ibid. p.S197.
16. Ibid. pp.S196-197.
17. Ibid.
18. See above, para 6.13.
19. Submissions, Vol III, pp.S792-793 (Amnesty International).
20. Transcript of Evidence, p.106.
21. These figures are taken from The Military Balance 1985-86, The International Institute for Strategic Studies, London, 1985, pp.132-133.
22. Australian Foreign Affairs Record, Vol 56, No 9, September 1985, pp.860-861.
23. Submissions, Vol IV, p.S1098.
24. Submissions, Vol II, p.S296.
25. Submissions, Vol II, pp.S553, 556 (CCJP); Ibid. pp.S591, 593 (CAA); Vol III, pp.S604, 646-648 (PAUL).
26. Submissions, Vol II, pp.S242-243; Submissions, Vol I, p.S195. (Department of Defence).
27. Submissions, Vol I, p.S197.

CHAPTER 7

ECONOMIC RELATIONS

7.1 Although Australia and the Philippines are not major trading partners, economic relations are an important aspect of the bilateral relationship. Both countries have a longterm interest in developing and expanding economic relations.

7.2 As the Department of Foreign Affairs noted in its submission:

'Australia has a direct interest in the growth and prosperity of a potentially rich market, and in the maintenance and improvement of the economic relationship, which involves substantial bilateral trade, investment in the Philippines by Australian companies, increasing Filipino migration to Australia and Australian tourism.'¹

7.3 The Committee heard a wide range of views on aspects of the economic relationship, including changes in the pattern of trade flows; the trade balance; the activities of Australian companies with business interests in the Philippines; and the question of alleged investments in Australia by the Marcos family and their associates.

Trade

7.4 Trade volume between the two countries remains modest. In 1984/85, the Philippines ranked as Australia's 27th export market, accounting for 0.6 per cent of Australia's exports, and as our 32nd supplier of imports, providing 0.4 per cent of imports. Details of Australia-Philippines trade, and Australia's trade with ASEAN countries, are set out in Tables 8 and 9.

TABLE 8

 AUSTRALIA/PHILIPPINES TRADE
 (\$ Australian million)

	YEAR				
	1980/81	1981/82	1982/83	1983/84	1984/85 (provisional)
EXPORTS					
Value	170.0	197.3	194.6	153.6	185.1
% of total Australian exports	0.9	1.0	0.9	0.6	0.6
IMPORTS					
Value	91.8	88.1	84.1	92.1	110.6
% of total Australian imports	0.5	0.4	0.4	0.4	0.4
BALANCE IN AUSTRALIA'S FAVOUR	78.2	109.2	110.5	61.5	74.5
PRINCIPAL EXPORTS (1984)					
Cereals		11.8%			
Iron-ore concentrates		21.8%			
Coal		9.0%			
Chemicals and medicines		4.1%			
Iron and steel products		4.6%			
Metal alloys		6.7%			
Machinery and transport equipment		4.5%			
PRINCIPAL IMPORTS (1984)					
Fruit and nuts		12.7%			
Coffee and substitutes		3.9%			
Wood and wood products		17.6%			
Textiles, apparel and footwear		15.7%			
Furniture		7.5%			
Toys and sporting goods		5.3%			

Source: Department of Trade 'Composition of Trade'

TABLE 9

 AUSTRALIA'S TRADE WITH ASEAN BY COUNTRY
 (\$ Australian million)

	1973/74	1982/83	1983/84	1984/85 (provisional)
BRUNEI				
Exports (% share)	0.5 (0.007)	6.0 (0.03)	8.2 (0.03)	10.8 (0.03)
Imports (% share)	- (-)	16.8 (0.1)	0.14 (0.0005)	- (-)
INDONESIA				
Exports (% share)	107.6 (1.6)	384.9 (1.7)	379.2 (1.5)	419.9 (1.4)
Imports (% share)	17.7 (0.3)	561.4 (2.6)	299.7 (1.2)	367.3 (1.2)
MALAYSIA				
Exports (% share)	117.6 (1.7)	480.0 (2.2)	467.3 (1.9)	607.6 (2.0)
Imports (% share)	69.6 (1.1)	214.5 (1.0)	257.2 (1.1)	314.9 (1.0)
PHILIPPINES				
Exports (% share)	79.2 (1.1)	194.6 (0.9)	153.6 (0.6)	185.1 (0.6)
Imports (% share)	16.2 (0.3)	84.1 (0.4)	92.1 (0.4)	110.6 (0.4)
SINGAPORE				
Exports (% share)	147.7 (2.1)	732.1 (3.3)	947.8 (3.8)	948.7 (3.1)
Imports (% share)	82.1 (1.3)	599.8 (2.8)	470.2 (2.0)	776.6 (2.6)
THAILAND				
Exports (% share)	50.6 (0.7)	176.4 (0.8)	208.6 (0.8)	201.2 (0.7)
Imports (% share)	9.9 (0.2)	89.4 (0.4)	122.1 (0.5)	155.8 (0.5)
ASEAN TOTAL				
Exports (% share)	502.8 (7.3)	1967.0 (8.9)	2164.7 (8.7)	2373.4 (7.7)
Imports (% share)	195.0 (3.2)	1566.0 (7.2)	1241.1 (5.2)	1725.2 (5.7)

Source: Department of Trade 'Direction of Trade'

7.5 Several aspects of the trade flow deserve comment. First, despite the contraction of the Philippines economy in recent years, Australian exports to the Philippines increased in value by 20.5 per cent in 1984/85 compared with 1983/84. Several major export items achieved impressive gains, including steaming coal (a fourfold increase), milk and cream (45 per cent increase) and iron ore and concentrates (17 per cent increase). At the same time, Australia's imports from the Philippines rose by 20 per cent from 1983/84 to 1984/85.²

7.6 There are two main reasons why Australian exports to the Philippines have held up well during that country's economic downturn - Australia's exports are largely raw materials and foodstuffs essential to the Philippines economy; and the Australian Government's extension in March 1984 of a \$50 million line of credit facility to help maintain trade levels.³ This facility, which was due to expire on 15 March this year, has been extended by the Australian Government.

7.7 This growth in trade flows is occurring at a modest level, but it demonstrates that market opportunities exist in both countries for a range of commodities and manufactures.

7.8 The Committee heard a variety of views on the prospects for trade expansion. The Department of Trade noted that:

'As both Australia and the Philippines are essentially exporters of primary products and raw materials our economies are not compatible but rather competitive in several respects. Accordingly we are minor trading partners to each other in terms of our overall trade.'⁴

7.9 Another factor inhibiting trade expansion is the severe shortage of foreign exchange in the Philippines, which will limit funds available for import financing.

7.10 Despite this overall assessment, the Department of Trade's marketing strategy for the Philippines identifies a number of areas where new or increased opportunities can be sought, including:

- . mining machinery and allied equipment;
- . sugar production, harvesting and processing machinery;
- . animal husbandry and veterinary equipment;
- . medical, hospital and scientific equipment;
- . promotion of coal utilization;
- . encouragement of Australian consultants and contractors to seek contracts in the Philippines;
- . continuing efforts to break the United States wheat monopoly.⁵

7.11 Both the Department of Trade and the Australia-Philippines Business Co-operation Committee (APBCC) considered that agriculture would receive a higher priority in the economic development policies of the Philippines Government and that this could create opportunities in a number of areas, including the sale of agricultural equipment and knowhow. Mining equipment and technology could be another promising area. The APBCC also suggested that there were possibilities in the establishment of joint manufacturing facilities in the Philippines to process raw materials from both countries for export, especially to other ASEAN countries. This would be a longterm activity, because of the levels of investment required.⁶

7.12 There could also be opportunities for Australia in the marketing of educational services in the Philippines. The report of the Australian Government Education Mission to Southeast Asia and Hong Kong in 1985 identified a potential market for postgraduate study in the Philippines, despite the established position of the United States as the favoured destination for Filipino students. The Mission noted some interest in the Philippines in reducing dependence on the United States, and a comparative advantage for Australia in geographical proximity. The Mission commented also on:

'... a recent return to an emphasis on agricultural development in national economic strategy, coupled with an increasing awareness of Australia's international stature in agricultural science.'

7.13 The Committee considers that steps should be taken to increase awareness in the Philippines of Australian tertiary education opportunities. The number of private students from the Philippines is very small by regional standards.⁸

The Trade Balance

7.14 The imbalance in bilateral trade was described by the Department of Trade as a 'perennial irritant'.⁹ The imbalance in recent years is shown below:

	1980/81	1981/82	1982/83	1983/84	1984/85
	(\$A million)				(provisional)
Exports	170.0	197.3	194.6	153.6	185.1
Imports	91.8	88.1	84.1	92.1	110.6
Excess of Exports	78.2	109.2	110.5	61.5	74.5

Source: Department of Trade

7.15 The Philippines considers that the imbalance is caused by unnecessarily high levels of Australian protection, especially for textiles, clothing and footwear.

7.16 The trade imbalance needs to be seen in perspective. When invisibles (chiefly tourism, remittances from Filipinos in Australia and bilateral aid payments) are taken into account, the trade imbalance is significantly offset. In 1983/84, for example, Australia had an invisibles deficit of \$26 million with the Philippines, equivalent to almost half of the trade surplus of \$61.5 million.¹⁰

7.17 Several other factors need to be taken into account. The Australian System of Tariff Preferences (ASTP) to some extent addresses Philippines concerns by including certain products of interest to the Philippines and by increasing margins of existing preferences for the Philippines. Australia's obligations under GATT limit the extent to which the ASTP can be used to favour particular trading partners.¹¹

7.18 Moreover, the Philippines import regime includes a variety of provisions which curtail imports of some items of export interest to Australia, including wine, cheese, canned fruit and packaged foodstuffs. As in Australia, moves to liberalize the import regime meet strong opposition from various sections of the community.¹²

7.19 Australia also pursues a number of measures aimed at facilitating access to Australian markets for Philippines exports. Apart from the ASTP, the Trade and Investment Promotion Program (TIPP), as part of the ASEAN/Australia Economic Co-operation Program (AAECP) assists all ASEAN countries in their efforts to obtain a greater share of the Australian market and to stimulate Australian investment in the region.¹³

7.20 Finally, it must be noted that Australia is a small market, largely self-sufficient in raw materials and foodstuffs, and that the Philippines faces strong competition from many other countries to achieve greater market share.

Multilateral Issues

7.21 As the Department of Foreign Affairs noted:

'Australia and the Philippines share the wish to prevent further deterioration of the multilateral trading system by the early launching of an effective round of multilateral trade negotiations (MTNs). The Philippines has been a participant in the meetings initiated by Australia to consult on regional interests in a new MTN round.'¹⁴

7.22 Both countries stand to benefit from a freeing of world trade, and should explore the scope for closer co-operation on this issue. The Philippines is among a number of countries approached by Australia to hold consultations on agricultural commodity trade on the initiative of the Trade Minister Mr Dawkins. The Philippines attended the meeting in Cairns on 25-26 August 1986 to assist in preparing a common approach among non-subsidising agricultural exporters.

Investment

7.23 The available evidence indicates that investment flows between the Philippines and Australia are at a low level.

7.24 At 30 June 1984, the level of Australian direct investment in the Philippines was \$25 million - about one-half of one per cent of total Australian direct investment abroad. Some 70 Australian companies had investments in the Philippines.

7.25 Australian investment has mainly been in the metal forming industry, but also includes clothing, processed foodstuffs, fibreglass insulation, concrete products and aluminium fabrication.

7.26 Australian investment in the Philippines seems unlikely to increase in the near future, because of the currently depressed economic conditions there. Nevertheless, the change of government offers prospects for restoration of political stability and economic growth, which may attract investors if the economy revives. As noted above, the APBCC sees promising prospects for joint venture manufacturing projects, and the Department of Trade has identified a number of areas of potential interest to Australian exporters and investors.

7.27 Some Australian joint venture companies operating in the Philippines have reportedly experienced difficulties between the Australian and local partners.¹⁵ These experiences have to some extent acted as a disincentive to new investment.

7.28 Philippines investment in Australia has generally been small in recent years. At 30 June 1984, the level of Philippines investment was \$32 million. Australian Bureau of Statistics figures for 1983/84 show no inflow of direct investment and an outflow of portfolio investment. It should be noted, however, that Foreign Investment Review Board (FIRB) data do not provide a complete picture of foreign investment in Australia.¹⁶

7.29 The question of Philippines investment in Australia has become controversial as mounting evidence has appeared of massive overseas investments by the Marcos family and their associates. The Aquino Government is seeking to review these investments and where possible recover assets improperly acquired with public funds.

7.30 The question of Marcos's 'hidden wealth' raises a number of complex issues. There seems no doubt that the Marcos family and its close associates were responsible for massive diversion of public funds during Marcos's period as President. Computation of the sums involved will probably never be possible, and would vary according to whether the funds counted were the sums originally misappropriated or the current value of properties and investments acquired with those funds.

7.31 A major problem facing the Aquino Government and other Governments sympathetic to its requests for assistance in the repatriation of assets is that the legal procedures involved will be protracted and complex. Foreign investment regulations in most countries are protected by law to ensure confidentiality and many countries design such regulations specifically to attract investment. If foreign investors comply with local laws and regulations, the establishment of a legal case for recovery of assets may prove extremely difficult.

7.32 When the Foreign Minister Mr Hayden visited the Philippines in March 1986 he indicated that the Australian Government would consider sympathetically a request for assistance in repatriation of Philippines assets, consistent with Australian law. An important consideration is that the Australian Government does not have the power, as some others do, to freeze foreign assets.

7.33 The Philippines Government has so far made only one specific request for information and copies of documents concerning properties it believes may be owned by Marcos or his associates. The Australian Government is taking action to respond to this request. The Philippines Government may seek to institute proceedings in Australian courts for the recovery of assets which it claims belong to it.¹⁷

Australian Companies in the Philippines

7.34 The Committee heard claims from a number of witnesses concerning the treatment of Filipino workers in Australian companies operating in the Philippines. The submission from Philippine-Australia Union Links (PAUL) spoke of 'evidence of repeated abuses by Australian companies of Filipino workers' and recommended:

'... that the Australian Government set up a monitoring body to help ensure that Australian companies pay a living wage and observe human rights as outlined in the International Labour Organisation Charter.'¹⁸

7.35 ACFOA argued on similar lines for the Australian Government 'to establish and implement a Code of Conduct for Australian companies and investors in the Philippines', and that:

'Australian companies in the Philippines be urged to uphold all International Labour Organisation Conventions, particularly those ratified by the Philippines Government.'¹⁹

7.36 There is little doubt that labour conditions in the Philippines leave much to be desired. While the Philippines has a comprehensive labour code, there is evidence of widespread violation of regulations covering child and female labour, payment of legislated minimum wages, observance of legislated working hours and rest days, and provision of adequate occupational health and safety conditions.²⁰

7.37 Although the Philippines has a wide range of trade unions and labour federations, violation of legitimate trade union rights was a persistent feature of the Marcos regime. Trade union officials were frequently detained. A number of laws and decrees from the Marcos period restrict or complicate the formation and recognition of unions, impose compulsory arbitration, ban strikes in some industries and deny the right to

organise unions for some government employees. The ILO and the Marcos Government were in communication on many of these matters and a review of labour legislation was under way before the change of regime.²¹ The Aquino Government is in the process of reforming the labour code (see paragraphs 3.83-3.92).

7.38 The extent to which Australian companies operating in the Philippines should be held responsible for labour conditions depends on a number of factors. Firstly, there is the question of control. According to a spokesman from the APBCC, Philippines law prohibits foreign companies from owning more than 30 per cent of the equity in a joint venture or from providing the management of joint venture companies:

'So the majority ownership and the management must be Filipino, and as a consequence Filipino management practices, standards and national levels of behaviour will be followed.'²²

7.39 One recent study, however, states that Philippine foreign investment regulations prescribe a 40 per cent maximum foreign equity holding, and notes that 'pioneer' or export-oriented firms are exempt from this limitation. The study found a number of firms in which the Australian partner held a majority share holding, and a number which were largely or wholly Australian-owned.²³

7.40 Apart from the question of control, there is the question whether Philippines labour laws were violated or not. In many cases, it appears that the conditions and practices complained of may not involve breach of Philippines law. For example, a number of witnesses drew attention to the practice of periodic sacking and re-employment of workers to ensure that they remained casual or temporary employees and could so be paid below-minimum wage rates. This practice does not appear to breach Philippines labour laws.

7.41 The question whether Australian companies operating in a foreign country should provide better pay and conditions than local firms is a complex one. There are inescapable differences in living standards between developed and developing societies - it cannot seriously be maintained that Australian firms in the Philippines should provide Australian pay and conditions. Australian companies operating in the Philippines are subject to the laws of that land and ultimately it is the Philippines authorities who are responsible for enforcing those laws and stipulating the conditions under which foreign firms can operate. There is also a trade-off between jobs and conditions. The Philippines is one of many developing countries competing for foreign investment. If foreign companies operating there are compelled or pressed to pay higher wages or provide more attractive conditions, they may simply choose to move their investments elsewhere.

7.42 Evidence submitted to the Committee would not appear to support claims of 'repeated abuses by Australian companies of Filipino workers', as alleged in the submission from Philippine-Australia Union Links.²⁴ A study prepared by Australia Asia Worker Links (AAWL) lists about 80 Australian companies, or companies with Australian equity, operating in the Philippines. Details are provided, however, on only eighteen. Of these, only six are alleged by AAWL to have been responsible for exploitative practices and of these two have ceased operating in the Philippines. In other cases, the nature of disputes between management and work force do not appear to have involved clear breaches of Philippines labour laws. Intra-union disputes also appear to have contributed to industrial relations difficulties on a number of occasions.²⁵

7.43 The Committee notes that the Australian Embassy in Manila closely monitors labour conditions in the Philippines in line with the Australian Government's general concerns for human rights. The industrial relations practices of Australian

companies, or companies with Australian equity, is reviewed in this context. In 1983, for example, the Department of Foreign Affairs held consultations with SAFCOL, and with the South Australian United Trades and Labour Council, in relation to industrial disputes involving SAFCOL. The most recent example of Australian Government involvement concerned the strike in 1985 involving Holland Milk Products Incorporated (HOMPI) in which the Australian Dairy Corporation (ADC) held a 13.3% equity. The Australian Embassy in Manila monitored the strike. There were two points at issue: the non-payment of nationally awarded pay increases - subsequently sent to arbitration; and the arrest of two men in connection with strike activity - released shortly after President Aquino came to power.²⁶

7.44 According to the Department of Foreign Affairs, there are about 300 Australian companies with business interests in the Philippines, or commercial interests in trade with the Philippines. The Committee does not believe that the level of complaints connected with Australian companies currently operating in the Philippines warrants a more extensive involvement by the Australian Government.

7.45 The Committee notes that the Australian Government has taken action recently to follow up allegations of child labour in the Philippines. The Australian Embassy held discussions on this issue with officials of the Ministry of Labour and Employment and the Ministry of Foreign Affairs in the Philippines, and with the International Labour Organisation. Following questions raised by the Australian Embassy, the ILO and the Ministry of Labour and Employment are co-operating in investigating allegations of child labour in the fishing industry contained in an Australian television documentary in August 1985.²⁷

7.46 The establishment of a code of conduct for Australian companies in the Philippines would probably not be a useful or effective measure. Unlike in South Africa, there is no clearcut principle, such as racial discrimination, on which to base such

a code. If the code simply required the application of Philippines law, it is not clear what pressure the code could exert in addition to the threat of legal action in the Philippines. A code which called for Australian companies to do more than apply Philippines law would be very hard to define, could raise intractable legal issues and would not be welcome to the Philippines or Australian business communities. Finally, it is not clear on what basis the Philippines should be singled out from other countries. The establishment of codes of conduct, either in general terms or on a country-by-country basis, would be a complex procedure and ultimately a largely unenforceable one.

Conclusions and Recommendations

7.47 Australia and the Philippines are not major trading partners. Domestic economic circumstances in both countries, and the state of the international economic environment, do not favour a rapid or substantial increase in bilateral trade or investment.

7.48 There are, nevertheless, some encouraging signs. Bilateral trade has held up well despite the Philippines' economic plight in recent years. The change of government in the Philippines brings with it improved prospects for a return to economic growth. The Aquino Government, in moving towards revitalising the private sector, dismantling corrupt and inefficient monopolies, and liberalising trade, is adopting an approach which may make the Philippines attractive once more to local and foreign investors.

7.49 The emphasis which the new government is placing on agriculture, a sector long neglected and abused under Marcos, should enhance opportunities for Australia in a number of areas, including agricultural machinery and expertise.

7.50 The Committee endorses the view of the Department of Foreign Affairs that:

'Australia has a direct interest in the growth and prosperity of a potentially rich market, and in the maintenance and improvement of the economic relationship, which involves substantial bilateral trade, investment in the Philippines by Australian companies, increasing Filipino migration to Australia and Australian tourism.'

7.51 The Committee commends the Australian Government's decision to extend the \$50 million trade credit facility to the Philippines.

7.52 The Committee commends the Australian and Philippines Business Co-operation Committees in their endeavours to foster commercial relations.

7.53 The Committee acknowledges concerns in the Philippines over the trade balance, but notes that this is partly offset when invisibles are taken into account. The Committee considers that existing arrangements for facilitating Philippines access to Australian markets, for example through the Trade Investment Promotion Program and the work of the Joint Trade Mission, should be encouraged.

7.54 The Committee does not consider that the establishment of a code of conduct for Australian companies in the Philippines would be a useful or effective measure - Australian companies operating in the Philippines are subject to the laws of that land and it is ultimately the responsibility of the Philippines Government to enforce those laws.

7.55 Evidence submitted to the Committee does not appear to support claims of repeated abuse of Filipino workers by Australian companies. The Committee notes that the Australian Embassy in Manila monitors labour conditions in the Philippines and reviews the industrial relations practices of Australian companies in that context.

7.56 The Committee commends the Australian Government's actions in following up allegations of child labour with the ILO and relevant Philippines authorities.

ENDNOTES

1. Submissions. Vol I, p.S210.
2. Submissions, Vol II, pp.S526-529 (Department of Trade) and Vol V, p.S1161 (Australia-Philippines Business Co-operation Committee).
3. Ibid. p.S527.
4. Ibid.
5. Ibid. pp.S529-532.
6. Submissions, Vol II, pp.S531-532 (Department of Trade); Australia-Philippines Business Co-operation Committee, Transcript of Evidence, pp.384, 392-393.
7. Submissions, Vol I, p.S264 (Department of Foreign Affairs).
8. Ibid. pp.S262-263.
9. Submissions, Vol II, p.S522.
10. Ibid. p.S528.
11. Ibid. p.S522.
12. Ibid. p.S523.
13. Ibid. pp.S533-535.
14. Submissions, Vol I, pp.S239-240.
15. See, for example, evidence of Mr A.J. Boss, Submissions, Vol I, pp.S10-11 and Vol V, pp.S1177-1179 and Transcript of evidence, pp.528-545.
16. Submissions, Vol V, pp.S1254-1255 (Treasury).
17. Department of Foreign Affairs, Transcript of Evidence, pp.767-769.
18. Submissions, Vol III, p.S637.
19. Submissions, Vol V, pp.S1187, 1209-1211; Submissions, Vol II, pp.S701-703 (WADNA); Submissions, Vol IX, p.S1086 (Philippine Action Support Group).
20. See, for example, 'Country Reports on Human Rights', pp.858-859, 863-864.
21. Ibid. p.859.
22. Transcript of Evidence, p.390.
23. Hal Hill, 'Australian direct investment in Philippine manufacturing', ASEAN-Australia Economic Papers, No 4, 1984, pp.12-13.
24. Submissions, Vol III, p.S637.
25. 'Some Australian Companies in the Philippines', Australian Asia Worker Links, September 1985.
26. Information supplied by Department of Foreign Affairs, 19 August 1986.
27. Australian Foreign Affairs Record, Vol 57, No 4, April 1986, pp.278-279.
28. Submissions, Vol I, p.S210.

CHAPTER 8

SOCIAL AND COMMUNITY ISSUES

8.1 During the course of the inquiry the Committee was presented with evidence which did not relate directly to the terms of reference but which reflected a body of concern within Australia on a number of issues affecting Filipino women. These included the problems faced by Filipino brides in Australia, the organisation of so-called 'sex tours' to the Philippines and prostitution.

Filipino Brides in Australia

8.2 The question of Filipino brides in Australia has received increased publicity in recent years in the Australian media. The Australian Broadcasting Corporation telemovie 'Mail Order Brides' has also broadened community awareness of the problems faced by many of these women on arrival in Australia.

8.3 In 1984/85 some 3,200 migrants entered Australia from the Philippines. Of these, approximately 1,600 were the spouses or fiancées of Australian residents or citizens. The incidence of marriage involving Filipino brides in Australia is four times as high as in Canada and three times as high as in the United States if measured on a per capita basis.¹

8.4 Poverty and a lack of job opportunities in the Philippines are the prime motivating factors for many Filipinos to seek marriage abroad in countries such as Australia. By emigrating to Australia they are able to escape their own difficult economic circumstances and also to remit money home and thereby fulfill their obligations of responsibility towards their family.

8.5 Although many marriages between Australian men and Filipino women are successful, the situation for many others is less than satisfactory. A range of concerns was presented to the Committee by groups such as the Brisbane-based Filipino-Australian Community Education (FACE), the Womens' Action Development Network of Australia (WADNA) and GABRIELA, a prominent womens' group in the Philippines.

8.6 Their major concerns included the following:

- . such marriages often occur very shortly after the couple's first meeting;
- . there is frequently a considerable age difference between the partners;
- . the woman's expectations of life in Australia are at variance with reality and she is therefore inclined to face resettlement difficulties (this is particularly so if she is destined for a more geographically isolated location);
- . the prospective husband has little understanding of Philippines culture;
- . the prospective wife often does not understand her legal rights or status in Australia; and
- . the so-called 'mail order bride' business has resulted in an over-commercialisation of such marriages and some questionable match-making.

8.7 It is estimated that around 45 per cent of these couples met through introduction agencies about which the Committee heard several general complaints.² Whilst it is

apparent that certain agencies have acted in a disreputable manner, it is equally true that others are reputable and that many marriages arranged through them are successful. As the Department of Immigration and Ethnic Affairs pointed out:

'Often an introduction would be made and the relationship would develop over one, two, three or four more visits. The marriage, which had been initially arranged through an introductory agency, might take a number of years before it actually came about. There certainly are instant marriages. Nevertheless, a lot of the agencies are providing a service.'³

8.8 The imposition of a mandatory six month waiting period for a visa to be issued was also suggested. It was argued that during this time the couple would have a better chance of getting to know one another. Such a proposal, however, would amount to applying a discriminatory arrangement in respect of the Philippines which applies to no other country.

Counselling

8.9 A proposal for more extensive counselling was frequently put to the Committee. It was suggested that this ought to take place in both Australia and the Philippines and should include material on aspects of Philippines culture for men and instruction on Australian family law, welfare rights and property law for women. In addition, women should be fully appraised of the lifestyle they could expect in Australia, including remote areas.

8.10 The Department of Immigration and Ethnic Affairs advised the Committee that a considerable amount of counselling of spouses and prospective marriage partners is already conducted by Migration Officers in the Philippines. The sessions are not mandatory but their attendance rate is 'very high'.⁴

8.11 The counselling sessions consist of a video presentation which aims to inform Filipino spouses and prospective marriage partners of aspects of life in Australia and to explore issues regarding cross-cultural marriages. This is followed by group and or individual discussions.

8.12 Representatives of Filipino-Australian Community Education proposed that a social worker be stationed at the Australian Embassy in Manila. A qualified counsellor would undoubtedly be beneficial as he or she would be able to explore sensitive issues, such as expectations and motives for emigration in a helpful way. However, the Committee believes that this ought to be a matter for the Minister for Immigration and Ethnic Affairs to decide within the context of overall staffing priorities of overseas posts.

8.13 It should also be recognised that whilst counselling is useful, in some cases it is seen as an unnecessary delay or interference with a person's coming to Australia. It is often very difficult to persuade people to change their perceptions of Australia once they have decided to emigrate and they wish to arrive as soon as possible.⁵

Community Support

8.14 In 1982, Sister Charito Ungason, a Filipino nun resident in Australia, compiled a report 'A Bride for all Reasons' which recommended the development of Filipino womens' support groups to promote self help. The value of these groups in assisting with resettlement and other difficulties is obvious, particularly in more remote communities. The Committee urges the Department of Immigration and Ethnic Affairs to continue its support for such groups and to provide migrant welfare workers to assist Filipinos wherever possible through the Grant-in-Aid program, and Migrant Project Subsidy Scheme.

Tourism and Prostitution

8.15 In 1984 some 50,286 Australians travelled to the Philippines.⁶ A number of submissions expressed concern that the activities of Australian tourists has damaged our relationship with the Philippines in the eyes of the Filipino people. Rev. E.J. Britten, for example wrote that:

'... a country such as ours is not only judged by the actions of a Government but also by the actions of individual citizens calling themselves Australians, travelling on Australian passports and thereby being Australian citizens.'⁷

8.16 Tourism is an important earner of foreign exchange for the Philippines, with prostitution being an important component. It was claimed that Australians owned some of the bars in Mabini, the 'red light' district of Manila. GABRIELA stated that there are some 100,000 licensed 'hospitality girls' or prostitutes in Metro Manila alone, along with another 60,000 around the United States military installations. In addition the Committee received several submissions expressing concern at the proliferation of child prostitution and, in particular, the activities of Australian male homosexuals.⁸

8.17 The Committee heard complaints about the organisation and advertising of so-called 'sex tours' to Manila. The name of only one travel agency allegedly involved in such practices was provided during the course of the inquiry, although such advertising is understood to be more widespread.

8.18 The Department of Immigration and Ethnic Affairs confirmed that a number of Filipinos, possibly including children, have travelled to Australia on visitors visas for the purpose of prostitution. The Department further advised that arrangements currently being put into effect will make this increasingly difficult in future.⁹

Visa Fraud

8.19 Several claims of corruption or fraud associated with the issue of visas to Filipinos were made to the Committee. Whilst the nature of these allegations tended to be imprecise and based on hearsay evidence, they usually referred to offers of assistance by a travel agent or some other intermediary in order to have the issuing of a visa expedited.

8.20 Similar claims could be made about visa issue in many countries overseas. Nonetheless, the Department of Immigration and Ethnic Affairs acknowledged that:

'There is a significant level of fraud associated with visitor visa applications from the Philippines. It ranges from the presentation of false or misleading information to fake or fraudulently altered birth certificates, school records, baptismal certificates and employment records. Migration officers also at times encounter packages of false documents provided to applicants by some travel agents.'¹⁰

Applicants detected submitting such documents are refused and those presenting false passports are also reported to the Philippines Commission on Immigration and Deportation.

8.21 The Department also noted that there is a significant rate of visa rejections. In 1984/85, visitor visas issued increased by 32 per cent to 7,280, and visitor visas rejected increased by 244 per cent to 2,729.¹¹

Conclusion

8.22 Although the social issues discussed in this Chapter are beyond the scope of the inquiry, the Committee recognises the genuine concerns expressed by a number of organisations and individuals. In addition to the matters relating to Filipino brides and prostitution, the role of women in development assistance was also raised in submissions. This issue is referred to in paragraphs 5.64-5.68.

8.23 The Committee recognises that although many marriages between Australian men and Filipino women are successful, the situation for many others is less than satisfactory. Proposals for more extensive counselling of spouses and prospective marriage partners, in both Australia and the Philippines were frequently put to the Committee including the suggestion that a social worker be stationed at the Australian Embassy in Manila. While a qualified counsellor would undoubtedly be beneficial, the Committee believes that this ought to be a matter for the Minister for Immigration and Ethnic Affairs to decide within the context of overall staffing priorities.

8.24 The Committee notes the value of community support groups in assisting with the resettlement of Filipino brides and urges the Department of Immigration and Ethnic Affairs to continue its support for such groups.

8.25 Finally, the Committee believes that issues raised in this Chapter, whilst beyond the scope of this inquiry, require further detailed investigation, particularly by the Department of Immigration and Ethnic Affairs.

ENDNOTES

1. Submissions, Vol III, pp.5683-684 (DIEA).
2. Submissions, Vol III, p.5683 (DIEA).
3. Transcript of Evidence, p.646.
4. Submissions, Vol VI, p.S1360.
5. Transcript of Evidence, p.638.
6. Submissions, Vol I, p.S241 (Department of Foreign Affairs).
7. Submissions, Vol I, p.S2.
8. Submissions, Vol III, p.S842 (GABRIELA); Vol I, pp.S2-3 (Rev. E.J. Britten)
9. Transcript of Evidence, p.648.
10. Submissions, Vol III, p.S687.
11. Submissions, Vol III, p.S686.

K.W. SIBRAA
CHAIRMAN
SEPTEMBER 1986

DISSENT BY SENATOR N. BOLKUS

I disagree with the main report in the following areas:

1. The Report takes a strongly pro-US stand despite the role of the US in its longterm support of Marcos; its imposition of bases and military advisers; and its contribution to the crippling of the Philippines' economy.

2. The Report takes a simplistic attitude to the Left in the Philippines. The Left is regarded as pro-Communist and consequently its suggestions for reform are not treated seriously. This is despite the achievements of the slightly left-inclined Aquino Government in encouraging the move towards democracy.

3. The Report assumes that Australia's interest in the region is the maintenance of the US alliance. This denies Australia the opportunity to take a fully independent leadership role in the region and does not adequately question the 'alliance'.

4. The Report does not deal adequately with the role of the IMF and the World Bank in the Philippines. Their involvement in the economy was a crucial element of the Marcos era. The numerous 'austerity campaigns' which the IMF inflicted on the Filipino people contributed to widespread poverty and unemployment and served to broaden the gap between the very rich and the very poor.

5. I disagree with the assumption that aid should be provided mostly for political and strategic reasons. I also oppose the criticism of those aid organisations making submissions to the inquiry as having a false view of what foreign aid can achieve (ie relief from poverty).

6. The Chapter on Defence Co-operation makes a number of dubious assumptions and virtually ignores the large number of submissions which questioned whether the Program should be continued. Most of this Chapter is devoted to a justification of the status quo. The report even goes so far as to suggest: 'that it would be desirable for defence relations with the Philippines to be maintained and perhaps expanded now that there is a new government, provided that this is mutually acceptable'. (para 6.57)

I do not agree with this policy direction.

NICK BOLKUS
Member of the Philippines Sub-Committee

APPENDIX I

LIST OF WITNESSES

Amnesty International
JONES, Ms S. Researcher on Indonesia and the Philippines, International Secretariat, Amnesty International, London, U.K.

VAN BEEK, Mr H. National Administrator, Amnesty International Australia, Sydney South, N.S.W.

Australia-Philippines Business Co-operation Committee
DAVENPORT, Mr R. Executive Officer, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

DOYLE, Mr N.M. Member, Executive Committee, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

FARRELL, Mr B.J. Member, Executive Committee, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

HAYSEY, Ms K. Member, Executive Committee, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

MILLIN, Mr L.J. Immediate Past President, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

SPURRIER, Mr B. Member, Executive Committee, Australia-Philippines Business Co-operation Committee, Canberra, A.C.T.

Australia Defence Association
O'CONNOR, Mr M.J. Executive Director, Australia Defence Association, North Melbourne, Vic.

Australian Council for Overseas Aid
LEE, Ms P.A. Research Officer, Australian Council for Overseas Aid, Canberra, A.C.T.

ROLLASON, Mr R.G. Executive Director, Australian Council for Overseas Aid, Canberra, A.C.T.

Australian Development Assistance Bureau*
BLIGHT, Dr D.G.+ Acting Deputy Director-General, Australian Development Assistance Bureau, Derwent House, Canberra, A.C.T.

WATERS, Mr L.F. Acting Assistant Director-General, South East Asia Branch, Australian Development Assistance Bureau, Canberra, A.C.T.

Bayanihan of the Filipinos in New South Wales
ANTONIO, Mr R.A. Co-ordinator, Bayanihan of the Filipinos in New South Wales, Sydney, N.S.W.

MALLARY, Mr B. Acting Co-ordinator, Membership Committee, Bayanihan of the Filipinos in New South Wales, Sydney, N.S.W.

NERY, Mr R.H. Information Officer, Bayanihan of the Filipinos in New South Wales, Sydney, N.S.W.

Catholic Commission for Justice and Peace
KILDEA, Mr J.F. Meeting Chairperson, Catholic Commission for Justice and Peace, Surry Hills, N.S.W.

SIDOTI, Mr E. National Secretary, Catholic Commission for Justice and Peace, Surry Hills, N.S.W.

Community Aid Abroad
O'SULLIVAN, Mr N. Overseas Aid Director, Community Aid Abroad, Fitzroy, Vic.

RICHARDS, Dr R.A. Technical Consultant, Community Aid Abroad, Fitzroy, Vic.

Department of Defence
 MERCHANT, Mr S.J. Acting Assistant Secretary, Asia, Territorial and General Branch, Department of Defence, Canberra, A.C.T.

NOCKELS, Mr J.A. Senior Assistant Secretary, International Policy, Department of Defence, Canberra, A.C.T.

Department of Foreign Affairs
 BOWKER, Mr G.R. Head, Economic and Financial Section, Department of Foreign Affairs, Canberra, A.C.T.

FELLER, Ms E.E. Head, Human Rights Section, Department of Foreign Affairs, Canberra, A.C.T.

HANNOUSH, Mr J.F. Philippines-Thailand-Burma Section, Department of Foreign Affairs, Canberra, A.C.T.

HOLLOWAY, Mr J.S. Assistant Secretary, South East Asia Branch, Department of Foreign Affairs, Canberra, A.C.T.

LIM, Dr R.J. Academic-in-Residence, Department of Foreign Affairs, Canberra, A.C.T.

THAWLEY, Mr M.J. Head, Philippines-Thailand-Burma Section, Department of Foreign Affairs, Canberra, A.C.T.

Department of Immigration and Ethnic Affairs
 MAHONEY, Mr J.R. Assistant Secretary, Migration Division, Department of Immigration and Ethnic Affairs, Canberra, A.C.T.

SIMINGTON, Mr I. First Assistant Secretary, Migration Division, Department of Immigration and Ethnic Affairs, Canberra, A.C.T.

Department of Trade
 CONNOLLY, Mr P. First Assistant Secretary, Bilateral Trade Relations Group, Department of Trade, Canberra, A.C.T.

DAVIS, Mr N.P. Assistant Secretary, Bilateral Trade Relations Group, Department of Trade, Canberra, A.C.T.

LIDDY, Mr K. Director, Market Advisory Service, Bilateral Trade Relations Group, Department of Trade, Canberra, A.C.T.

LOMASNEY, Mr S.J. Clerk, South East Asia and South Pacific Section, Bilateral Trade Relations Group, Department of Trade, Canberra, A.C.T.

POND, Mr P.P. Acting Assistant General Manager, Oceania/South Asia, Australian Trade Commission, Canberra, A.C.T.

Department of the Treasury
 ROOYMANS, Mr M.J. Acting Assistant Secretary, International Development Finance Branch, Department of the Treasury, Canberra, A.C.T.

POOLEY, Mr F.G.H. First Assistant Secretary, Department of the Treasury, Canberra, A.C.T.

ROSS, Mr J.A. Chief Finance Officer, Multilateral Banks Section, Department of the Treasury, Canberra, A.C.T.

WOOD, Mr R.B. Acting First Assistant Secretary, Overseas Economic Relations Division, Department of the Treasury, Canberra, A.C.T.

Filipino-Australian Community Education
 CARREY, Ms J.P. Member, Filipino-Australian Community Education, Filipino Welfare Association, West End, Qld.

CHAVEZ, Mrs E. Welfare Director, Filipino Welfare Association, West End, Qld.

GATBONTON, Mr M. President, Filipino Welfare Association and Member, Filipino-Australian Community Education, West End, Qld.

GATBONTON, Mrs C. Member, Filipino-Australian Community Education, Filipino Welfare Association, West End, Qld.

SHEPHERD, Mrs L. Social Welfare Worker, Filipino Welfare Association, West End, Qld.

Hornsby and District Peace Group
 BARLOW, Ms K. Member, Core Group, Hornsby and District Peace Group, Hornsby, N.S.W.

FIRTH, Dr S.G. Member, Core Group, Hornsby and District Peace Group, Hornsby, N.S.W.

McKAY, Mr A. Member, Hornsby and District Peace Group, N.S.W.

Human Rights Council of Australia
DUNN, Mr J.S. President, Human Rights Council of Australia, Canberra, A.C.T.

Philippines Action Support Group
BROWNSEY, Mr R.L. Chairman, Philippines Action Support Group, Brisbane, Qld.

FISHER, Mr T.W. Member, Philippines Action Support Group, Brisbane, Qld.

GOODWIN, Mrs P.F. Co-ordinator, Philippines Action Support Group, Brisbane, Qld.

Philippine Australia Union Links
COOPER, Mr C. Chairperson, Philippine Australia Union Links, Sydney, N.S.W.

HAZELTON, Mr P.J. Member, Philippine Australia Union Links, Sydney, N.S.W.

LEE, Ms R. Secretary, Philippine Australia Union Links, Sydney, N.S.W.

Revesby Social Justice Group
FINNANE, Mrs J. Member, Revesby Social Justice Group, Revesby, N.S.W.

VALENCIC, Mrs S.F. Member, Revesby Social Justice Group, Revesby, N.S.W.

YORK, Mrs C. Member, Revesby Social Justice Group, Revesby, N.S.W.

Uniting Church in Australia
BEALE, Mr M.J. Research Assistant on the Philippines and Committee Member, Uniting Church in Australia, Melbourne, Vic.

KILGOUR, Mr A. Moderator and Chairman of Justice and Human Rights Committee, Uniting Church in Australia, Melbourne, Vic.

WOOTTON, Rev R.F. Associate Secretary, Social Responsibility and Justice, Assembly Commission, Uniting Church in Australia, Melbourne, Vic.

University of New South Wales
PERTIERRA, Dr P. School of Sociology, University of New South Wales, Kensington, N.S.W.

PINCHES, Dr M. School of General Studies, University of New South Wales, Kensington, N.S.W.

WALL, Mrs D. School of Sociology, University of New South Wales, Kensington, N.S.W.

University of the Philippines Alumni Association of New South Wales
LEROUX, Ms E. President, University of the Philippines Alumni Association of New South Wales, Ryde, N.S.W.

LIQUETE, Mr B. Member, University of the Philippines Alumni Association of New South Wales, Ryde, N.S.W.

Women and Development Network of Australia
DAVIES, Ms I.M. Convenor (ACT Branch) Women and Development Network of Australia, Canberra, A.C.T.

LEE, Ms L.F. National Convenor, Women and Development Network of Australia, Canberra, A.C.T.

Private Citizens
BORGU, Mr A.A. 68 Southern Cross Avenue, Darra, Qld.

BOSS, Mr A.J. 91 Commodore Drive, Surfers Paradise, Qld.

BYRNE, Mr P. 65 Princess Street, Kew, Vic.

DORONILA, Mr A. 313 Springvale Road, Forest Hill, Vic.

FARMER, Mrs L. 47 Abingdon Road, Roseville, N.S.W.

GORE, Fr B. 69 Woodland, Street, North Essendon, Vic.

HAYWARD, Mr D.K. State Member for Prahran, Legislative Assembly of Victoria, Spring Street, Melbourne, Vic.

LANDICHO, Mr O.R. 8 Haddon Crescent, Revesby, N.S.W.

LIM, Dr R.J. 58 Somerset Street, Duffy, A.C.T.

MEDIANSKY, Prof F.A. 13 Manning Street, Bondi Junction, N.S.W.

TURNER, Mr J.B. 6 Matlock Street, Camberwell, Vic.

* Representatives of the Australian Development Assistance Bureau appeared with officers of the Department of Foreign Affairs.

+ Dr Blight also appeared with the Department of Foreign Affairs and the Australian Development Assistance Bureau on 2 June 1986 as Co-ordinator of the Australian aid mission to the Philippines in April 1986. His position at that hearing was Deputy Executive Director, International Development Program of Australian Universities and Colleges Ltd.

APPENDIX II

LIST OF SUBMISSIONS RECEIVED

ACT Trades and Labour Council
 Administrative and Clerical Officers Association
 AGPHI
 Amalgamated Metal Workers' Union
 Amnesty International Australia
 C. Amora
 Asia Bureau Australia
 Australia Defence Association
 Australia-Philippines Business Co-operation Committee
 Australia Quaker Peace Committee
 Australian Council of Churches
 Australian Council for Overseas Aid
 Australian Freedom From Hunger Campaign
 Australian Labor Party, Petersham Branch, NSW
 Australian Student Christian Movement

Mr J. Ball
 Ms A.B. Barclay-Lubsen
 N. Basco
 Bayanihan ng mga Pilipino sa New South Wales
 Mr B. Berghout
 Mr A. Borgu
 Mr A.J. Boss
 Rev E.J. Britten, J.P.
 Mr P. Byrne

Mr J.L. Calero
 Mr R. Cameron
 Campaign Against Nuclear Energy
 Canberra Catholic Social Justice Group
 Ms J. Carey
 Ms J. Carlin
 Ms B.G. Carlson
 Catholic Commission for Justice and Peace
 Mr S. Christie
 Mr T. Churches and Mr K. Enderby
 Community Aid Abroad
 Crooks, Peacock, Michell and Stewart Pty Ltd and GRM
 International Pty Ltd
 T. Cruz

Ms J. Darling
 S. Datoc
 Ms I. Davies
 Department of Defence

Department of Foreign Affairs/Australian Development Assistance
 Bureau
 Department of Immigration and Ethnic Affairs
 Department of Trade
 Department of the Treasury
 Mr A. Doronila
 Mr J. Dunn
 Dr M.R. Dwyer

Ecumenical Movement for Justice and Peace

Mrs L. Farmer, OAM
 Ms M. Farrell
 Filipino-Australian Community Education
 Ms M. Flynn

GABRIELA
 Dr A.E. Gale
 Father B. Gore
 Ms L. Gore

Rev J.P. Haldane-Stevenson, ED
 Dr A. Healy
 Mr B. Heckinger
 Hornsby and District Peace Group
 Ms J. Hunt
 Ms J.R. Hutchison

International Development Program of Australian Universities
 and Colleges

Ms T. Jennings

KAIBIGAN, Friends of Filipino Migrant Workers Inc.
 KAKAMMEI Inc.
 KAMALAYAN
 Komite Ng Sambayanang Pilipino

Ms M. Ladkin
 Mr O.R. Landicho
 Ms R. Lewis
 Dr R.J. Lim
 Mr J.H. Loughlin

Ms P. McMahon
 N.E. Mansilongar
 Ms J. Mason
 Dr F.A. Mediansky
 Mr M. Millera

National Democratic Front
 New Patriotic Alliance (Bagong Alyansang Makabayan)
 NSW Social Welfare Workers' Union
 A.C. Nugul

Sister P. O'Shea

Ms J. Payget
 Mr R. Pertierra
 Philippine Action Support Group (Brisbane)
 Philippine Action Support Group (National Secretariat)
 Philippine Australia Union Links
 Rev Dr N. Preston

Quaker Peace and Social Justice Committee

Mr M. Raymond
 Revesby Social Justice Group

Mrs M. Sevilla-Reyes
 Society of Professionals for the Attainment of Democracy
 Mr D.J. Stewart

Task Force Detainees of the Philippines
 Ms S. Taylor
 Mr P. Towler
 Mr J.B. Turner

Uniting Church in Australia, Commission for World Mission
 University of the Philippines Alumni Association-Australia,
 New South Wales Chapter

Mr R.J. Weir
 Dr J. Whitehall
 Ms S. Wilder
 Wilderness International
 Mr K.B. Williams
 Mr A. Wilson
 Women and Development Network of Australia
 Women in Solidarity with Women in the Philippines
 Women's International League for Peace and Freedom

APPENDIX III

LIST OF EXHIBITS

1. Whitehall Dr J, 'Options in the Philippines', Parts I and II in Freedom at Issue, March/April 1985 and May/June 1985.
2. Transnational Corporations Research Project, Robert B Stauffer, The Manila - Washington Connection: Continuities in the Transnational Politicant. Faculty of Economics, University of Sydney.
3. Transnational Corporations Research Project, Robert B Stauffer, Transnational Corporations and the Political Economy of Development: The Continuing Philippine Debate, Faculty of Economics, University of Sydney.
4. Robert B Stauffer (ed), Transnational Corporations and the State, Transnational Corporations Research Project, Sydney, 1985.
5. Guillermo R Balce, 'Geoscientific Development Needs of the Philippines - How Australia Can Meet these Needs'.
6. Extract from Development Forum, Vol, XIII, No.8. October 1985.
7. Mr A K Kirwan, W.A. Department of Agriculture "Farmer Acceptance/Rejection of Credit for Multiple Cropping Technology in Zamboanga del Sur," July 1985.
8. Mr J L Calero: Press Clippings.
9. B. Wurth, Justice in the Philippines, ABC Enterprises, Sydney, 1985.
10. L R Pyke, 'Similarities and Dissimilarities Between Huk Rebellion and Other Uprisings in the Philippines in the Twentieth Century (up to 1967)', 9 September 1985.
11. H Hill and S Jayasuriya, The Philippines: Growth, Debt and Crisis, Development Studies Centre, ANU, Working Paper No 85/3.
12. H Hill, Australia-Philippine Economic Relations, ASEAN-Australia Economic Papers No. 15, ASEAN-Australia Joint Research Project, 1984.

13. H Hill, Australian Direct Investment in Philippine Manufacturing, ASEAN-Australia Economic Papers No. 4, ASEAN-Australia Joint Research Project, 1984.
14. Australian Council of Churches: Statements on military aid and copy of submission to the Senate Standing Committee on Foreign Affairs and Defence 'Australia's Defence Co-operation with its Neighbours'.
15. From Australian Council and Churches: 'Philippine Update', Vol. 1, No's 1,2, and 4.
16. From Revesby Social Justice Group: Various Extracts
 - a. Leaks from the World Bank
 - b. The IMF in the Philippines
 - c. Extracts from 'The Philippine Economy, History and Analysis'
 - (i). Devaluation
 - (ii). Tariff Reduction
 - (iii). Export Processing Zone
 - (iv). Corporate Farming and Pesticides
 - (v). Coconut
 - (vi). Sugar
 - (vii). Banana and Pineapple
 - (viii). Rubber
 - d. Kevin Sinclair 'Letter from Asia' (undated)
 - e. Editorial 'The Age', 9 March 1984.
 - f. Advertisement
17. From University of the Philippines, Alumni Association: Australia, New South Wales Chapter: 'Repression of Filipino Workers: A Dossier'
From Ecumenical Movement for Justice and Peace (Philippines):
KATARUNGAN, Vol I, No II, August 1985
18. NASSA News, Vol 22, No 7-8, July-August 1985

20. Negros Numan Rights Investigation Commission, Fact Finding Mission Report, August 22-25 1985
21. Truth Uncovered, Fact Finding Report, Cotabato, Zamboanga del Sur, May 1985
22. From Task Force Detainees of the Philippines: Booklet: 'FIND - Families of Involuntary Disappearances'
23. 'Philippine Human Rights Update', Vol. I, 1,2 and 3
24. 'Trends' January-June 1984, July-December 1984.
25. From Bayanihan ng mga Filipino sa New South Wales: 'Trends' January-June 1984.
26. From Ms C. Amora: Article: 'Military found to be aiding Cebu "grass" planters'.
27. From Asian Bureau Australia: 'ABA and the Philippines: A Brief Background'
28. Asian Bureau Australia Newsletter, December 1984
29. Asia Pacific Context, Vol. I, December 1985
30. From Philippine Australia Union Links: 'Victims of Trade Union Repression As of January-August 1985'
31. 'Philippine Human Rights Update', Vol I, No. I
32. 'Singgit', Vol 4 No. 2, May 1985
33. 'Developments Affecting Human Rights in the Philippines', 1985
34. 'Trade Union Rights in the Philippines', A report by the Australian Trade Union Delegation in the Philippines, April 1985
35. 'Update and Trends', October 1985
36. Copy of letter to members of the European Parliament from Kilusang Mayo Uno.
37. 'Some Australian Companies in the Philippines', Australia Asia Worker Links, September 1985
38. Trade Union resolutions and statements
39. Statement by Philippine-Australia Union Links

40. Statement of objectives by APHEDA
41. News clippings
42. From Philippines Action Support Group, WA:
'IBCN Facts and Figures', December 1985
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44. 'Countryside Report - Mindanao'
45. 'Philippine Conference for Human Rights summary on the human rights situation in the Visayas'.
46. 'Militarization and Human Rights Situation in Northern Samar'
47. 'Negros: A Primer on the Sugarland Crisis', June 1985
48. Philippine Trade Union Reports: 'Repression', Vol No. 1
49. Copy of letter from H.E. Mr M.R. Vicente, Ambassador of the Philippines, to Mr R. Tickner, MP
50. E.S. de Dios, 'An Analysis of the Philippine Economic Crisis', University of the Philippines Press, Quezon City, 1984
51. 'Truth Uncovered', Fact Finding Report, Cotobato, Zamboanga del Sur, May 1985
52. From Amnesty International Australia:
'Philippines: Arrests, 'disappearances', and possible extrajudicial executions of human rights workers' (ASA 35/31/85)
53. 'The Philippines: Reports of human rights violations in Davao City' (ASA 35/05/85)
54. 'Report of an Amnesty International Mission to the Republic of The Philippines', 11-28 November 1981
55. Dr H. Hill, 'The Philippine Economy in 1985: The Decline Continues'.
56. From GABRIELA:
Excerpts from 'Developments Affecting Human Rights in the Philippines'
57. 1985 Manila Declaration of the Rights and Welfare of Women

58. From Department of Foreign Affairs:
'Impact Study of the Zamboanga del Sur Development Project', July 1984
59. From Department of Defence:
Photograph of Nomad Aircraft
60. From Department of Trade:
Balance of Payments with the Republic of the Philippines
61. From Revesby Social Justice Group:
Copy of advertisements regarding employment opportunities in Australia for Filipinos
62. From University of the Philippines Alumni Association - NSW Chapter:
'Philippine Human Rights Update' Vol. I No. 1.
63. From Mr P M Monk:
Editorial - 'News Weekly', 19 February 1986 and letter to the Editor
64. From Philippines Action Support Group
National Secretariat:
'The Philippines, Australia's Poor Relations'
65. 'Australia's Military Aid to the Philippines, ACFOA'
66. Program of the National Democratic Front of the Philippines, Revised Draft
67. From Uniting Church in Australia (Commission for World Mission):
'Philippines Testimonies on Human Rights Violations' 1986/1
68. 'Cry of the People, Challenge to the Churches. A report of the International Ecumenical Conference on the Philippines', September 27-October 2, 1983
69. From Mr A J Boss:
Letter to President Marcos, 30 January 1984.
70. Letter to Minister for Trade and Industry, Mr R Ongpin, 25 January 1984.
71. Letter to Mr E Pelaez from H.E. Mr M R Vicente, Ambassador of the Philippines, 15 December 1983.
72. Telex from H.E. Mr M R Vicente to the Honorary Consul of the Philippines, Queensland, 12 January 1984.
73. Telex from H.E. Mr M R Vicente to the Honorary Consul of the Philippines, Queensland.

74. Telex copy of letter to Mr E Pelaez from the Australian Ambassador to the Philippines, H.E. Mr R Fernandez and article from Sunday Sun, 21 October 1984.
75. Telex to President Marcos, 15 October 1984.
76. Minutes of the Special Meeting of the Board of Directors of Boscrete held on May 3 1983.
77. Newspaper article 'Manila Times', 8 March 1986.
78. The Final Evaluation Report, 20 April 1981. Metals and Mining Department to Board of Investment.
79. Transcript, Securities and Exchange Commission, 7 August 1984.
80. Complaint, Securities and Exchange Commission, Manila, 10 January 1983.
81. Statutory Declaration
82. Letter to Mr A P Atas, Securities and Exchange Commission, Manila, from Mr Boss, 5 December 1984.
83. Securities and Exchange Commission order, 21 November 1984.
84. Extract of transcript, 27 April 1984.
85. Resume of Boscrete operations.
86. Letter to Mr Boss from a Filipino employee, 2 November 1983.
87. Letter to President Aquino from Mr Boss, 3 March 1986.
88. Letter to Mr F A Ledwidge, Australian Trade Commissioner, Manila, from Mr Boss, 5 March 1986.
89. Pamphlet on Boscrete.
90. Ten photographs of the Boscrete factory at Carmona, Cavite.
91. From Ms J Darling:
'Development Aid: the New Commodity' from Pax et Libertae
92. 'UK Steps up Arms Sales to Indonesia' from TAPOL
93. 'The Captain who Tortured me Claimed he was Trained in Australia' from Direct Action

94. 'Warning of Military Role in Aquino Government' from Direct Action
95. From Ms M Ladkin:
'Development Aid the New Commodity' from Pax et Libertae
96. 'The Captain who Tortured me Claimed he was Trained in Australia' from Direct Action
97. From The Treasury:
Press Release dated 21 March 1986 from Kumagai Gumi Co., Ltd.
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Figure 1: Structure and interaction of Barangay groups, Government Agencies, and Non-Government Organisations in the Northern Samar Project.
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