A study of foreign policy change in a Southeast Asian weak state, linking internal and external explanations: the Philippines under Martial law, 1972-1981

Sung-Kwan Park
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The purpose of this study is to analyze the foreign policy of a weak state, the Philippines, from 1972 to 1981. The focus of this study is on the Philippines’ authoritarian regime and its foreign policy change toward the United States, the ASEAN (Association of Southeast Asian Nations), and the Socialist Bloc.

I examined two major factors, internal and external. These are authoritarianism, as exemplified by martial law in the Philippines, and greater power policy in the region, in this case, U.S. policy in Asia. The first explanatory factor, authoritarianism, was chosen as a concept to be examined regarding its relation to foreign policy change. The second explanatory factor, U.S. policy in the region in the late sixties and seventies, was examined on the basis of the existence of an action-reaction framework in international relations.

In the Philippines’ foreign policy change, it was seen that the external variable, great power policy, was one of the sources for change. The internal variable, authoritarianism, served as an intervening variable between the sources and foreign policy change itself.
A STUDY OF FOREIGN POLICY CHANGE IN A SOUTHEAST ASIAN WEAK STATE, LINKING INTERNAL AND EXTERNAL EXPLANATIONS: THE PHILIPPINES UNDER MARTIAL LAW, 1972-1981

A DISSERTATION
SUBMITTED TO THE FACULTY OF CLARK ATLANTA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

BY
SUNG-KWAN PARK

DEPARTMENT OF POLITICAL SCIENCE

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ABSTRACT

POLITICAL SCIENCE

PARK, SUNG-KWAN  B.A. HANKUK UNIV. OF FOREIGN STUDIES, 1985
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WEAK STATE, LINKING INTERNAL AND EXTERNAL EXPLANATIONS:
THE PHILIPPINES UNDER MARTIAL LAW, 1972-1981

Advisor: Dr. Robert Holmes

Dissertation dated July, 1994

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GLOSSARY AND ABBREVIATIONS

ADB, Asian Development Bank

AFP, Armed Forces of the Philippines

ASA, Association of South-East Asia

ASEAN, the Association of Southeast Asian Nations

ASPAC, Asian and Pacific Council

ASW, Anti-Submarine Warfare

DSB, Department of State Bulletin

EC, European Communities

EEC, European Economic Community

ECAFE, U.N. Economic Commission for Asia and the Far East

ESF, Economic Support Fund

FBIS, Foreign Broadcast Information Service

FEER, Far Eastern Economic Review

FPDA, Five Power Defence Arrangement

GATT, General Agreement on Tariffs and Trade

GSP, Generalized System of Preferences

IDA, International Development Agency

IHT, International Herald Tribune

IMF, International Monetary Fund

KB, Kabataang Barangay (Youth Movement)
KBL, Kilusang Bagong Lipunan (New Society Movement)
KM, Kabataang Makabayan (A radical student group)
L-L AGREEMENT, Laurel-Langley Agreement
MAPHILINDO, Malaysia, Philippines, and Indonesia
MNLF, Moro National Liberation Front
MTN, Multilateral Trade Negotiations
NATO, North Atlantic Treaty Organization
NICs, Newly Industrializing Countries
NYT, New York Times
ODA, Official Development Assistance
PKI, Partai Kommunist Indonesia (Indonesian Communist Party)
PKP, Partido Komunista ng Pilipinas (Communist Party of the Philippines)
PRC, People’s Republic of China
PRODs, Presidential Regional Officers for Development
PTA, Preferential Treaty Agreement
RIMPAC, Rim of the Pacific
SEATO, Southeast Asia Treaty Organization
UNCTAD, United Nations Conference on Trade and Development
USAID, U.S. Agency for International Development
ZOPFAN, Zone of Peace, Freedom and Neutrality
CHAPTER ONE

INTRODUCTION AND THEORETICAL BACKGROUND

The purpose of this study is to analyze the foreign policy of a weak state, the Philippines, in Southeast Asia from 1972 to 1981. While the focus of this study is on the Philippines' authoritarian regime and its foreign policy toward the United States and ASEAN (the Association of Southeast Asian Nations), this study also deals more generally with the broader question of foreign policy change of weak/small states towards great/super powers.

Since the 1950s, many independent states in the Third World have tried to break their dependent relationships with former colonial or dominant powers and diversify their foreign relations. The Philippines has followed this trend. The Philippines' foreign policy through the 1960s was characterized by a special relationship with the U.S. During the mid-1970s, the diversification of the Philippines' foreign policy involved three major changes: (1) a reassessment of the dependent/special relations with the U.S., (2) a diversification of its diplomatic and trade relations to include the Socialist bloc, and (3) a closer identification with its regional neighbors (ASEAN) and the Third World.¹

The major focus of the new foreign policy was to seek new partners while emphasizing close relations with Asian neighbors and other Third World countries.
Thus, the Philippines was to become less dependent upon its special relations with the U.S. and diversify its foreign relations as it pursued its own national interest. This shift can be seen especially during the mid-1970s and proved to be one of the most interesting aspects of change in the Philippines foreign policy.²

**Significance of the Study**

This study is distinctive in that it attempts to explain Philippines foreign policy both in terms of external variables (i.e., the policy of the United States) and internal or domestic variables (i.e., the impact of the authoritarian Marcos regime). In other words, this study links analytically that which is inseparable in reality, domestic and international politics. This linkage approach, though relatively common in studies of powerful states, is less often applied to foreign policy studies of weak/small states, and to my knowledge, has not been done with regard to the Philippines. This study should contribute to a better understanding of the foreign policies of weak/small developing states in general, especially with respect to the strong or great powers. In particular, this study may contribute to an evaluation of the argument that small states have considerable difficulty in shifting their foreign policy orientation away from their former colonial masters or dominant powers. And, finally, this study delineates the linkage argument that external variables may be more influential on the foreign policy changes of a small state when they interact with internal variables.
In general, systematic analyses of weak/small states’ foreign policy change are few in number with regard to the Philippines and Southeast Asian countries. Regarding some analyses of Philippines foreign policies that are available in English, they have usually been unsystematic, descriptive or ideologically biased. Their analyses are often based on their personal orientation or experience, which resulted in no significant contribution to foreign policy studies. For Example, Pomeroy focused on Marxist-oriented perspective based on his own experience of anti-government struggle. He saw the Philippines foreign policy as "Neo-Colonialist." On the other hand, others like Pringle, Ingles, and Meyer, used no theoretical framework in their analyses. They merely described foreign policy outcomes. Nevertheless, they provided some helpful insight about the Philippines.

A prominent Southeast Asian specialist, Leifer earlier recognized the general problem of this kind of research was that "the states of Southeast Asia either individually or collectively have not attracted the attention of authors concerned specifically with testing theoretical propositions about foreign policy."

The time period of this study includes the martial law era of 1972-1981. This period was chosen because it was unique and critical in the history of Philippines foreign policy. It was unique in the sense that for the first time in Philippines history martial law was introduced and decision-making processes were altered. It was critical in Philippines history in the sense that during this period the War in the Indochina peninsula ended and the United States withdrew its military forces from Vietnam in 1975. Thus, the region and the Philippines faced an
uncertain future about their security. And domestically, for the first time since 1946, the prominent Philippines democracy was broken down by the authoritarian leadership in 1972. Although foreign policy change in the Philippines had been sought earlier than 1972, these two international and domestic events had a great impact on the making and implementation of Philippines foreign policy. In addition to these, significant changes that have happened since 1981 were actually initiated and planned during this period of martial law. For example, the lease term of U.S. military bases in the Philippines, which was scheduled to expire in 1992, was already being considered and negotiated during this period. Martial law represented a typical characteristic of authoritarian rule. Also, some past history, such as the U.S. initial contact with the country, the introduction of military and economic agreements, and Philippines governments before 1972, will be briefly included because it is particularly relevant to this study as background.

In the meantime, there are some limitations in this study. First, it was difficult to gain access to some primary sources, especially those written in the Philippines native language and classified governmental documents regarding foreign policy toward the U.S., ASEAN, the Socialist bloc, and other nations. Second, this study does not resolve the contentious issue of whether the internal or external variable is the determining one in affecting the Philippines' foreign policy change. In other words, the data do not provide conclusive evidence regarding whether domestic environment or external environment may have more weight in explaining foreign policy change of a weak state. However, the study explored the
way these factors may have been related to foreign policy change, and showed the both did apparently have an impact.

**The Level of Analysis**

There are three basic levels of the analysis of foreign policy in the Third World. The first is the "great man" theory of history. This approach reduces all political and social phenomena to the man at the top. The second level of analysis is that of society and its dynamics, which takes into account the role and impact of other groups and alliances on decision-making. The third level deals with the impact of the global system on weak states and penetrated societies.\(^5\)

In the study of Third World foreign policy, the conventional view was that the political leader tends to dominate the foreign policy decision-making process. Many recent studies have rejected the earlier conventional view. They argue that Third World foreign policies should be seen as being produced by domestic and international pressures. As Korany and others argue, in modern states foreign policy making is rooted in the domestic and international environment.\(^6\) Hagan points out that "even where foreign policy making is dominated by a single leader, that leader should be seen as coping with pressing international and domestic problems."\(^7\)

On the other hand, concerning the theoretical linkage of domestic politics to foreign policy, foreign policy decision-making is intrinsically political. This means that government leaders and decision-makers use domestic political conditions and
incorporate them into their foreign policy calculations. In most Third World countries, retaining political power has been the most important imperative. One of the goals for those foreign policy makers has been to enhance the political support base necessary for holding on to political power. Thus, political leaders have involved foreign policy with their need to maximize domestic political support for their regime. Political leaders have adjusted foreign policy to make it more effective with those domestic realities. These arguments can be found in the works of Russett, Levy, and James.

Weak states have often been penetrated by their external environment. Hanrieder has discussed and proposed some ways wherein external and internal dimensions may relate to each other. In order to correlate the external and internal dimensions of foreign policy, he used two important concepts: first, "compatibility," which is "to assess the degree of feasibility of various foreign policy goals, given the strictures and opportunities of the international system"; second, "consensus," which "assesses the measure of agreement on the ends and means of foreign policy on the domestic political scene." Criticizing Rosenau's concept of "penetrated system" and applying the two concepts of compatibility and consensus, Hanrieder redefined the concept of a penetrated system: a political system is penetrated (1) "if its decision-making process regarding the allocation of values or the mobilization of support on behalf of its goal is strongly affected by external events," and (2) "if it can command wide consensus among the relevant elements of the decision-making process in accommodating to these events." Then
he argues that foreign policy is made in response to domestic impulses and international restraints.

Holsti also noted the importance of the relationship between external and internal dimensions in the study of foreign policy. He insisted that a nation's foreign policy orientation is rarely exposed in any one decision, but results from a series of combined decisions and conditions of the internal and external environments.\textsuperscript{11}

This study attempts to apply a linkage analysis of both dimensions, connecting the external and internal variables. In other words, by examining U.S. foreign policy behavior and the influence of a domestic authoritarian regime in foreign policy decision-making, the study will try to explain the causes of foreign policy change in a penetrated weak state, the Philippines.

\section*{The Concept of Foreign Policy}

The term "foreign policy" is often used ambiguously. However, there seems to be a general agreement among scholars that foreign policy is a complex phenomenon resulting from various forces rather than a decision made solely by top national leadership.\textsuperscript{11} However, Hermann raises some critical questions in his comparative work on foreign policy definitions:

1. Who are the foreign policy actors? Are they constitutionally designated authorities, the national community, the decisionmakers or somebody else? Can others than the constituted officials, for example, elites, interest groups, etc., be actors in foreign policy?

2. What occasions foreign policy? Is it the fulfillment of a previous commitment, an input from the external system, the perception of
decisionmakers of something that may or may not exist, or the achievement of national goals?

3. What is the unit of analysis? Is it an output of the system, an undertaking or a course of action together with rules for action?

4. Who is to be affected by foreign policy? Can it be foreign states, other sectors of foreign societies, the international environment, a problem or situation, or the community initiating the policy?

5. Is foreign policy more than an intended effect? Is foreign policy the effort to deal with selected recipients or the actual results, both intended and unintended, that follow from action?

In political science-oriented literature, foreign policy is often discussed in terms of input-output analysis. In his analysis, Modelski proposed a foreign policy theory emphasizing input-output flow and a complexity of feedback. His theory is based on the notion of a process of adjustment to the external environment using the main variables of power input, power output, interests, and objectives. Brecher et al. applied a system of action to provide a research framework, saying that the foreign policy system comprises an environment or setting of a group of actors, structures through which these initiate decisions and respond to challenges, and processes which sustain or alter the flow of demand as a whole.

Snyder et al. have emphasized the conversion process of input-output analysis applying the decision-making theory to foreign policy. They argue that certain forces which significantly influence decision-making should be emphasized in understanding the action-reaction pattern among states. They argue that interaction and relationships among states can be explained by the decision-makers’ perceptions and definition of the situation. However, decision-making theories
often are criticized for their lack of generalizability based mostly on the American political experience and for a lack of interrelation among the input variables. In spite of this criticism, decision-making theories contributed to "the importance of linking inputs with outputs and of searching out the motives which underlie policy choice." 

In fact, as Cohen and Harris pointed out, one of the major underdeveloped areas in the study of foreign policy has been in the output system itself. Thus, foreign policy in this study will emphasize the output which is the foreign policy change of the Philippines from a special relationship with the U.S. to closer relations with ASEAN nations, the Third World, and the Socialist bloc.

On the other hand, as Meehan and Rosenau pointed out, the concept of foreign policy needs to be distinguished because the term itself can often be ambiguous and criticized. Meehan argues that it is needed to develop an adequate and systematic meaning for the term of foreign policy. The relation between policy, purpose, and action is seldom examined systematically or even explained. Rosenau, from a similar point of view, proposed three kinds of foreign policy concepts, including a cluster of orientations, a set of commitments to and plans for action, and a form of behavior. The first concept of foreign policy includes attitudes, perceptions, and values that derive from the historical experiences and strategic environments which place a state in a position in international relations. The second concept refers to strategies and decisions which consist of means and goals created by opportunities and challenges outside the
state. The third concept refers to the specific steps that policy-makers of a state take regarding international events and situations.\textsuperscript{23}

These foreign policy conceptions are all connected in this study. First, I treat foreign policy as a cluster of orientations consisting of attitudes, perceptions, and values based on historical experiences. Thus, it is necessary to include a discussion on the historical background of the special relationship between the Philippines and the U.S.. The historical experiences, i.e., the effects of the colonial period, the liberation from the Japanese occupation, and the treaties signed after independence, helped create a foreign policy oriented in America's favor. It is also useful to discuss the change in foreign policy orientations by presenting the historical experiences and strategic environments such as the disappointments resulting from U.S. behavior in the region.

Second, foreign policy as a plan for action can be examined in terms of the goals and general relations with the U.S. According to Rosenau, plans and commitments are in effect both translations of generalized orientations and reactions to the immediate context.\textsuperscript{24} While Philippines foreign policy had been very dependent on the U.S. after its independence in 1946, the Philippines sought to realign its foreign policy in the 1970s to a more self-reliant, pragmatic, and rational approach for the benefit and interest of its own people.

Third, foreign policy as a form of behavior includes two types of activity. Diplomatic pattern and trade policy during the martial law period are considered as examples of this behavior. The two types of behaviors can be observable. This
kind of foreign policy study as a behavior is shown in the literature. For example, Hermann views foreign policy as those actions independently made by "authoritative" decision-makers of a nation's government, which are expected to influence the behavior of international actors.  

In general, change in the foreign policy of modern weak states is a reflection of dynamic processes of domestic and international politics. Weak states are particularly likely to be vulnerable to their external environment in addition to their unstable domestic politics. However, many foreign policy studies on weak states tend to overlook the external environment of foreign policy changes by emphasizing domestic politics as a determining source of the changes. Such arguments can have significant theoretical weakness because, in fact, many weak states have been dependent upon the great powers while their own national interests were pursued. In other words, the inclusion of both domestic and external environments is a more relevant and reasonable strategy in the study of foreign policy than arbitrarily considering either one of the two variables. In this regard, Holsti's framework of a foreign policy restructuring model is a useful tool to analyze the foreign policy behaviors of many weak states in Asia and other Third World countries.

The Concept of Foreign Policy Change

Many states have changed their foreign policy orientation, and it was not until recently that some scholars have paid attention to this issue. For example,
Volgy and Kenski recognized the problem of the lack of systemic empirical research on foreign policy changes. They argued that in the study of foreign policy changes between states, the dependent variable must include several dimensions of foreign policy behavior. As a result, scholars of international relations have had insufficient results in "systematically measuring, predicting or accounting for the occurrence of major changes between states."  

Since the term "change" can be ambiguous, it needs to be clarified here. Foreign policy change, as used in this study and as defined by Volgy and Kenski, includes the following three characteristics: first, "magnitude" (i.e., a significant deviation from existing patterns); second, "multidimensionality" (i.e., a corresponding change in different aspects of foreign policy); and third, consistency in the direction of change. Holsti refers to the intent to change as reorientation and the behavioral change as restructuring. System theorists like Volgy and Kenski refer to it as "changes in the degree of congruence in the behavior of a group of states." They also argue that "a major increase or decrease in deviation from the single or the collective is the referent for changes in the relative distance of any one of the states."  

This study examines both the intent to change and the behavioral change while emphasizing the latter, and it adopts in this study Holsti’s framework of analysis. Holsti emphasized independent variables, together with intervening variables, to examine change. This study emphasizes three types of influence necessary for restructuring change: first, external factors, including military threat,
non-military threat, and structure of past relations; second, historical background and cultural factors, including attitudes towards foreigners and colonial experience; and third, intervening variables, including policy-makers’ perceptions and calculations, policy-making process, personality factors, and elite attitudes toward external actors.\textsuperscript{32}

In an earlier work, Holsti identified three fundamental orientations: (1) isolation, (2) nonalignment, and (3) coalition-making or alliance.\textsuperscript{33} He described them as follows:

(1) A strategy of political and military isolation is indicated by a low level of involvement in most issue areas of the system, a low number of diplomatic or commercial transactions with other political units and societies, and attempts to seal off the country against various forms of external penetration.

(2) The most common form of nonalignment...is found among those states that, on their own initiative and without the guarantee of other states, refuse to commit themselves militarily to the goals and objectives of the major powers.

(3) Governments that seek to construct permanent diplomatic coalitions or military alliances assume that they cannot achieve their objectives, defend their interests, or deter perceived threats by mobilizing their own capabilities. They thus rely upon, and make commitments to other states that face similar external problems or share similar objectives.\textsuperscript{34}

The Philippines made an effort to distance itself from its strong ties to the U.S. in the 1970s. However, the Philippines could not extract itself completely from the alliance with the U.S. because of the presence of military bases and the large amount of military assistance it received. As Holsti pointed out, some states can only be nonaligned by their public declarations rather than by their foreign policy actions.\textsuperscript{35} Later Holsti developed four categories of foreign policy change, including isolation, self-reliance, dependence, and diversification.\textsuperscript{36} The
Philippines was trying to move from a state of dependence with the U.S. to diversification or self-reliance.

The concept of foreign policy change is a complex one. In this study, foreign policy change is viewed as a process and as the foreign policy output. Process means the way a foreign policy undergoes a change from one type to another, such as a shift from special relations to diversification. The foreign policy output that is examined is characterized by diversification.

In this study, three major types of Philippines foreign policy changes are investigated. First, the modification of special relations in terms of distancing itself from the U.S. Among other things, the military bases have become an important aspect of the relationship between the Philippines and the U.S. The issues related to the military bases have often become controversial targets, i.e., the issues of criminal jurisdiction and sovereignty. During the time of martial law, the Philippines called for a review of the bases’ agreement. As a result of negotiations between the two parties, the Philippines had some important successes, i.e., reversion of certain bases to Philippines’ control, reaffirmation of Philippines sovereignty, Filipino soldiers becoming base commanders, and the flying of the Philippines flag over the bases. In retrospect, these early achievements were extremely significant given the fact that the two parties subsequently terminated the bases lease agreement.

Second, diversification of the Philippines' foreign relations with the Socialist bloc was examined. One of the most significant changes in the history of
Philippines foreign policy was the establishment of relations with the countries of the Socialist bloc. This was significant given the fact that since the colonial era the Philippines had relied almost exclusively on relations with the U.S. and the Western countries. Beginning with Yugoslavia and Romania in 1972, Marcos actively initiated diplomatic and friendly relations with the Eastern European countries, i.e., East Germany, Bulgaria, Hungary, Poland, and Czechoslovakia, and the two leading Socialist countries, the People’s Republic of China in 1975 and the Soviet Union in 1976.

Third, increased cooperation with Third World countries, including ASEAN members, is examined. The Philippines has been closely identified with the Third World since the founding of the U.N. in 1945. During the 1970s, the Philippines began to cooperate more closely with the Third World countries. For example, the Philippines strongly supported the creation of a New International Economic Order by hosting the Ministerial Meeting of the Group of 77 in Manila to prepare for UNCTAD IV in 1976 and the General Conference of UNCTAD V in 1979.

The Philippines also sought representation in the nonalignment movement, which is the main collective political force among the Third World nations. ASEAN has been one of the cornerstones of Philippines foreign policy since the founding of the organization in 1967. The Philippines has regarded ASEAN as a necessary organization for stable regional security and economic development in Southeast Asia. However, for the Philippines, the Sabah dispute with Malaysia was a major source of conflict. The issue at stake between the two countries is
sovereignty over the North Borneo territory of Sabah in East Malaysia. This dispute has been the most serious challenge to ASEAN’s existence. While numerous diplomatic attempts were made to resolve the issue, there remained deep hostility. But things began to change when the Philippines became less assertive regarding its claim to Sabah. For example, Philippines Foreign Secretary Carlos P. Romulo stated in December 1973, "We are holding [the Philippines’ claim to Sabah] in a very low profile." He restated in August 1975 that the Philippines and Malaysia agreed to "put in the background" the Philippines’ claim to Sabah for the sake of ASEAN cooperation because the Sabah issue had "hurt" ASEAN.

Definitions of Weak State

The terms "weak state" and "small power" are interchangeably used in international relations literature. This study also uses both terms. There are two main reasons to focus on weak/small states in this study of foreign policy change. First, the Philippines is a weak/small state. Second, the explanatory variables in terms of both internal (authoritarian regime) and external (foreign policy behavior of a great power) dimensions can primarily be found in weak/small states.

However, there are some competing arguments on the concepts. Handel stated that using the term "small" state is unsuitable because it is a self-conflicting term. He argues that in the study of international relations it is the relative strength that is important rather than the geographical land mass of a state. For example, some states like Saudi Arabia, Chad, Mongolia, Libya, and Mauritania
are very large in territory, but they are not considered strong or big states. Strictly speaking, the term small state should refer only to those states which lack both strength and are small in territory. Thus, Handel concludes that the term "weak" state may be more proper because it can be applied not only to small, weak states but to states of big territory which are weak and vulnerable.40

On the other hand, in his study of small/weak powers, Robert Rothstein is concerned with a limited category of small powers that "are potentially or actually threatened by the policies of great powers."41 Rothstein seeks to establish this central notion by saying that small powers are something more than, or different from, great powers.42 Thus he rejects a definition of small powers based purely on "objective or tangible criteria." He further contends that such definitions are inappropriate because they order states "along an extended power spectrum so that it can only be said that B is stronger than A but weaker than C. The result is that the significance of the categories 'great' and 'small' is effectively denied."43

Furthermore, Rothstein notes that "if there is a unique category of states called small powers, which possess distinct patterns of behaviors, then it is clearly inadequate to describe them merely in terms of being less powerful."44 He therefore develops a definition for small powers based on psychological as well as material dimensions:

A small power is a state which recognizes that it can not obtain security by use of its own capabilities, and that it must rely fundamentally on the aid of other states, institutions, processes, or developments to do so: the small power's belief in its inability to rely on its own means must also be recognized by the state involved in international politics.45
Rothstein further demonstrates this distinction by contrasting the situations of great powers and small powers in the otherwise similar situations of threat. Thus he describes the three unique aspects of the small power's situation as: (1) external support is required, (2) the state has a vulnerable security, and (3) the state's leaders recognize its weakness as essentially unalterable.46

In contrast, Keohane argues that a definition of small powers based on psychological and material dimensions serves well only for certain periods. He argues that in the past "obtaining security primarily by use of a state's own capabilities was a live option for only five to ten states in system of limited scope."47 He further noted that "in a nuclear age ... defense is impossible for all states and effective deterrence possible only for a few." A definition based on capacity to obtain security is unrealistic. He thus argued that definitions of small power based on capability are like a categorization of nations without defining the categories in conceptually useful terms.48

By using the analytical significance of nonalignment to define the characteristic of small powers, David Vital recognized that "[t]he world community is divided into certain, admittedly, great, middle, and small states drawing the rough estimate for small power" as: (1) developed nations with a population of 10-15 million or (2) underdeveloped nations with a population of 20-30 million.49 According to Vital, there are great differences among political, economic, and military powers. In examining the small state's situation he chooses to consider the nonaligned states as a small power.50
Another prominent scholar in international politics, George Liska, defined small powers by institutional representation. He argued that definition of a great and small state depends on "scope of interests and forms of institutional representation." He claimed that to be a great power a state should have a major influence by using threatful means like war or hold a permanent seat in the United Nations Security Council.51

Keohane suggested that instead of focusing on perceptions of whether security can be maintained primarily with one’s own resources, one should focus on the "system rule" that states leaders see their countries playing. He explained that a particular international system rules the behavior of states within it. He emphasized the point that state behavior determines the nature of the international system as well as vice versa. Keohane contended that classifications such as "system-dominant" or "subsystem-dominant" are useful in explaining state behaviors.

Keohane divided nations into four classifications. First, "system-determining" states play a critical role in shaping the system, i.e., the imperial power in a unipolar system and the great powers in a bipolar system. Second, "system-influencing" states cannot expect individually to dominate a system but may nevertheless be able to influence its nature significantly through unilateral as well as multilateral action. Third, states that cannot hope to affect the system in actions alone can nevertheless exert significant impact on the system by working through an alliance or through universal or regional international organizations.
According to Keohane, these are called "system-affecting" states. Finally, most international systems contain some state that can do little to influence the world system that affect them, except in groups which are so large that each state has minimal influence and which may themselves be dominated by larger powers. For this fourth category of small, "system-ineffectual" states, foreign policy is adjusting to reality, not arrangement of it. These four types of states, according to Keohane, can be referred to in a traditional usage as "great," "second," "middle," and "small" powers.52

Based upon this classification of states, Keohane suggested the following definition:

A great power is a state whose leaders consider that it can, alone, exercise a large, perhaps decisive, impact on the international system; a secondary power is a state whose leaders consider that alone it can exercise some impact, although never in itself decisive, on the system; a middle power is a state whose leaders consider that it can not act alone effectively but may be able to have a significant impact in a small group or through an international institution. A small power is a state whose leader considers that it neither, acting alone or in a small group, makes a significant impact on the system.53

Based on this approach, the Philippines can be categorized as a small power. It is, however, dependent on what specific perspective of the country one wants to study. For example, according to Rothstein's definition, the Philippines can be considered as small power since it, like other Southeast Asian nations including Singapore, Brunei, Malaysia, Thailand, and Indonesia, probably cannot obtain security by use of its own capabilities. Similarly, the definition of small power by Keohane can be suitable for the characteristics of a Southeast Asian state like the Philippines in that he claimed small states, when acting alone or in a small
group, can never make a significant impact on the international system. In the case of the Philippines, Keohane is perhaps correct when he states that some Southeast Asian nations acting as a military alliance can never make any significant impact on the great powers militarily. However, it is important to note that some Southeast Asian nations like the Philippines could make a significant impact on the regional politics of Southeast Asia. For example, ASEAN countries have used their political power to persuade the United Nations to recognize the Kampuchea Democratic Coalition instead of the puppet government of Heng Samrin in Kampuchea. Finally, a possible method when one wants to classify a state or states is by using Vital’s definition. In this case, the Philippines has a population of about 60 million, which does not exactly belong to Vital’s category, but it is economically underdeveloped. On the other hand, for example, Singapore, Brunei, and Malaysia have populations of less than 10-15 million people, but are economically developed. In this study, Keohane’s definition will be used for the case of the Philippines.

Explaining Foreign Policy Change

This analysis attempts to explain why weak/small states may want to change their foreign policy toward a great power which is usually a former colonizer. There has been much discussion about states’ behavior in the literature. One of the main arguments tested by most foreign policy studies is that the weak states tend to manifest their foreign policy behavior toward those powers on which they are
dependent. Empirical studies show that many weak states follow independent policies, although others exhibit foreign policies favorable with the core/great powers. The explanations can be varied one way or another depending on the analyst.

In the meantime, Holsti proposed a useful explanatory framework. He recognized that foreign policy change as reorientation and restructuring is related to external, domestic, and background historical and cultural factors. Holsti discusses three classifications of variables: independent, dependent, and intervening. According to Holsti, foreign policy change is caused by three kinds of independent variables: (1) external factors such as military threats, non-military threats, and the structure of previous relationship, (2) domestic factors such as internal threats, economic conditions, and political factionalization, and (3) background historical and cultural factors such as attitudes about foreigners and colonial experience. The dependent variables of foreign policy change are the intent to restructure, including disengagement policies, restructuring actions in external environment, and actions toward external penetration. The intervening variables which are in between the two variables are policymakers’ perceptions and calculations, policy-making process, personality factors, and elite attitudes toward external actors.

Holsti’s framework can be applied to the Philippines’ case as a tool. But Holsti’s model, as he recognizes, is not limited to the analysis of weak/small states, but to any types of states. Thus, the framework needs to be modified for
the Philippines' case. Particularly, under the circumstances of martial law, the foreign policy decisions are dominantly determined by the authoritarian ruler himself, as in the case of the Philippines during the 1970s. The intervening variables in Holsti's framework should be considered as more important than domestic factors in independent variables such as internal threats and economic conditions because, under martial law, it is the ruler himself who defines internal threats and emphasizes economic growth. Also, for the Philippines' case, some variables are overlapped in Holsti's framework, i.e., the structure of previous relationships with background historical and cultural factors, internal threats with economic conditions and political factionalization, policymakers' perceptions and calculations with policy-making process and personality factors.59

Applying Holsti's model to this analysis, a similar simplified hypothetical model is employed here: great power policy and behavior influences foreign policy change on an action-reaction basis based on the perception of the decision-maker who is managing under authoritarian rule. Great power policy in Southeast Asia is the source of foreign policy change of a small/weak state. The authoritarian decision-maker is likely to be affected by the great power policy and behavior. The authoritarian regime can attempt to create a nationalistic mood to legitimize itself by insisting on more independence and autonomy from the great power. The regime leads and creates public opinion favorable to foreign policy change by using and controlling the mass media and information channels. This can be summarized by the simplified model below.
Foreign Policy Change and Authoritarian Rule

The presence of authoritarian rule is a variable which is included in this study to explain the foreign policy change of the Philippines. Authoritarian rule can be a factor in foreign policy change. For example, authoritarian regimes may be likely to prefer a new foreign policy that contributes to their political legitimization.

Authoritarian rule is related to a new foreign policy in the sense that it tends to adopt a nationalistic as well as a popular policy, both at home and abroad. An authoritarian regime tends to emphasize economic development for the purpose of justifying the authoritarian rule that controls and concentrates power in a leader. The authoritarian ruler prefers a foreign policy that promotes foreign investment and foreign trade to create economic growth. Foreign policy change may include this economic dimension. Economic development has been a very popular means to legitimize the authoritarian rule. The diversification of Philippines foreign trade relations with Socialist and other Third World countries was an aspect of this economic dimension. Also, centralized leadership, a central characteristic of authoritarianism, tends to simplify the process of foreign policy change because the
lack of institutional constraints allows the ruler to control the foreign policy process.

**Foreign Policy Change and the Behavior of the Great Powers**

Foreign policy change is an interactive process in the sense that foreign policy is made as a reaction to changes in the environment. This study deals with the relationship in which a weak/small Third World country is allied with and dependent on a great power. The environment and its changes may cause the actor to adjust foreign policy in line with the new policy of the partner or simply change foreign policy because of disappointment or uncertainty with the partner’s behavior.

A state’s reaction can be different depending on the circumstances. Given a policy of military withdrawal from a vital area, a small state may react in several ways. One way is that if its security is endangered, a small state may try to strengthen its relations with its neighbors and other states to defend its sovereignty and security by its own effort. In this respect, closer cooperation among weak/small neighboring states and diplomatic diversification can be the alternative way of protecting their own security and the interests of small states. Thus, the foreign policy change of a small state can be seen as a consequence of disappointment and insecurity caused by a great power.
Summary

This chapter has examined various analytical frameworks of foreign policy change, including the two main concepts of the presence of authoritarianism and the policy and behavior of a great power. I have mentioned how these two variables are interrelated and how they affect the foreign policy change. The Holsti framework is used in this study as a tool to link both external and internal variables in the present analysis of the Philippines' case. My review of the literature on foreign policy change in weak states suggests that a small state, which is heavily dependent on a certain great power, is likely to change its foreign policy when the domestic situation becomes complicated and complex or when a great power takes a passive security policy and behavior in the region.

The basic elements of this study, including the research problem and objective, the level of analysis, scope, and major concepts, were also discussed. In later chapters, each of these variables will be discussed in more detail. In particular, I will examine the extent to which they help to explain the Philippines' foreign policy change.

The study is presented in three parts. First, the theoretical context of foreign policy of weak/small states and an historical background of the relationship between the United States and the Philippines are presented. Second, the nature and directions of foreign policy change of the Philippines are described. Cooperation among ASEAN members is emphasized, for example the Sabah territorial claim, and diversification of Philippines' foreign relations with Socialist
states, which led to a fundamental reconsideration of the previously special relations with the U.S. Third, an explanation of foreign policy change by the Philippines is described in terms of external and internal dimensions, including the impact of U.S. foreign policy behavior (the external variable) and the domestic political and economic environment of authoritarianism (the internal variable).

Overview

Chapter One defines and examines the main concepts of this study, including foreign policy, foreign policy change, weak states/small powers, and the relationships between external and internal variables, drawing upon the existing theoretical literature. Chapter Two examines the basic historical background of the U.S.-Philippines relationship. Among the major issues examined are the military and economic agreements and the Philippines governments before 1972.

Chapters Three and Four identify the dependent variable of this study, which is foreign policy changes by the Philippines from 1972 to 1981. Chapter Three examines a major element of Philippines foreign policy change, the review and renegotiation of the military bases agreements. There is also a brief review of the Philippines' efforts to establish diplomatic relations with Socialist countries and to cooperate with Third World nations as a part of its foreign policy change. The main focus of Chapter Four is the Philippines' movement toward and cooperative policies with ASEAN. The evolution and functions of ASEAN are outlined as background to a discussion of the Philippines' claim to Sabah, a revealing episode
in the Philippines’ foreign policy change. Throughout the 1970s, the efforts to identify themselves within ASEAN were the main development among the weak/small states in Southeast Asia, including the Philippines.

Chapters Five and Six explain the reasons for the foreign policy change of Philippines with the two variables of external (independent variable) and internal (intervening variable) forces. Concerning the external dimension, the impact of U.S. foreign policy behavior in Southeast Asia has made a very significant condition for foreign policy change of the weak/small power of the Philippines. The impacts of U.S. behavior are examined through major issues like the Nixon doctrine and the Indochina war, U.S. emphasis on Japan’s role, detente with China, and human rights. Regarding the internal or domestic dimension, the political system of authoritarianism made by Marcos in 1972 significantly influenced foreign policy decision-making and implementation. Selected characteristics of martial law, foreign policy impacts of martial law, and the regime’s nationalistic emphasis are examined. Finally, Chapter Seven contains a summary and conclusion.
NOTES


2Ibid.


7Joe D. Hagan, Political Opposition and Foreign Policy in Comparative Perspective (Boulder: Lynne Rienner Publishers, 1993), 47.

8Ibid.


18 Dougherty and Pfaltzgraff, op.cit., chapter 11.


20 Ibid., 383.


22 Meehan, op. cit., 265-266.

23 Rosenau, op. cit., 16.

24 Ibid.


27Volgy and Kenski, op. cit., 446.

28Ibid.

29Ibid., 448.


31Volgy and Kenski, op. cit., 449.

32Holsti, op. cit., 14.


34Ibid., 110, 114, 118.

35Ibid.


38*Foreign Broadcast Information Service*, 11 August 1975, 2.

40Ibid., 11.


42Ibid., 1.

43Ibid., 3.

44Ibid., 23.


46Ibid., 38.


48Ibid., 297.


50Ibid., 5.


52Keohane, op. cit., 296-297.

53Ibid., 298.

55See Biddle and Stephens, op. cit.; Menkhaus and Kegley, op. cit.

56See Armstrong, op. cit.; Moon, op. cit.; Richardson and Kegley, op. cit.

57See Holsti, op. cit.

58Ibid., 14.

59Ibid.
CHAPTER TWO

THE SPECIAL RELATIONS BETWEEN THE PHILIPPINES AND THE U.S.

**Historical Background**

After having been a colony of Spain for more than three hundred years, the Philippines was ceded to the U.S. on December 10, 1898, under the Treaty of Paris. Ferdinand Magellan claimed the islands for Spain in 1521, and the Philippines was ruled by Spain for the next 377 years, until May 1, 1898, when U.S. Admiral Dewey defeated the Spanish fleet in Manila Bay.¹ At that time, the Philippines had already established itself as a Republic headed by Emilio Aguinaldo, who was in full control of the country. A war of Philippines resistance against U.S. rule (the so-called "Philippines-American War"), led by revolutionary President Aguinaldo, broke out during the years of 1899-1902. The Aguinaldo forces were defeated and persuaded to swear allegiance to the U.S.² Then for some 50 years, excluding the period of Japanese occupation, the U.S. effectively ruled the Philippines by dominating its colonial assembly. In 1907, the first legislative assembly was elected. In 1916, the Jones Law introduced the first Filipino senate, a bicameral legislature. In 1935, under the terms of the Tydings-McDuffie Act, the Philippines Commonwealth was inaugurated, ending direct American political domination. In 1942, Japan invaded and defeated U.S. forces...
in the Philippines and occupied the islands until 1945. The Japanese were so hated in the Philippines that America’s return was welcomed. During the period of Japanese occupation, the Filipinos cooperated with the U.S. and the Allies.\textsuperscript{3}

\textbf{The Introduction of Special Relations with the U.S.}

The miserable situation resulting from World War II brought into contrast the close relations between the Philippines and its former colonizer with the divergent paths taken by former colonies not so devastated by the war. The Philippines accepted a continuing dependency upon the U.S. for aid and post-war reconstruction. For the Philippines there would be no choice but to depend on its former colonial master, which became the world’s strongest country after World War II because other major powers, including the Soviet Union, China, and the larger European powers, were struggling to solve their own post-war-related economic and political problems.

Besides the need for economic reconstruction, there was a strong predisposition among many Filipinos against communism. This sentiment was shared by the U.S. in the early 1950s, even if the Filipinos’ preference for independence and sovereignty was not. A pro-American sentiment developed in this situation and yielded a special relationship that was eventually supported by several bilateral treaties and agreements.\textsuperscript{4} There was also significant and persistent criticism, and even outright opposition, from nationalists. Senator Claro M. Recto, one of the dependent relationship’s strongest opponents, said:
[The Philippines] foreign policy was conducted from the very beginning, and is being pursued on the erroneous assumption of an identity of American and Filipino interests, or more correctly of the desirability, and even necessity, of subordinating our interests to those of America.3

Economic Agreements

The Philippines Trade Act, passed by the U.S. Congress in 1946 and commonly known as the Bell Trade Act, provided that free trade would be continued until 1954. Thereafter, tariffs would be increased five percent annually until full amounts were reached in 1974. Quotas were established for Philippines products for both free trade and the tariff periods. At the same time there could be no restrictions on the entry of U.S. products, nor would there be Philippines import duties. The Philippines currency, the peso, was tied at a fixed rate to the U.S. dollar.

However, the U.S. rehabilitation aid to the Philippines was tied to a Trade Act which incorporated parity provisions. The U.S. insisted as a precondition to any form of aid that the parity amendment allowing equal rights to Americans in the exploitation of Philippines natural resources be passed. The Tydings Rehabilitation Act, which appropriated $400 million as compensation for war damaged property, $120 million for the restoration of damaged public property and facilities, and $100 million worth of U.S. surplus for use by the Philippines government for the task of rehabilitation, would be implemented only upon the amendment to the Philippines constitution to provide parity rights for Americans in the country, and only after the constitutional amendment was adopted would the
Philippines receive war damage compensation. Since the Philippines had suffered massive destruction in the war, President Roxas and other leaders thought that parity rights should be accepted in return for American aid. So Roxas worked hard to persuade the Filipinos to accept this condition for U.S. aid.

In addition to American parity regarding property, residence, occupation, and taxation, the Trade Agreement had other terms. The Act did not limit the amount of U.S. goods entering the Philippines, but subjected seven of the Philippines' most important exports to the U.S. to quotas. It was also stipulated that if these exports were in competition with similar items produced in the U.S., the U.S. Tariff Commission could impose additional quotas on such exports. No similar authority was granted to the Philippines.

Toward the end of this free trade period under the Bell Trade Act, the two countries agreed to reexamine all aspects of the 1946 Agreement on Trade and Related Matters. The resulting revised executive agreement concluded in September 1955, to take effect on January 1, 1956, came to be known as the Laurel-Langley Agreement. This agreement retained some provisions of the Philippines-U.S. Trade Agreement of 1946. The Laurel-Langley Agreement accelerated the imposition of Philippines duties on American products and also slowed down the imposition of U.S. duties on Philippines products by a new formula. Table 1 shows the increase in American customs duty from 1956 to 1974.
TABLE 1

MAJOR PROVISIONS OF THE LAUREL-LANGLEY AGREEMENT

<table>
<thead>
<tr>
<th>Beginning Years</th>
<th>% of Philippines duty on US goods</th>
<th>% of US duty on Philippines goods</th>
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<tbody>
<tr>
<td>1956</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>1959</td>
<td>50</td>
<td>10</td>
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<tr>
<td>1962</td>
<td>75</td>
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<tr>
<td>1971</td>
<td>90</td>
<td>80</td>
</tr>
<tr>
<td>1974</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Laurel-Langley Agreement (Appendix Four).

The Laurel-Langley Agreement did not terminate the parity rights of the Philippines Trade Act. The U.S. reciprocated by allowing Filipinos in America similar privileges. The peso was no longer tied to the dollar. The Laurel-Langley Agreement became the basis for the Philippines-American relations until July 4, 1974. It was mainly responsible for making the U.S. Manila’s leading trade and investment partner.

In 1974, with the signing of the U.S. Trade Act, the U.S. put into effect its part of the Generalized System of Preferences (GSP) with selected developing countries. This meant the end of the preferential relations of the U.S. with the Philippines and the start of a new framework. On October 30, 1979, the Philippines-U.S. Trade Agreement was signed, expanding accessibility of Philippines products in the U.S. and with the eighty members of the General
Agreement on Tariffs and Trade (GATT). As a result of these negotiations, the Philippines got a reduction of the duties on its exports by about sixty five percent. In return, the Philippines granted duty reductions of only 5.7 percent for U.S. exports. In addition, these reductions involved 97 tariff lines on Philippines exports and only 60 tariff lines on U.S. exports.\textsuperscript{10}

\textbf{Military Agreements}

In addition to economic agreements, the two countries signed several military pacts. Three agreements are especially important: (1) The Philippines-U.S. Military Bases Agreement of March 14, 1947; (2) the Philippines-U.S. Military Assistance Agreement of March 21, 1947; and (3) the Philippines-U.S. Mutual Defense Treaty of August 1951.\textsuperscript{11}

The first military agreement granted the U.S. the right to "retain the use of bases in the Philippines" for a period of 99 years, to permit the U.S. to use such bases as the U.S. may determine according to military necessity, and to enter into negotiations with the Philippines regarding the expansion of such bases. The U.S. retained control of 23 military installations, including the extensive navy facilities at Subic Bay and Clark Air Base, for a lease period of 99 years. The U.S., rather than the Philippines authorities, had full jurisdiction over their territories, including the collection of taxes and the trying of offenders, including Filipinos, in cases involving American service personnel.\textsuperscript{12} Base rights remained a controversial issue in relations between the two countries for many decades.
The Military Assistance Treaty stated that the U.S. would furnish arms, ammunition, equipment, and supplies to the armed forces of the Philippines. The agreement also provided for the creation of a Military Advisory Group composed of Filipino and American personnel whose function was to "provide such advice and assistance to the Philippines as is necessary to accomplish the purpose of the agreement." The Treaty was to last for five years. On June 26, 1953, in an exchange of notes which had the effect of a formal agreement, the Treaty was effectively extended until terminated by either party. The most important of the assistance given by the U.S. along this line consists of: (1) the Military Advisory Group; (2) logistics support; (3) the sending (by the Philippines' government) of "selected students" to designated technical and service schools of the ground, naval, and air services of the U.S. for training; and (4) disclosure and exchanges of classified military equipment and information of security classification.

The Mutual Defense Treaty provided that each party recognizes that an armed attack in the Pacific area on either of the parties would be dangerous to its own peace and safety and declares that each party would act to meet the common dangers in accordance with its constitutional process. It is noteworthy that the agreement does not provide for an automatic declaration of war on the part of the U.S. against any aggressor of the Philippines; rather, according to the American constitutional process, it is up to Congress to decide on such a formal declaration of war. Following these treaties, which embodied the so-called special relations,
the subsequent presidents of the Philippines pursued a foreign policy which was pro-American and Western-oriented.

**Philippines Governments Before 1972**

Before martial law was declared by Ferdinand Marcos in 1972, the Philippines had a presidential system of government and a bicameral Congress. Manuel Roxas became the first president of the Republic. There were two major parties, the Nationalista and the Liberal Party. There was not much difference between them, and members sometimes changed from one party to the other. Marcos, for example, was member of the Liberal Party when he ran for the Senate in 1959. He switched parties in 1965 and received the Nationalista’s nomination for presidency.

The Philippines constitution was inspired by the American model. The president was elected every four years by direct suffrage. The political system was similar to that of the U.S. in that there were three branches of government, executive, legislative and judicial, each branch with distinct and separate functions. The legislature had two houses: a Senate with 24 members, one-third elected every two years for a period of 6 years, and a House of Representatives with a maximum of 120 judicial members, elected every 4 years. The judicial branch was headed by the Supreme Court. The government held sovereignty and jurisdiction over all the nation except the military and naval bases granted to the U.S. The principles of separation of powers and checks and balances were included in the
Constitution, even if not fully integrated into the practice of politics. For example, the press was constitutionally free and independent and was able to openly criticize the government.\textsuperscript{16}

In a sense then, the Philippines could be considered a firm democracy with a representative government. Indeed, the erosion and eventual breakdown of democracy in the Philippines was somewhat surprising because the Philippines had been regarded as a solid democratic system. After the end of World War II the Philippines ranked among the well-established democratic nations in the world.\textsuperscript{17}

Nevertheless, the Philippines system of governance can, to some extent, be characterized as oligarchic. The economic elite was at the same time the political elite, and business was mixed with politics. Thus, some significant problems of extortion and corruption were evident from the founding of the independent state.

\textbf{Philippines Foreign Policy Under Various Administrations}

In 1935, the Commonwealth government had elected Quezon as president and Osmena as vice president, both of them Nationalista, only for one term of six years. In 1940, the Constitution was amended to change to allow presidents to serve for more than one four year term. From 1946 to 1981, the Philippines Republic had six presidents.

Manuel Roxas (president from 1946-1948), the first president of the independent republic, had a policy of unlimited cooperation with the U.S., continued association with other Asian neighbors, and adherence to the principles
of the U.N. Under Roxas, Philippines foreign policy generally followed the international programs of the U.S. It was during this period that the Military Bases Agreement and the Trade Agreement of 1947 providing for parity rights were signed. Roxas believed it was important to establish better relations with Asian countries mainly because the Philippines was not seen as sharing a common Asian culture by its Asian neighbors.19

Elpidio Quirino (president from 1948-1953) generally followed the same policy as his predecessor in strengthening Philippines-U.S. relations.20 It was during his presidency that the Mutual Defense Treaty of 1951 was signed. However, he criticized the treaty’s lack of retaliation clause, i.e., that the U.S. is not automatically committed to go to a war in the event of an attack on the Philippines. He also opposed the establishment of American military bases close to urban centers. Because of his strong opposition, the U.S. could not claim ownership of the territory occupied by the bases.21

The Quirino administration emphasized the need for greater cooperation with Asian neighbors and participated actively in Asian affairs. It withdrew its earlier $8 billion war compensation demand in which the Philippines asked Japan for aid to reconstruct property ruined during the Pacific War period in 1941-1945 and moved slowly toward accommodation with Japan in commercial matters. Quirino extended an invitation to the heads of states of several Asian countries to a conference in Baguio in 1950. In the U.N., the Philippines was supportive of U.S.
policies, such as the condemnation of the Chinese intervention in the Korean War. It sent an expeditionary force to South Korea under the auspices of the U.N.

The Quirino administration refused to grant recognition to the People's Republic of China. Among the reasons were its perception of a Chinese threat to its security through the subversive activities of the Huks, which China reportedly aided. Another reason was the existence of an economically powerful pro-Taiwan Chinese community in the Philippines. The most effective government action against the Huks was taken by (then) Congressman Magsaysay as Secretary of Defense under the Quirino administration. With the successful military campaign against the Huks, the popular Magsaysay was able to easily defeat his boss, Quirino, in the 1953 presidential election.

Ramon Magsaysay (president from 1953-1957) was the Philippines president most closely associated with the U.S. While Quirino in his time rejected the American claim that the U.S. owned the base lands in the Philippines, Magsaysay accepted a declaration affirming such a claim by U.S. Attorney General Herbert Brownell on August 23, 1953. Magsaysay was a firm anti-Communist. In 1954, the Philippines was the site of a conference that resulted in the formation of the Southeast Asia Treaty Organization (SEATO), the anti-Communist alignment of Western and regional powers that arose as a response to the French withdrawal from Indochina. The Eisenhower administration assured the group that this treaty system represented the most cost-effective option for extending its containment policy to the Southeast Asian region because it did not require permanent
deployments of U.S. ground forces and bases. Magsaysay supported the establishment of SEATO as a deterrent to Communist intervention in Southeast Asia. The Philippines became a member of SEATO, becoming with Thailand one of only two Southeast Asian countries to join the treaty. There were those who felt that the Philippines was following an unrealistic foreign policy in not having diplomatic relations with the People's Republic of China and the Soviet Union.

While Magsaysay was regarded as pro-American, certain problems in Philippines-American relations persisted, one of which was the Philippines Trade Act of 1946. Magsaysay thus requested its readjustment. In 1955, the revised U.S.-Philippines Trade Agreement (the Laurel-Langley Agreement) was negotiated as an overall instrument to regulate commercial relations over the next two decades. The new agreement abolished the authority of the U.S. to control the exchange rate of the peso, made parity privileges reciprocal, extended the sugar quota and the time period for reduction of other quotas, and established the progressive application of tariffs on Philippines goods exported to the U.S.

Carlos Garcia (president from 1957-1961) took office immediately after Magsaysay died in a plane crash. He stressed Philippines security objectives, such as continuing the fight against Communism, compliance with SEATO commitments, and adherence to the treaty of mutual defense with the U.S. Like Magsaysay, Garcia was against relations with China. On June 19, 1957, he signed a bill known as the Anti-Subversive Bill, which outlawed the Philippines Communist Party. Moreover, the Philippines opposed the representation of China
in the U.N. Regarding Philippines-U.S. relations, some tension was present because of the criminal jurisdiction over the U.S. military bases in the Philippines.\(^{28}\)

The Garcia administration demanded some readjustments of the terms regarding the bases which led to the conclusion of the Bohlen-Serrano Agreement. Among other things, it provided for a reduction of the ninety-nine year lease of the American bases to twenty-five years, subject to renewal or termination by mutual consent. It was also agreed to allow the U.S. to install nuclear missiles after due consultation with the Philippines. However, the dispute over the question of criminal jurisdiction over the bases persisted. Further discussions with the U.S. took place in 1959 on the question of the military bases. An agreement was reached regarding U.S. relinquishment of large land areas initially reserved for bases but no longer required for their operation. Thus, the U.S. turned over to Philippines administration the town of Olongapo on Subic Bay, north of Manila, which previously had been under the jurisdiction of the U.S. Navy.\(^{29}\)

Garcia defined his two guiding objectives as friendly relations with the U.S. and closer cooperation with Asian neighbors. He stressed regional economic and sociocultural cooperation rather than political and security pacts.

Diosdado Macapagal (president from 1961-1965) directed policy in a slightly different way. The nationalist thinking in the Philippines was exhibited during Macapagal’s term by his issuance of an executive order in 1962 changing the Philippines’ Independence Day from July 4 to June 12, the day in 1898 when
Emilio Aquinaldo had read the declaration of independence. The matter of jurisdiction over U.S. service personnel in the Philippines, which had not been fully settled after the 1959 discussions, remained an obstacle in relations between the two countries. A series of incidents during his term mainly associated with the misbehavior of some American military personnel in Clark Air Base provoked considerable anti-American feeling and demonstrations. Thus, negotiations took place and resulted in an agreement in August 1965 adopting provisions similar to the status of forces agreement of the North Atlantic Treaty Organization (NATO) regarding criminal jurisdiction. In the next four years, agreements were reached on several other matters relating to the bases, including a 1966 amendment to the 1947 agreement, which moved the expiration date of the lease to 1991.

Philippines foreign policy under Macapagal emphasized closer relations with neighboring Asian nations. In July 1963, he convened a summit meeting in Manila consisting of the Philippines, Indonesia, and Malaysia. An organization called MAPHILINDO was formed. It was viewed as a realization of Philippines’ national hero Jose Rizal’s dream of bringing together the Malay peoples. MAPHILINDO was seen as a vehicle that would resolve issues of common concern in the spirit of consensus. MAPHILINDO was quickly put aside, however, mainly because of the continuing confrontation between Indonesia and newly established Malaysia and the Philippines’ own claim to Sabah, the territory in Northeastern Borneo that had become a part of the Malaysian state in 1963.
In June 1962, Macapagal’s foreign minister had pressed the claim on the British, arguing that the transfer of Sabah by the Sultan of Sulu to the British North Borneo company in 1898 had been a lease rather than full cession. Bad relations between Malaysia and the Philippines over this issue hindered the latter from taking a more positive role in the region.

Like his predecessors, Macapagal continued to adhere to the policy of anti-Communism. Thus, the Philippines continued to refuse to have diplomatic or trade relations with either China or the Communist regimes in North Korea and North Vietnam.

During the Macapagal years, there were some changes in Filipino attitudes towards the U.S. Filipinos began to question the country’s special relations with the U.S. more seriously, and large sections of the society became more critical of it, exposing and discussing its exploitative aspects. For example, the Filipinos increasingly tended to see the presence of U.S. bases as serving U.S. national interests rather than the Philippines’. Morrison and Suhrke argue that "there was a Philippines’ inclination to view the bases as a Philippines’ contribution which benefitted the United States more than the island republic, or at least more directly." Also, in November 1964, the radical youth organization Kabataang Makabayan (KM) was founded. It attracted many young Filipinos to its organization and became active in arranging protest demonstrations against American behavior in Asia in general, and in the Philippines in particular.
Ferdinand Marcos (president from 1965-1986) assumed the presidency in 1965. He showed a more flexible attitude vis-a-vis the Communist countries. For the first time, Filipinos were allowed to travel to China, the Soviet Union, and other Communist countries. In March 1966, an official government delegation led by Senator Maria Kalaw Katigbak visited China. Official permission for such a trip would have been unthinkable previously. Earlier, Macapagal had even refused to allow the Soviet and Yugoslav basketball teams to participate in the Fourth World Basketball Championship held in Manila in December 1962. However, while Marcos seemed to be less rigid regarding relations with Communist countries, he continued to criticize China and praise the U.S.

Of all the presidents the Philippines ever had, Marcos made the most unique impact on the Philippines' political system. For one thing, he governed the longest. After having been reelected for a second four-year term, Marcos placed the entire Philippines archipelago under martial law in 1972 in order to remain president. This was the first step in an altering of the structures and processes of decision-making in the government. Martial law was imposed under the emergency provision of the 1935 Philippines Constitution stating, "In case of invasion, insurrection or rebellion or imminent danger thereof, when the public security requires, [the Philippines President] may suspend the privileges of habeas corpus or place the Philippines or any part therefore under martial law."35

Under martial law, the country's liberal democratic institutions were suspended and the Philippines was governed by decrees. Marcos called for self-
reliance and national progress in a new, changed foreign policy. In the end, the assassination of opposition leader Benigno Aquino upon his return to the Philippines from the U.S. in 1983 after a long period of exile amplified popular dissatisfaction with Marcos. This event set in motion a succession of events that culminated in a presidential election in February 1986. The opposition forces under the leadership of Aquino's widow, Corazon Aquino, and Salvador Laurel struggled against widespread electoral fraud on the part of Marcos and his supporters. Marcos was finally forced to flee to Hawaii after the 1986 democratic revolution. After her election, Aquino successfully managed the restoration of democratic government from the local to the national level.

**Conclusion**

This chapter discussed the basic historical background of the U.S.-Philippines special relationship. Among the major issues discussed were the economic and military agreements and the various Philippines governments before 1972. From its independence through 1960s, the Philippines maintained its dependent special relations with the U.S. For the Philippines, immediately after its independence, there seemed no other choice but to depend on the U.S. economic and military power. This close relationship resulted in several important unequal agreements between the two parties under various Philippines governments. However, the Marcos government made different approaches toward the United States by initiating new foreign policies which will be discussed in next chapters.
NOTES


2Ibid.

3Ibid.


7See Appendix Four.


9See Appendix Four.

10See Appendix Four.

11See Appendices One, Two, and Three.

12See Appendix One.

13See Appendix Two.

14See Appendix Two.

15See Appendix Three.

16SarDesai, op. cit., 197.
Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971), 231-245. For example, Dahl constructed a political democracy index, circa 1969, based on the following conditions: freedom to form and join organizations, freedom of expression, right to vote, right of political leaders to compete for support, alternative sources of information, free and fair elections, and institutions for making government policies. From the index, the Philippines ranked among Australia, Austria, Canada, Germany (West), Japan, New Zealand, and Uruguay—a strong fourth group of 31 positions. The first group includes Switzerland, Belgium, Denmark, Finland, Luxembourg, Netherlands, Norway, and Sweden. The second group includes Chile, United States, Iceland, and Israel. The third group includes Ireland, Italy, and United Kingdom.

The Philippines restored democratic election with the inauguration of its seventh and eighth presidents, Corazon Aquino and Fidel Ramos, in 1986 and in 1992, respectively. Their administrations are not considered in this study.


SarDesai, op. cit., 199.


Alvin Scaff, *The Philippine Answer to Communism* (Stanford: Stanford University Press, 1965), 23. The Huks (Hukong Bayan Laban Sa Hapon, or People’s Anti-Japanese Army, later, during the Quirino era, changed its name to Hukong Mapagpalaya Ng Bayan: People’s Army of Liberation) had been organized in March 1942. The group grew in power with the help of Filipino Communists and some of the Filipino troops, who had opposed to surrender to Japan. With the end of the Second World War, the Huks, under the leadership of Luis Taruc, became a major threat for the Philippines government as a communist-led military and political movement.


The United States considered Indonesia's participation in the SEATO as essential in terms of its size and geography. The U.S. continued its efforts to include Indonesia in a Southeast Asian collective defense structure. However, its efforts failed when Prime Minister Ali Sastroamijoyo rejected a proposal for Indonesian participation in the organization in July 1954. He declared that peace in Southeast Asia "cannot be assured by military pacts such as recently concluded in Manila." Chatham House Study Group, Collective Defense in Southeast Asia: The Manila Treaty and Its Implications (London: Royal Institute of Internal Affairs, 1956), 99; Russel Fifield, The Diplomacy of Southeast Asia 1945-1958 (New York: Harper, 1958), 166.


Meyer, op. cit., 195.

Shalom, op. cit.

Meyer, op. cit., 195.

Friend, op. cit., 22.

This territorial dispute over Sabah is discussed in chapter four in more detail as a major example of Philippines foreign policy change toward ASEAN.

Charles Morrison and Astri Suhrke, Strategies of Survival: The Foreign Policy Dilemmas of Smaller Asian States (New York St. Martin's Press, 1979), 240.

Ibid.

By the time of the U.S. withdrawal from Vietnam, the Philippines had announced a foreign policy change and took steps to support this with action. President Marcos displayed his new self-reliant foreign policy by signing trade and diplomatic documents in Moscow normalizing relations between the Philippines and the Soviet Union. He actually began modifying the Philippines' pro-U.S. image in early 1972 when he sent his wife, Imelda Marcos, to the Soviet Union on a private visit. A Philippines-USSR Friendship Association was formed with Mrs. Marcos as chairperson.

Following the declaration of martial law in 1972, Marcos opened relations with six Communist countries. In 1974, he sent his wife to China as a prelude to his own visit in June 1975. Later that year, Mrs. Marcos was sent to Cuba to formalize the opening of relations with that country. Marcos repeatedly emphasized the need for Manila to be self-reliant and to make new friends by normalizing relations with Communist states. He also questioned the wisdom of relying on a treaty commitment with the U.S. government. Aside from the normalization of diplomatic relations with China and the establishment of relations with the Socialist countries of Eastern Europe, a review was urged regarding
Philippines-American relations, particularly with regard to mutual defense arrangements and the status of the military bases in the Philippines.

The next two chapters will examine the presence and status of the bases as well as the Philippines policy toward ASEAN and its relations with the Socialist bloc. I use these indicators to analyze the extent of foreign policy change and as the main examples of how the policy was carried out in the seventies. Each indicator has a character of its own. Also, it is true that the indicators do not have the same weight in terms of their importance in showing foreign policy change. Some may be more significant than others. The significance of various types of behavior depends on the entire network of relations within which a country finds itself. However, for the purposes of this study, it is not necessary to attempt to determine the relative importance of each indicator. What matters is that they are viewed as valid expressions of foreign policy change.

**U.S. Military Bases in the Philippines**

Apart from the economic ties between the two countries, when one speaks of the special relations between the Philippines and the United States, the U.S. bases in the Philippines come to mind. These bases had their origin in the colonial period, when the U.S. took over first from Spain and a second time from Japan after World War II. Partly because of this, the bases have often been regarded as remnants of colonialism.
Since independence, the bases have become controversial aspect of Philippines-U.S. relations and are often the target of nationalist attacks. The bases have provided some of the more serious irritants in the bilateral relationship, such as the issues of criminal jurisdiction and sovereignty.

The U.S. bases in the Philippines were regarded as crucial to America’s strategic position in the region. The existence of these bases served to increase American interest in developments in the Philippines. Their presumed vital importance to the U.S. made it essential to keep the bases safe and intact. The bases were sometimes used by the Philippines as leverage in bargaining. For example, during an interview after the assassination of opposition leader Benigno Aquino in August 1983, Marcos linked the planned visit by President Ronald Reagan to the issue of the American naval and air bases. There were reports that the Reagan administration was reconsidering Reagan’s one day stopover.¹

The issue of the bases was entwined in both the domestic politics and foreign policy of the Philippines. For example, on the domestic scene, politicians could ride on the nationalist sentiments regarding controversial issues concerning the bases to strengthen their political positions. This section will not deal with the implications of the bases for the internal politics of the Philippines, but rather will have its focus on the foreign policy aspects of the bases. Specifically, an attempt will be made to relate the question of the bases to the issue of foreign policy change as announced in the 1970s.
The Philippines government's action regarding the American bases can be regarded as an indicator of foreign policy change. Using the bases as an indicator of foreign policy change, one can examine the government's tough stances on the bases and calls for a review of the agreement as a possible sign of reassessment of Philippines-U.S. relations. For example, Marcos regarded the revised agreement affirming Philippines sovereignty over the bases as indicative of the success of his foreign policy change. However, there are alternative explanations for these tough stances and the demand for negotiations on the bases. One was Marcos's desire to neutralize nationalist emotions, some of which were also aimed against his imposition of martial law.

The presence of and the situation surrounding the bases may have provided an incentive for foreign policy change. One can cite the Filipino people's growing critical attitude toward the bases and the abuses committed in relation to them as contributing to the president's decision to review the agreement. Nationalism, which was apparent in a critical public mood regarding the bases, was sweeping the country in the early seventies. Thus the new policy, or at least the rhetoric of change, can be seen as a response to this popular sentiment. On the other hand, this critical attitude regarding the bases was exploited and served as a bargaining tool to extract concessions from the U.S. Thus, the Philippines government's exploitation of this sentiment also can be viewed as a means to get more out of the bases negotiations.
The next two sub-sections are concerned with the role of the bases in Philippines-American relations, the problems related to them, and how the policy of change was manifested regarding the bases. In what ways could the policy of change have affected the situation in the bases? Has foreign policy change been reflected in the negotiations of the bases in the seventies? What kinds of improvements, if any, were made in the Philippines' position in terms of increasing Philippines control? Can it be said, based on any such improvements, that the Philippines has reoriented its foreign policy toward the U.S.? In other words, can the bases be viewed as an indicator of foreign policy change?

Until recently, the U.S. maintained five major military facilities in the Philippines. Subic Bay Naval Base (and its associated units at Cubi Point, Zambales Providence) and Clark Air Base were the two most important of these facilities. Both were located northwest of metro Manila. Other facilities included the John Hay Air Station in Benguet Province, the Naval Communications Stations in Zambales Province, and Wallace Air Station in La Union Province. Philippines armed forces periodically engaged in joint training exercises with United States forces assigned to these bases, on both permanent and temporary status. 

Subic Bay Naval Base consisted of 14,570 hectares located 112 kilometers northwest of Manila, was home to eight separate U.S. Navy Commands, and was the largest naval installation outside the United States. Its unique combination of naval, aviation, and support facilities was essential to Seventh Fleet operations, which comprised 20 nuclear submarines, three aircraft carriers, 22 warships, and
about 100 auxiliary craft. It had responsibility for the area from the Strait of Malacca to the Luzon Strait. Because it was the main Seventh Fleet support base west of Pearl Harbor, without it an American naval presence in the Western Pacific, the South China Sea, and the Indian Ocean would have been much more difficult and expensive to sustain. Cubi Point, the naval air station at Subic Bay, accommodated up to 200 aircraft and provided aviation, industrial, material, and residential support to several major aviation squadrons. About 3,500 military and over 700 foreign personnel were housed at Cubi. The naval base repair and logistics facility at Subic Bay, with its excellent sheltered harbor and wonderful climate were considered good for the U.S. navy.

Clark Air Base consisted of 52,492 hectares and was located about 100 kilometers north of Manila on the MacArthur National Highway. It was the headquarters of the Thirteenth Air Force and the key link in a world-wide U.S. Air Force communications network, including an orbiting satellite.

These U.S.-controlled bases have been characterized as states within a state. Clark alone, for example, was larger than the whole state of Singapore. Although the total base area under direct U.S. military control had been reduced from 192,000 acres to 24,810 acres by the U.S.-Philippines Executive Agreement of 1979, this area was still huge.
Justifications for the Bases

It is generally accepted that the Philippines bases were important to the U.S. Former U.S. official Robert Pringle categorized the U.S. justifications for the bases as follows:

(1) The bases are part of [US] global force structure, an essential link in a chain of facilities which enables the United States to project its conventional forces worldwide;

(2) The bases help maintain great power equilibrium in Southeast Asia and U.S. force readiness throughout the Far East;

(3) The bases are required to meet [US] obligations under the Mutual Defense Treaty of 1951 to defend the Philippines;

(4) Transferring existing facilities elsewhere (e.g., the Marianas) would be enormously expensive. Capital expenditures might run as high as $5 billion plus $300 million yearly in additional operating expenses;

(5) The bases are a hedge against the unknown and the unpredictable (for example, the political disintegration of China) and a means of combating incidents of piracy, such as the 1975 Mayaguez affair; and

(6) Finally, the bases symbolize American determination to remain a Pacific power. Closing them would upset not only the Chinese, who fear Soviet encroachment, but also the Japanese, who might feel compelled to build up their own defense forces in the region, yet would rightly fear the political reaction that such a move would be likely to provoke among the Southeast Asians.7

There were many other justifications for their existence. First, the bases were essential to the global American force structure, a part of the facilities
important for the U.S. to project its conventional forces worldwide. For the U.S.,
the Philippines bases of Clark Air Base and Subic Bay have been regarded as
essential for the conduct of U.S. global containment policy, providing the southern
anchor for the long defense line that stretches from the northern Japanese islands,
through the Ryukyus and Taiwan, to Luzon. The Philippines bases have provided
the U.S. with the ability to control sea lanes and check the Soviet naval activities
in the Pacific and Indian Ocean, and to cut the time and the distance for combat
reinforcement efforts toward Northeast as well as Southeast Asian combat zones.⁸

Second, the bases balanced the great power presence in Southeast Asia.
Considering the increasing Soviet presence in Cam Ranh Bay in Vietnam, the U.S.
in the Philippines helped counter a strong Soviet presence in the region. Third, the
bases assured the U.S. allies in Asia of the U.S. intent to remain a Pacific power.
With the removal of any U.S. military presence in Indochina, the ending of U.S.
presence in Thailand, and the near-elimination of that presence in Taiwan, it was
understandable that Marcos should have felt that the Philippines bases had become
more valuable.⁹

President Jimmy Carter’s pledge in 1977 to withdraw all American ground
forces from South Korea highlighted the importance of the bases in the Philippines.
The Carter administration concluded that the withdrawal from South Korea at that
time was as much as the U.S. could handle if it was to keep anxieties among its
Asian allies and friends to a minimum.¹⁰ A withdrawal of the bases from the
Philippines would be very costly if the U.S. sought to retain its existing forward positions in the entire Pacific.

However, there were those who advocate such a withdrawal despite the cost. According to one idea, the core of American facilities could be positioned on Guam—a politically stable U.S. territory with a loyal, skilled work force. Other alternatives suggested were Japan, Australia, and Tinian in the Mariana Islands. Although shifting to alternative bases would entail much expense, in the long run, the cost would, in this view, be less and the political dangers fewer.11

On the part of the Philippines, the following justifications were often mentioned. First, the U.S. provided a security umbrella, which, as a consequence, decreased the need for a large defense budget.12 Second, the bases were a major source of employment for Filipinos. Clark and Subic employed many thousands, and they would be left jobless if the bases were abolished. Except for the national government, the bases were the largest single employer in the country. In 1975, there were 55,346 Filipinos employed in all U.S. bases with an annual payroll of $170 million. According to U.S. Embassy sources, the estimated U.S. expenditure at the bases amounted to $136 million in 1971, $183 million in 1972, $217 million in 1973 and $232 million in 1974. Finally, there was a significant flow of military aid from the U.S. relating to the bases.13

The negative aspects of the bases included the social cost of these bases, like prostitution, smuggling, high crime rates, and the high incidence of drug abuse in the surrounding communities.
The 1947 Base Agreement: An Historical Context

In 1933, the Hare-Hawes-Cutting Bill providing for Philippines independence was rejected by the Philippines Legislature on the grounds that its provision for complete American custody of military and naval reservations in the Philippines was repugnant and inconsistent with true independence. However, the Tydings-McDuffie Law of 1934 provided that the president of the U.S. and the president of the independent Philippines would negotiate the matter of base retention.

Philippines President Roxas and American Ambassador Paul McNutt signed the Military Bases Agreement on March 14, 1947, which was effective for 99 years. With it, the U.S. was granted exclusive use of 23 naval and air bases rent-free for 99 years. Its twenty-nine articles dealt with both Philippines and American rights and obligations, including sites for bases. Annex A of the agreement listed sixteen sites for American retention. Of these, seven were actual operational bases; three were adjacent army and air force bases in Pampanga province near Manila, and four were navy. The other nine sites were scattered, unspecified military facilities. Annex B listed seven additional sites for possible later U.S. use, subject to mutual agreement.

The rights given to Americans under the Military Bases Agreements, as illustrated in Appendix One, included the following:

(1) The U.S. shall be granted certain lands for base use "free of rent."
(2) The United States shall have the right to retain the use of the bases listed in Annex A of the Agreement, comprising a total area of no less than 240,000 hectares.

(3) The U.S. shall be permitted by the Philippines the extra use of seven other alternative bases (listed in Annex B of agreement) as American military need arises or as required by military necessity.

(4) The U.S. may expand these bases, exchange them for other bases or yield their rights to such bases.

(5) The U.S. shall have the right to use land and coastal areas for periodic maneuver, for additional staging areas, bombing and gunnery ranges, and for immediate airfields.

(6) The agreement shall remain in force for a period of 99 years, subject to extension thereafter.

The agreement also outlined criminal jurisdictional authority. In peacetime, on base territory, the Philippines’ jurisdiction was limited to offenses against the Philippines security or in situations where both offender and offended were Filipinos. Off-base Philippines jurisdiction was to be retained in all cases except where both parties were members of the U.S. armed forces; when the offense was against U.S. security by the U.S. serviceman; when the offense was committed by a member of the armed forces of the U.S. while engaged in the actual performance of a specific military duty or during a period of national emergency declared by either government. In the event the prosecuting attorney found that the offense was not committed in the actual performance of a specific military duty, the offender’s commanding officer had the right to appeal the finding to the Secretary of Justice within ten days from the receipt of the decision, and the decision of the Secretary
of Justice was final. In wartime, the U.S. had the right to exercise exclusive jurisdiction over any offense committed by members of the American armed forces in the Philippines. In all cases under American jurisdiction, the right of separate civil action was reserved to the offended party to enforce any civil liability that arose from the offense under the laws of the Philippines.\(^{17}\)

**The Bases After the 1947 Agreement**

Several developments took place after the 1947 agreement. In 1953, there was communication between President Quirino and President Eisenhower on the importance of expanding and developing certain U.S. military bases in the Philippines as well as outstanding property and related questions. Nothing resulted from this communication. In 1954, President Magsaysay opened negotiations with the U.S. on problems arising from U.S. military presence, among which were a clarification of the definition of American and Philippines’ rights of jurisdiction, respectively, over base personnel.\(^{18}\)

In February 1956, alleged Filipino pirates were shot down inside the American bases. To resolve the jurisdiction question both countries appointed their respective panels to meet in Manila between August 11, 1956, and December 5, 1956. The Garcia-Bendetsen conferences concerning the question of jurisdiction in the American bases in the Philippines ended without a solution. The accused American was transferred to the U.S. beyond the reach of Philippines jurisdiction.\(^{19}\)
In July 1956, the American government declared that the U.S. recognized the sovereignty of the Philippines government over the base lands. This was repeated by Vice President Nixon when he visited the Philippines in the same year. Earlier, in August 1953, Attorney General Herbert Brownell had contended that the U.S. held titles to and thus owned the land and water areas covered in the military bases. This was contradicted by Senator Recto who argued that the Military Bases Agreement confirms the view that the Philippines owned the land involved because of the presence of the phrase "free of rent" in the text of the Treaty.\textsuperscript{20}

On 12 October, 1959, Foreign Secretary Felixberto M. Serrano and Ambassador Charles Bohlen agreed in principle to the reduction of the 99-year lease of bases to 25 years by mutual consent. Also, as a result of negotiations between them, the town of Olongapo, Zambalas, which had been considered as American territory, was turned over to Philippines jurisdiction.\textsuperscript{21}

In the meantime, there was trouble stemming from crimes committed on the bases. In 1964, a Filipino boy on Clark Air Base was shot in the back by an American sentry. This was followed shortly by the killing of a Filipino fisherman by American sentries at the Olongapo Naval Base. A large demonstration was held on January 25, 1965, denouncing American occupation of the Philippines. In 1968 another Filipino was killed by an American sentry in Cavite. The following year, another American, who was off duty, went hunting with his service pistol in violation of U.S. military rules, and in broad daylight shot to death a Filipino...
employee of the military base. These incidents were widely covered in the media, caused an uproar in the populace, and generated tension in Philippines-American relations.\(^{22}\)

On August 10, 1965, Foreign Secretary Mauro Mendez and American Ambassador William Blair, Jr., signed an agreement (the Mendez-Blair Agreement) revising Article XIII of the military Bases Agreement. Under the agreement, which did not have the effect of law because the Philippines Secretary of Justice did not accept it, the U.S. agreed to: (1) give up exclusive jurisdiction over on-base offenses; (2) define clearly the term "on-duty"; (3) improve the provisions on waivers of jurisdiction; and (4) create a criminal jurisdiction implementation committee composed of officials of both governments. The Mendez-Blair agreement, unlike the original 1947 agreement, conceded to the Philippines jurisdiction over "off-duty" offenses committed inside U.S. military bases and deprived the U.S. of jurisdiction over Filipinos "unless they are in the U.S. military service."\(^{23}\)

The Rusk-Ramos Agreement in 1966 incorporated some of the compromises reached by Ambassador Bohlen and Foreign Minister Serrano in 1958 and 1959. Foremost among these agreements in the Philippines' perspective was the formal reduction in the lease for the bases from 99 to 25 years.\(^{24}\) In fact, the duration of the bases agreement is reduced not from 99 to 25 years but to 45, when counted from 1947.
While some changes were made by the negotiations, the essential function of these bases remained almost the same. The U.S. bases in the Philippines supported the U.S. military operations throughout Asian territory. For example, they provided the major support for the massive U.S. intervention in Vietnam.

By late 1968, President Marcos stated that the Philippines would have to take into consideration the realities in Asia such as the eventual withdrawal of the United States from Asia and the growing power of Mainland China. He implied that after the American involvement in Vietnam was completed, the U.S. was unlikely to get so deeply involved in the internal affairs of another country in Southeast Asia again.  

In June 1983, in accordance with the amendment calling for a review of the bases to be held every five years, a Memorandum of Agreement was signed that provided for $900 million in exchange for the continued American use of the installations for another five years. The new provisions amended portions of the 1979 agreement under which the Philippines received $500 million for 5 years in economic and military assistance but which the Filipinos call "rental." Also, with the conclusion of the 1983 review, President Reagan promised to make his best effort to provide the Philippines with a security assistance package worth $900 million to be distributed over the 1984-88 period.
Main Problems with the Bases

Jurisdiction has been a major source of irritation in Philippines-U.S. relations concerning the bases. There were instances when Filipinos were killed in the employ of American armed forces in Clark Field, in Pampanga and problems arose due to the refusal of the American military to hand over the killers to Philippines courts for trial. According to the Military Bases Agreement of 1947, offenses committed by Filipinos against Filipinos within the American bases were to be tried by Philippines courts. In the American view, any investigation of killings inside the bases required consultation with the American Department of Defense. There were cases when Americans having committed crimes were sent home on the grounds that they had finished their tour of duty, thus preventing Philippines courts from trying the accused.28

In the 1947 agreement, under Article XIII, Paragraph 1, the United States had the right to exercise jurisdiction over:

1. Any offense committed by any person within any base except where the offender and offended parties are both Philippines citizens (not members of the armed forces of the U.S. on active duty) or the offense is against the security of the Philippines;

2. Any offense committed outside the bases by any member of the armed forces of the United States in which the offended party is also a member of the armed forces of the United States; and

3. Any offense committed outside the bases by any member of the armed forces of the United States against the security of the United States.
(4) In time of war the United States has the right to exercise elusive jurisdiction over any offenses which may be committed by members of the armed forces of the United States in the Philippines.\textsuperscript{29}

In 1965, this was revised by the Mendez-Blair agreement. In brief, as mentioned earlier, the U.S. renounced exclusive jurisdiction over on-base offenses. The term "on-duty" was clarified. It was agreed that the provisions on waivers of jurisdiction would be improved. It was also agreed that a bipartisan criminal jurisdiction implementation committee would be created.\textsuperscript{30}

The renegotiated treaty of 1979, which will be discussed later, did not quite confront the issue of criminal jurisdiction. The Philippines had wanted to obtain jurisdiction over all offenses committed by American servicemen except those committed in the performance of their official duty. It emphasized the abuses by the American servicemen involving violence, prostitution, gambling, etc. However, the Americans felt that the Philippines' judicial process was both too lengthy and discriminatory towards them. Further, it was expressed that with martial law the ambiguous definition of subversion could undermine their enjoyment of civil rights.

Another important issue was sovereignty. There had been widespread criticism that the bases eroded the sovereignty of the nation. It was contended by Filipino nationalists that permitting facilities on Philippines soil destroyed the nation's sovereignty and perpetuated the old colonial relationship. The renegotiated agreement of 1979 reaffirmed Philippines sovereignty over the bases and called the bases Philippines bases and provided that the Philippines flag alone fly over the
bases. Where the Philippines flag was flown jointly with the U.S. flag, that of the Philippines would occupy the "place of honor."\textsuperscript{31}

Another problem was whether to view U.S. payment for the use of the bases as aid or rent. The Marcos regime demanded that money for the bases should be considered straight rental instead of aid. This was because the U.S. would cease to play a role in administering funds allotted to the bases.\textsuperscript{32} The U.S. payment for the bases, Economic Support Fund (ESF), was administered by the Ministry of Human Settlements, until 1986 headed by the First Lady Imelda Marcos. The U.S. Agency for International Development (AID), which had to approve the ESF projects, was skeptical about Mrs. Marcos's administrative capabilities.\textsuperscript{33}

\textbf{The 1979 Agreement and Foreign Policy Change}

President Marcos began a redefinition or reassessment of U.S.-Philippines relations with the ultimate foreign policy goal of abolishing the bases. Although it would not be easy to achieve this ultimate Philippines goal in a short period, a good alternative was to Filipinize the bases and get the most out of them in terms of greater rental/aid and concessions. It is then important to discuss some aspects of the negotiations and the provisions of the 1979 agreement.

The agreement of January 1979 took the form of an exchange of notes renewing the 1947 treaty with provisions for a thorough review in 1984. The main documents constituting the amended base agreement included the following:
(1) Exchange of Notes Amending the Philippines-U.S. Military Bases Agreement of 1947 (January 7, 1979), including: a) the continuation of the provision regarding radio broadcasting facilities, b) the continued use of the U.S. relay communications facility within the Clark Air Base, c) the continuation of the special arrangements regarding the use of the pipeline from Subic Naval Base to Clark Air Base, d) the immediate conclusion of an agreement on the issue of the American military cemetery and memorial in Fort Bonifacio, e) the appropriate measures for a smooth transition in the event of evacuating the U.S. facilities in the bases; (2) A Letter from President Carter to Marcos (January 4, 1979), including: a) the U.S. government’s best effort to obtain $500 million in security assistance appropriation for the Philippines, b) consideration of the Philippines’ request for military equipment; (3) A Letter from Secretary Vance to Romulo (January 6, 1979), including: a) the U.S. support for President Marcos’s plans to achieve military self-reliance, b) the assumption of perimeter security for the bases to ease the problems of criminal jurisdiction; (4) Arrangements regarding delineation of United States facilities at Clark Air Base and Subic Naval Base; Powers and responsibilities of the Philippines base commanders and related powers and responsibilities of the United States facility commanders.  

There were important provisions which were viewed as gains or improvements for the Philippines. First, there was the reaffirmation of Philippines sovereignty and the agreement to fly the Philippines flag singly over the bases. With the amendment of 1979, Philippines sovereignty over the bases was
reaffirmed. However, an important provision of the 1979 agreement, which was contradictory, was the guarantee to the U.S. for "unhampered military operations" within the bases. There was a fundamental incompatibility between the two key provisions of the revised agreement—assurance of "unhampered military operations" for the United States and "Philippine sovereignty" as perceived by Filipinos. This contradiction stimulated the controversy over the bases.35

Second, there was the installation of a Philippines commander at each American base. Philippines sovereignty over the bases was reaffirmed and symbolized by the appointment of "Philippines Base Commanders." However, the core operational areas of the bases and all U.S. forces remained administratively distinct, under the command of "United States Facility Commanders." Responsibility for the security of the entire "Philippines base" perimeter, the same as the old base perimeters, was assigned to the Philippines commanders, intending to reduce incidents between American security personnel and Filipino intruders. The American commanders remained responsible for the security of the core operational areas and even within the reverted territory certain regions known as "depicted areas" were subject to joint management. The latter included areas of the Subic Bay and some isolated areas.36

Third, there was a reduction of areas for U.S. use on certain bases. According to an amendment to the 1979 agreement, a provision was made for the reversion of large areas of land and water to the Philippines as part of the Philippines' military bases: this consisted of about 90 percent of Clark Air Base
and about 45 percent of the land area at Subic, in addition to most of the waters of Subic Bay.\(^{37}\)

Fourth, there was the issue of perimeter security and criminal jurisdiction. Under the new agreement, the Philippines government would now provide the perimeter security. Fifth, there was a provision for a thorough review by the U.S. and the Philippines of all issues connected with the bases to be undertaken every five years. This was an important point because it gave the Philippines the opportunity to bargain on the terms of the bases every five years.\(^{38}\)

However, many Filipinos remained unhappy about the agreement and the amendments were viewed as unsatisfactory because they left undecided such issues as criminal jurisdiction, immigration, taxation, customs, health inspection and financial compensation for Filipino nationals.\(^{39}\)

While making some significant concessions, the U.S. was able to forestall a final resolution of the issue of criminal jurisdiction over U.S. service personnel who would kill or shoot Filipinos on the bases. The United States got a significant concession in the use of U.S. troops in security activities outside the base perimeters. This was an area that could be arbitrarily defined to extend from a few yards to several miles from the base boundaries.

The concessions made by the U.S., such as the flying of the Philippines flag and the appointment of Philippines base commanders, appeared to be mostly significant. But as long as the U.S. retained the right of unhampered military operations, Philippines control over the bases would be considerably limited. As
former Philippines Senator Salonga stated, no additional concessions were made by the Americans to meet the Philippines' demand for increased control over offenses committed by U.S. personnel.40

On the whole, the 1979 agreement contained both positive and negative aspects in terms of increased Philippines independence. On the positive side were the following gains: First, the duration of the existing agreement was shortened to five years, with a requirement for a complete and thorough review and reassessment in 1984 and on the fifth anniversary of any subsequent modification. Second, the Amendment increased to some extent Philippines participation in the management of the bases. However, on the other side, the appointment of Philippines base commanders was not completely sufficient so long as Filipinos could command only a limited portion of the resources available to their American counterparts. There was much to be said for the insistence that a major reduction of the U.S. presence should be made if Philippines independence was to be strengthened in any substantial way.

To summarize, foreign policy change was reflected in the status of the bases though not in a completely satisfactory way. Marcos called for a review of the agreement which eventually resulted in some amendments in 1979. Although not fully satisfactory, certain changes were made which somewhat improved the terms regarding the bases. Further, such changes had some important value in the sense that the Philippines needed some assurance that their sovereignty was recognized at the bases.
Change Toward Improved Relations with the Socialist Bloc

One of the most significant foreign policy changes in the Philippines was the establishment of relations with the Socialist countries. As Table 2 shows, the martial law regime during the 1970s established various kinds of economic and political diplomatic relationships with almost every Socialist nation, including China, the Soviet Union, Eastern European states, Cuba, Vietnam, and others. The Philippines, as a strong anti-Communist country, had manifested itself in extreme forms of diplomatic relations. It meant the end of the post-colonial pattern of Philippines foreign policy, which relied heavily on the United States and the Western countries.

President Marcos set forth various reasons why the Philippines opened diplomatic relations with the Socialist bloc. The first reason was independence. The Philippines had engaged in the wars of foreign nations and permitted other countries to help in its liberation. The "special relations" with the United States had separated the Philippines from both the Third World countries and the Socialist states. The second reason was national interest. Marcos needed the Philippines' effective bilateral and multilateral relations to achieve diplomatic stability and economic growth. He decided to seek adjustment through new and diversified external markets. The third reason was that the bipolar world system has declined. Marcos perceived that the cold war system was no longer important in international relations as well as for the Philippines. Fourth, Marcos wanted closer relations with the Third World mainly because the Philippines had been alienated from the
### TABLE 2

DIPLOMATIC RELATIONS WITH THE SOCIALIST BLOC UNDER MARTIAL LAW

<table>
<thead>
<tr>
<th>Countries</th>
<th>Date Established</th>
<th>Main Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>72/03/10</td>
<td>President Ceaucescu’s state visit &amp; Seven agreements on varied subjects (75/04/09-13). Total trade (79): $21.9 million &amp; 33rd largest trading partner of the Philippines.</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>72/03/10</td>
<td>Agreement to waiver of non-immigrant visa (73/03/09). Vice President Hodza’s official visit (79/06). Total trade (81): $4.1 million.</td>
</tr>
<tr>
<td>E. Germany</td>
<td>73/09/21</td>
<td>Chairman Honecker’s state visit (77/12/06-08). Trade Agreement (77/12/07). Total trade (80): $9.2 million &amp; 45th largest trading partner of the Philippines.</td>
</tr>
<tr>
<td>Poland</td>
<td>73/09/22</td>
<td>Trade Agreement (76/02/12). Total trade (80): $9.1 million.</td>
</tr>
<tr>
<td>Hungary</td>
<td>73/09/28</td>
<td>Trade Agreement (76/10/14). Deputy Foreign Minister Pal Racz’s visit (77/07/05-08). Foreign Minister Trigyes Puja’s official visit (80/02/21-26). Total trade (79): $908,420.</td>
</tr>
<tr>
<td>Czecho</td>
<td>73/10/03</td>
<td>Trade Agreement (77/03/09). Foreign Minister Bohuslav Chnoupek’s visit (79/07/13-17). Total trade (73-81): $18.03 million.</td>
</tr>
<tr>
<td>Mongolia</td>
<td>73/10/11</td>
<td>Mongolian Minister of Foreign Trade Ochir’s visit (79/05). Chairman of the State committee on Labor and Wages’s visit (79/12).</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>73/11/16</td>
<td>Trade agreement (75/05/02). Economic &amp; Technical Cooperation Agreement (79/05/10). Total trade (78-81): $1.1 million.</td>
</tr>
<tr>
<td>China (PRC)</td>
<td>75/06/09</td>
<td>President Marcos’s state visit (75/06/09). Vice-Premier Li Ziannian’s return visit (78/03). Total trade (76-81): $900.1 million. Third visit of Imelda (79/07/08). Agreements in various fields.</td>
</tr>
<tr>
<td>USSR</td>
<td>76/06/02</td>
<td>Marcos’s state visit (76/06/02). Trade (80): $210.87 million &amp; 16th largest Philippines trading partner. Soviet Deputy Foreign Minister Nikolai Firyubin’s goodwill tour of ASEAN capitals (78/10).</td>
</tr>
<tr>
<td>Vietnam</td>
<td>76/07/12</td>
<td>Trade Agreement (78/01/06-09). Prime Minister Pham Van Dong’s state visit (78/09/16-20). Total trade (78): $2.1 million.</td>
</tr>
<tr>
<td>Cuba</td>
<td>76/08/21</td>
<td>Mrs. Marcos’s official visit (76/08). Agreement on Scientific and Technical Cooperation (78/10/10). Total exports (80): $82,103.</td>
</tr>
<tr>
<td>Cambodia</td>
<td>78/05/05</td>
<td>Total exports (80): $2.9 million.</td>
</tr>
</tbody>
</table>

Third World movement. And finally, there was a crisis in internal security.

Marcos could deter political and material support for the local Communists coming from the Socialist nations. He needed "diplomatic initiatives to establish friendly relations with these nations on the basis of mutual respect for national sovereignty and territorial integrity, and the principle of noninterference in each other's internal affairs."\(^4\)

As evidenced in Table 2, the most critical reason for such an open-door policy toward the Socialist countries seemed to be economic. In President Marcos's own words:

The tearing down of the ideological barriers that isolated the Philippines from the communist/socialist world was in keeping with the goals of our development diplomacy. We sought new outlets for our products to minimize dependence on a few traditional markets.\(^4\)

After establishing diplomatic relations with Yugoslavia and Romania in 1972, the Philippines government extended its relations with Socialist countries including East Germany, Bulgaria, Hungary, Poland and Czechoslovakia in Eastern Europe and the People's Republic of Mongolia in Asia in 1973. In 1975, Marcos established diplomatic relations with China and in 1976 with the Soviet Union. The Philippines also opened diplomatic relations with Algeria, Cuba, Libya, and Vietnam in 1976.\(^4\)

In June 1975, President Marcos and Premier Chou En-Lai signed a Joint Communiqué which contained the declaration by both countries to respect each other's sovereignty and territorial integrity and to observe the principle of non-interference in each other's internal affairs. Chairman Mao also emphasized that
the Chinese Government would not intervene in Philippines domestic affairs, although he made a distinction between the Chinese Government and the Chinese Communist Party. Later, the two countries signed agreements on trade, air transport, cultural activities, and hotel construction. The Long-Term Trade Agreement, China’s first long-term trade deal with a developing country, provided for the exchange of goods valued at $2 billion from 1979 to 1985. The Long-Term Agreement also provided the basis for other kinds of economic cooperation, such as the establishment of joint ventures between Filipino corporations and Chinese state organizations. The air agreement on May 8, 1979, provided for two weekly flights by the Philippine Air Lines and the China Civil Aviation Administration. The two countries also agreed on Philippines participation in the development of China’s tourism industry, such as the construction of two 500-room hotels in Beijing and Canton. The cultural agreement provided for numerous exchange visits of private and governmental organizations in such fields as acrobatics, agriculture, basketball, defense, education, folk arts, journalism, opera, public works, and technology.44

The Philippines’ diplomatic relations with the Socialist bloc would not have been successful without having relations also with the Soviet Union. The Soviet Union, as a superpower in military and economic terms, has been in a position to influence the region of Southeast Asia since 1945. President Marcos and Supreme Soviet Presidium President Nikolai Podgorny signed the Joint Philippines-Soviet Statement during the state visit of President Marcos on June 2, 1976. They
affirmed that relations between the two countries shall be based on the principles of peaceful co-existence, including respect for each other’s sovereignty and territorial integrity, non-interference in each other’s internal affairs, equality, and mutual benefit. The two countries signed a trade agreement on June 2, 1976. From 1976, official trade rose $210.87 million in 1980, representing 1.56 percent of total Philippines trade, which made the Soviet Union the 16th largest Philippines trading partner. President Marcos’s 1976 state visit was followed by other ASEAN leaders, including the Malaysian, Singaporean and Thai prime ministers, to the Soviet Union which apparently wished to improve relations with ASEAN governments. On July 7, 1978, Imelda Marcos signed an executive agreement with Foreign Minister Andrei Gromyko in Moscow to implement the Philippines-Soviet Cultural Agreement for the years 1979-1980.45

The Philippines government established diplomatic relations with many Eastern European countries during the martial law period. After diplomatic relations were established, the Philippines and Eastern European countries signed numerous agreements in such fields as trade and culture: (1) an agreement relating to non-immigrant visas with Yugoslavia on March 9, 1973; (2) an Agreement on Cultural Cooperation with Czechoslovakia on October 8, 1974; (3) seven agreements in various fields with Romania on April 9-13, 1975; (4) a trade agreement with Poland on February 12, 1976; (5) an agreement on cultural relations with Hungary on July 15, 1976; (6) a Trade Agreement with Czechoslovakia on March 9, 1977; (7) an agreement on cultural relations with
Yugoslavia on September 14, 1977; (8) an agreement on cultural cooperation with Bulgaria on June 9, 1978; (9) an executive program with Romania on January 24, 1979; (10) an Economic and Technical Cooperation Agreement with Bulgaria on May 10, 1979; (11) an agreement on scientific and cultural cooperation with Hungary on February 22, 1980. There were also state visits by President Nicholas Ceaucescu of Romania in 1975 and Chairman Erich Honecker of East Germany in 1977.46

The Philippines established diplomatic relations with the Mongolian People’s Republic on October 11, 1973. The two countries had no trade relations during the martial law period. The Philippines also, in concert with ASEAN members, established diplomatic relations with the Socialist Republic of Vietnam on July 12, 1976. In September 1978, during Prime Minister Pham Van Dong’s state visit, the two countries agreed that they would discuss and settle any differences or disagreements in a spirit of conciliation and friendship. Philippines trade with Vietnam amounted to $1.9 million in 1977 and $2.1 million in 1978. However, trade stopped completely when Vietnam invaded Cambodia in 1979, but it was resumed in 1980 and the Philippines exported $2.9 million to Vietnam.47

The Marcos regime established diplomatic relations with Cuba on August 21, 1976, during Imelda Marcos’s official visit. An agreement on scientific and technical cooperation was signed on October 10, 1978. The Philippines agreed to reduce its quota under the International Sugar Agreement of 1977 by 100,000 metric tons to enable Cuba to retain its basic quota.48
Conclusion

The U.S. military bases in the Philippines have been an aspect of Philippines-U.S. relations generally considered salient and which was often a source of irritation in the relationship. The situation surrounding the U.S. bases in the Philippines is a major indicator of Philippines foreign policy change.

In the mid-seventies, at the same time that the Philippines was talking about a change in its foreign policy, it called for a review of the bases agreement. In the agreement of 1979, Marcos obtained some concessions. These were: reversion of certain base land to Philippines control, reaffirmation of Philippines sovereignty, and Filipino soldiers becoming base commanders. The flying of the Philippines flag over the bases also constituted an improvement in the Philippines' position. The automatic review of provisions for the bases after 5 years was a further bonus for Manila. However, upon closer examination, it appeared that these concessions were not so substantial considering other provisions, like the guarantee of unhampered operations for the U.S. and the limited authority of the Philippines base commanders.

Certainly, the true measure of foreign policy change during the martial law period would have been if the Philippines had eliminated the bases. However, considering the constraints that existed against doing so, such as treaties giving the Americans the right to retain the bases until 1991, plus the perception of some that the Philippines wanted to keep the bases to maintain the balance of power in the
region, some measure of foreign policy change can be seen in the greater Philippines control over the bases.

As the historical background has shown, negotiations on the bases have occurred over time. Gradual improvements have been attained as part of a sequence of improvements. It should also be noted that one of the major Philippines foreign policy changes in the seventies was the establishment of diplomatic relations with the Socialist countries. The foreign policy posture of the seventies contrasted sharply with that of the previous decades when the Philippines had no relations with the Socialist bloc. In particular, the Philippines, as one of the leading anti-Communist states, took steps to improve its relations with the world’s two leading Socialist countries, the Soviet Union and China.
NOTES

1International Herald Tribune, 21 September 1983.


4Cooke, op. cit., 274-275.


7Pringle, op. cit., 68-70.


10Ibid.

11International Herald Tribune, 15, 16 October 1983; Far Eastern Economic Review, 19 July 1990, 10-11. As an alternative to the Philippines bases, the United States has sought access to Singapore. In 1989, Singapore offered to provide increased access to U.S. ships and aircraft as a means of preserving a U.S. military presence in the ASEAN region. In 1990, the United States agreed to air stationing for about a half year and deploying some military personnel to Singapore. In November 1990, the U.S. and Singapore signed an arrangement for limited American access to base facilities in Singapore. The U.S. and the Philippines allowed the lease contract of the major U.S. bases to expire as the Philippines Senate turned down the proposal in September 1991. The U.S. withdrew from Subic Bay Naval base, the last remaining base, in December 1992.


14Milton W. Meyer, A Diplomatic History of the Philippine Republic (Honolulu: University of Hawaii Press, 1965), 45; see also Appendix One.


16Meyer, op. cit., 46.

17Ibid.

18Jose Ingles, Philippines Foreign Policy (Manila: The Lyceum Press, 1982), 22.

19Ibid., 22-23.

20Ibid., 22.

21Ibid.


24Department of State Bulletin, 10 October 1966, 547-548.


26International Herald Tribune, 1 June 1983; Cooke, op. cit., 274.

27Barnds, op. cit., 237.

28Ingles, op. cit., 23.

29See Appendix One.

30Thompson, op. cit., 31; Ingles, op. cit., 24.

31Barnds, op. cit., 238.
32Ibid., 236-237.


34Pringle, op. cit., 264; Ingles, op. cit., 47-49.

35Pringle, op. cit., 77.

36Ibid., 76-77.

37Barnds, op. cit., 237.

38Ibid., 236-237.

39Cottrell, op. cit., 59.


42Ingles, op. cit., 66.

43Ibid.

44Ibid., 67-68; SarDesai, op. cit., 211.


46Ibid., 72-76.

47Ibid., 79-83.

48Ibid., 149.
CHAPTER FOUR
FOREIGN POLICY SHIFT TOWARD ASEAN COOPERATION

In addition to the major issues surrounding the U.S. military bases, the clear tilt in the Philippines’ foreign relations toward ASEAN represents another important element of its foreign policy change. This chapter focuses on the ASEAN shift and includes a discussion of the Sabah territorial dispute between two ASEAN members, the Philippines and Malaysia.

ASEAN’s Formation

The record of regional cooperation in Southeast Asia was not successful before ASEAN was established on August 8, 1967. Exercises in regional cooperation had been weak and divisive. Southeast Asian nations that had traditionally avoided regional efforts began to pursue a major interest in the prospects of regionalism. There were some organizations in the region before ASEAN, including the U.N. Economic Commission for Asia and the Far East (ECAFE), the Asian Development Bank (ADB), and the Asian and Pacific Council (ASPAC).

There were two bodies directly related to the creation of ASEAN, the Association of Southeast Asia (ASA), established in 1961, and MAPHILINDO,
established in 1963, which was a device to try to resolve the controversy over Malaysia. MAPHILINDO became superficial because of Indonesia’s confrontational policy towards Malaysia and the Philippines’ claim over the Sabah territory. These two bodies helped regional countries establish the foundation for regional relationships. Basically, ASEAN was formed with the membership of these two bodies, except for Singapore, which officially achieved an independent separation from Malaysia in 1965. Brunei joined ASEAN in January 1984.

Table 3, below, presents the basic characteristics of ASEAN members.

### TABLE 3

**BASIC CHARACTERISTICS OF ASEAN COUNTRIES**

<table>
<thead>
<tr>
<th></th>
<th>Brunei</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Thailand</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population in millions, in mid-1978</td>
<td>0.256</td>
<td>136.0</td>
<td>13.3</td>
<td>45.6</td>
<td>44.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Area in thousands of square kilometers</td>
<td>6</td>
<td>2,027</td>
<td>330</td>
<td>300</td>
<td>513</td>
<td>1</td>
</tr>
<tr>
<td>GNP per capita circa 1982 in U.S. dollars, with real average annual growth, 1970-1982 in percentages</td>
<td>17,000</td>
<td>580</td>
<td>1,860</td>
<td>820</td>
<td>790</td>
<td>5,910</td>
</tr>
<tr>
<td>Average annual inflation circa 1970-1982 in percentages</td>
<td>-6.9</td>
<td>4.2</td>
<td>4.3</td>
<td>2.8</td>
<td>4.5</td>
<td>7.4</td>
</tr>
<tr>
<td>Life expectancy at birth circa 1980</td>
<td>76</td>
<td>59</td>
<td>68</td>
<td>59</td>
<td>62</td>
<td>71</td>
</tr>
<tr>
<td>Adult illiteracy circa 1980 in percentages</td>
<td>29</td>
<td>28</td>
<td>25</td>
<td>15</td>
<td>11</td>
<td>.2</td>
</tr>
</tbody>
</table>

Note: Brunei in 1990.

ASA

ASA (The Association of Southeast Asia) was the most significant regional precursor organization to ASEAN. ASA was created on July 31, 1961. The foundations of ASA were laid down by Carlos Garcia, the president of the Philippines, and Tunku Abdul Rahman, the prime minister of Malaya (Malaya became Malaysia in 1963) when the latter visited Manila in 1959 and agreed on a regional organization for mutual assistance in the economic, social and cultural fields. Thailand accepted the invitation to join the Association in 1961. ASA was not created by nor did it include non-regional powers, and it was not an ideological organization. Tunku Abdul Rahman pointed out its characteristics in 1961:

[ASA] is in no way intended to be an anti-Western bloc or anti-Eastern bloc, or, for that matter, a political bloc of any kind. It is not connected in any way with the various organizations which are in existence today; it is purely a Southeast Asian Economic and Cultural Cooperation Organization and has no backing whatsoever from any foreign source.¹

ASA was an indigenous Southeast Asian effort to provide more stable domestic development and a new sense of regional identity, which had been distorted and destroyed by colonial powers. In the early years of ASA, its members, Malaysia, the Philippines, and Thailand, concentrated on economic cooperation. With a group of senior officials representing each government, ASA tried to achieve cooperation in various fields, including agriculture, education, fishery, marketing, and trade. However, unlike the original purpose of regional cooperation, the organization became unsuccessful. The failure of ASA was
caused and started mainly by the Philippines’ territorial claim to Sabah, which served to upset relationships between leaders in the Philippines and Malaysia.

One of the strongest opponents of the claim was president of the Philippines. Ferdinand Marcos helped resume and lay the groundwork for reconciliation between Manila and Kuala Lumpur. In addition, there was an abortive coup in Indonesia which led to some major changes in the Southeast Asian political environment. As the new regime in Indonesia ended its anti-Malaysia policy, the relationship between the two ASA members was a revival of regional cooperation.

While ASA emphasized economic and cultural cooperation, it was not separated from security issues. As Abdul Rahman put it, there has always been an interest in the political-security field:

[W]e believe sincerely that the best possible way of preventing the Communists from trying to destroy the lives and souls of our nations is by improving the lot of our peoples... we must make ASA an inspiration and an example of sustained effort in growth and development.²

In this statement a clear connection between the security issue and regional cooperation was evident. The containment of Communism in Southeast Asia primarily meant stopping internal subversion, which was different from other regions and continents. The internal subversion was caused mainly by economic inequality and poverty. Ending economic discontent was thus an important priority in achieving regional cooperation.

Although ASA failed to achieve tangible cooperation, there were some positive benefits. It represented a practical, indigenous Southeast Asian
experience. It helped set the agenda for the future. It created a strong sense among the indigenous elites toward regionalism.

MAPHILINDO

MAPHILINDO was created on July 31, 1963 and signed by Macapagal of the Philippines, Rahman of Malaya, and Sukarno of Indonesia. It was a consultative body of the three Malay nations. Indonesia seemed to give more importance to MAPHILINDO than to the other regional organizations, such as ASA which it did not join. The creation of MAPHILINDO later gave important momentum to the establishment of ASEAN. However, MAPHILINDO was created to serve personal agendas. For Sukarno of Indonesia, it was used to get the Philippines’ cooperation for his anti-Malaysian campaign (Konfrontasi). Philippines President Macapagal hoped to prevent the incorporation of Sabah territory into the Malaysian federation and proposed the notion of a Philippines-Malayan confederation. Thus, from the beginning, these ambitious desires made regional cooperation unlikely.

ASEAN’s Evolution

ASEAN was the first general, indigenous, and politically neutral effort in Southeast Asian regional cooperation. It was general because ASEAN was to serve multiple functions, including economic, cultural, political, and security. It was indigenous because ASEAN was obviously distinguished from such organizations
as SEATO and others which had been based on external support, especially from the U.S. ASEAN was the product of the Southeast Asian governments themselves. It was neutral in the sense that ASEAN included Indonesia, whose foreign policy of nonalignment was supported by all member states.

The main impetus to its formation was Indonesia’s domestic political change in 1965. A movement led by the Indonesian Communist Party (PKI) failed on September 30, 1965, and weakened Sukarno’s political system of "Guided Democracy" which significantly affected the entire region’s political environment. That event and its consequences not only made possible a transfer of power to Suharto and the military in Indonesia in March 1966 but also led its foreign policy toward regional reconciliation and a pro-Western posture. Suharto, for example, ended direct confrontation with Malaysia in 1966, and broke off its diplomatic relations with China after it had backed the PKI. Indonesia’s political change provided the original five member states with common interests with respect to politico-economic development and their foreign relations.

The instrumental priority of ASEAN was regional reconciliation because conflicts among its member states were serious. The main object of regional cooperation was to promote and strengthen the domestic stability of the member regimes by reducing disputes among them.

Internal stability and the development of each ASEAN member could be achieved by economic growth, social progress, and cultural enrichment. The problems of regional security and stability were not top priorities at the outset.
For ASEAN there were two aspects of security: first, "the assurance of security within each state through positive programs, such as the development of all sectors of society in the hope that it will lead to economic well-being and to social peace, social justice and social stability"; and second, "the forging of a viable regional unity" by each member's own approach (i.e., national resilience for Indonesia; self-reliance for the Philippines; "Rukunegara" for Malaysia). The logic is that "if a country were socially and economically sound, then political well-being would follow."  

ASEAN was not so successful in its early interactions. Severe limitations in economic cooperation and political reconciliation remained among the member states. There was also a revival of intra-regional conflict between members of ASEAN. In 1968, the Philippines and Malaysia had a period of diplomatic interruption over the Sabah territory. In the same year, two Indonesian marines were found guilty of murder and sabotage during a confrontation between Singapore and Indonesia. These serious problems suggested a very pessimistic future for the organization.

On the other hand, these same problems stimulated a rearrangement in ASEAN's agenda for cooperation. Initially members failed to see the connection between their cooperation for economic development and support for their respective internal political development. In light of the early problems, the member states began to re-examine the utility of political cooperation for the common role of ASEAN, especially with regard to foreign interactions.
Malaysia proposed a plan for the neutralization of all of Southeast Asia, to be guaranteed by the major powers in the region. Since there was not a common strategic perspective in the region, it was more difficult to include all the Southeast Asian states. This proposal, however, provided a motivation for the ASEAN states to put together a proposal for the establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN). The proposal offered the basic foundation of regional order by excluding an intervening role for foreign powers, and it was strong enough to provide a direction that ASEAN states could pursue. It also provided the new Indonesian government with a continuing independent strategic policy.

In 1975, the successful Communist unification of Vietnam was a major event in the evolution of ASEAN. The event reinforced regional polarization and ideological competition. Furthermore, the fall of the Cambodian regime immediately after the Vietnam unification in 1975 was given serious attention by the ASEAN members. ASEAN member states’ heads of government met on Bali, Indonesia, in February 1976 for the first time. At this first meeting, ASEAN agreed to establish a permanent secretariat in Jakarta. The Bali summit displayed a confident response to the turmoil in Indochina and suggested an absence of any sense of imminent external threat.

In 1978, the second summit meeting was held in Kuala Lumpur. The most successful achievement at this meeting was the renouncement of President Marcos’s claim to Sabah, which eliminated the "cynicism and skepticism" surrounding ASEAN’s viability and capability.4
There was insufficient progress, however, to develop a strong relationship with Vietnam. Vietnam and Laos, at the Colombo conference of non-aligned countries in 1976, attacked the legitimacy of the ZOPFAN proposal as well as the role of ASEAN in the Southeast Asian regional order. They asserted that the organization was a tool of "American imperialism" and called for the full support of the nonalignment movement against "neocolonialism."  

Although ASEAN’s activities were initially limited to economic, social, and cultural cooperation, the motives behind its establishment were mainly regarded as political and diplomatic in nature. The Bangkok Declaration of 1967 indicated that the goal of the member states was to "ensure their stability and security from external interference." The ASEAN governments have tried to deny that ASEAN is a military organization. Nonetheless, ASEAN provided an intangible but significant security function by creating a common sense of cooperation among member states that were confronting their internal problems and an uncertain and complex external political environment:

*Considering that the countries of Southeast Asia share a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development, and that they are determined to ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities. Affirming that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom of states in the area.*

Clearly, the creation of ASEAN has given the member states a confidence and symbolic solidarity as a political entity among neighboring countries and not merely as a traditional security alliance. Nevertheless, ASEAN made no significant
progress in such economic, social, and cultural fields mainly because of dissimilar natural resources, diverse ethnic groups, and various religious traditions.

Following the breakdown of the non-Communist governments in South Vietnam, Laos, and Cambodia in 1975, the ASEAN states began to enhance their solidarity in a more significant way. At its first summit meeting in Bali, Indonesia, on February 24, 1976, ASEAN began to exhibit some political cooperation. One of the major statements from the conference was a Declaration of ASEAN Concord, which was an agreement outlining the collective security function of the Association, directed against the member states’ internal threats. The statesmen of member states also reaffirmed a commitment to the Zone of Peace proposal which had become the symbolic expression of a common external relations. Another outcome was the Treaty of Amity and Cooperation that allowed other regional states accession to the Association, including Vietnam. The highest decision-making body in the Association became the heads of government meeting. In this way ASEAN cooperation continued to function until 1979, when a new development occurred in Indochina.

When the anti-Communist regimes in South Vietnam and Cambodia fell, the ASEAN countries agreed to recognize the two new governments. This recognition of Communist regimes was not easily done by the conservative anti-Communist governments in the ASEAN nations. But each government successfully defended its policy of recognition of the regimes by referring to the collective position of ASEAN. At the same time, when Communist Vietnam invaded
Cambodia in 1979, Thailand’s Kriangsak government did not recognize the new pro-Vietnamese government of Heng Samrin, referring to the ASEAN collective position.

**ASEAN’s Functions**

The most significant sources of tangible support for ASEAN came from the U.S. and its allies. As Table 4 shows, economic relations with Japan, the United States, and the Western countries are very important even as significant intra-ASEAN economic cooperation has been maintained. Since the member states’ economic development strategies generally have been export-oriented, foreign capital investment and transnational aid has been essential.

ASEAN increasingly received support from external powers as it moved forward aggressively with its collective activities. At the beginning, there was much criticism from the former Soviet Union and China, accusing it of being an imperialist-inspired organization. Horn pointed out that "viewing the region as a whole, Moscow has been suspicious of the Association of Southeast Asian Nations (ASEAN)" since its formation in 1967. The Soviet Union saw it as a U.S.-influenced military character. China has given moderate support to ASEAN, in contrast to the Soviet Union. But it received much warmer support from the two countries after Vietnam’s unification.
TABLE 4
THE PRINCIPAL TRADE PARTNERS OF ASEAN EXPORTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC</td>
<td>16.1</td>
<td>6.3</td>
</tr>
<tr>
<td>Japan</td>
<td>33.3</td>
<td>44.5</td>
</tr>
<tr>
<td>U.S.</td>
<td>14.0</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63.4</td>
<td>67.8</td>
</tr>
<tr>
<td>ASEAN</td>
<td>27.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Others</td>
<td>9.6</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC</td>
<td>19.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Japan</td>
<td>18.3</td>
<td>20.4</td>
</tr>
<tr>
<td>U.S.</td>
<td>13.0</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50.6</td>
<td>47.7</td>
</tr>
<tr>
<td>ASEAN</td>
<td>24.8</td>
<td>25.5</td>
</tr>
<tr>
<td>Others</td>
<td>24.6</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Philippines</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC</td>
<td>8.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Japan</td>
<td>39.6</td>
<td>21.7</td>
</tr>
<tr>
<td>U.S.</td>
<td>41.7</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89.3</td>
<td>68.4</td>
</tr>
<tr>
<td>ASEAN</td>
<td>1.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Others</td>
<td>9.5</td>
<td>24.5</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Table 4 (continued)

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC</td>
<td>15.6</td>
<td>10.9</td>
</tr>
<tr>
<td>Japan</td>
<td>7.6</td>
<td>10.5</td>
</tr>
<tr>
<td>U.S.</td>
<td>11.1</td>
<td>13.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34.3</td>
<td>35.1</td>
</tr>
<tr>
<td>ASEAN</td>
<td>25.4</td>
<td>17.1</td>
</tr>
<tr>
<td>Others</td>
<td>40.3</td>
<td>47.8</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

| **Thailand**   |      |      |
| EEC            | 18.7 | 21.3 |
| Japan          | 26.3 | 13.9 |
| U.S.           | 13.5 | 12.7 |
| **Total**      | 58.5 | 47.9 |
| ASEAN          | 14.6 | 14.4 |
| Others         | 26.9 | 37.7 |
| **World Total**| 100% | 100% |


ASEAN has grown to serve the status and legitimacy of each of its member governments. For example, ASEAN has given strong support to Indonesia's independent foreign policy. It gave the Razak government of Malaysia a political advantage with the endorsement of its ZOPFAN proposal. As for the Philippines, the organization provided a new momentum to deal with nationalists' complaints about the United States. Singapore has secured an equal footing with her much
larger neighbors. The members of the Association also enjoyed more flexibility with their foreign policy, particularly with respect to Indonesia. Finally, both the Philippines and Thailand have been able to maximize their effectiveness in bargaining with the U.S. on military base issues.

Collective political defense increasingly has become more important to ASEAN member states. Collective political defense connotes solidarity and mutual support among members. It has been useful in dealing with external powers as well as domestic matters.

The ASEAN nations have made great efforts for collective security cooperation. For example, after the meeting of Suharto and Razak in Medan in November 1975, the Indonesian Defense Chief, General Panggabean, mentioned a mutual security perception: "Whatever problem Malaysia faces is considered to be a problem of Indonesia too and vice-versa." Also, ASEAN states have often cooperated militarily among themselves, as shown in Table 5. Singapore utilizes military facilities in the Philippines for its combat pilot training. The former Singaporean prime minister, Lee Kwan Yew, negotiated with the Brunei leadership to establish a bilateral defense connection, to allow training of its armed forces in Lakiun. Malaysia provided an intra-ASEAN military training site at its Jungle and Combat Warfare School in Jojore. Indonesia allowed Malaysian special troops to be trained at the Batu Djajar Commando Training Center in Bandung, Indonesia.
TABLE 5
JOINT ASEAN MILITARY EXERCISES
AND SECURITY EXCHANGE

<table>
<thead>
<tr>
<th>Participants (Time)</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia, Malaysia</td>
<td></td>
</tr>
<tr>
<td>b. October 1975-Annual/</td>
<td></td>
</tr>
<tr>
<td>c. 1977, intermittent/</td>
<td></td>
</tr>
<tr>
<td>f. August 1983)</td>
<td>d. &quot;Kekar Malindo&quot; series alternating between Malaysian and Indonesian territory in the Sarawak-Kalimantan area; these anti-insurgency exercises upgraded in 1980 (&quot;Aram Malindo&quot;) and 1981 (&quot;Tatar Malindo&quot;).</td>
</tr>
<tr>
<td>Indonesia, Malaysia, Thailand, (November 1979)</td>
<td>e. Conduct seventh joint air exercises at Butterworth Air Base to improve operational capabilities in border operations.</td>
</tr>
<tr>
<td>Indonesia, Singapore</td>
<td></td>
</tr>
<tr>
<td>a. 1974- /</td>
<td>a. Joint patrols have been conducted in the conducted in the Malacca and Singapore straits against smugglers.</td>
</tr>
<tr>
<td>b. September 1975/</td>
<td></td>
</tr>
<tr>
<td>c. September 1978/</td>
<td></td>
</tr>
<tr>
<td>e. September 1980)</td>
<td></td>
</tr>
</tbody>
</table>
Table 5 (continued)

<table>
<thead>
<tr>
<th>Participants</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Time)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Indonesia and Singapore deploy four warships each in South China Sea.</td>
</tr>
<tr>
<td></td>
<td>d. Indonesia and Singapore hold six-day joint air force exercise in East Java--&quot;Elang Indopara I.&quot;</td>
</tr>
<tr>
<td></td>
<td>e. &quot;Englek&quot; naval exercise--four Singapore patrol vessels and two Indonesian guided missile equipped destroyer escorts.</td>
</tr>
</tbody>
</table>

Malaysia, Thailand

a. 1959- /
b. August 1980/
c. August 1983)

a. A joint border force, in operation since 1959, was significantly upgraded to combat insurgencies on both sides of the border.

b. First major joint naval exercise ranging from the southern tip of Malaysia to the Thai port of Sattahip near Cambodia--20 warships deployed, anti-submarine warfare (ASW) and surface maneuvers were conducted.

c. Maritime exercises in South China Sea and Gulf of Siam under the name of Thaly and See III.

Indonesia, Thailand

a. January 1981/
b. August 1983)

a. First joint air exercise--computer simulation only--no combat units involved. Combined with Indonesian ASW exercises in South China Sea.

b. Maritime exercises at Java Sea, Sunda Strait under the name of Sea Garuda IV.
Table 5 (continued)

<table>
<thead>
<tr>
<th>Participants (Time)</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia, Philippines (1967)</td>
<td>Agreement was reached to act against smuggling and other illegal passage on the borders of both states.</td>
</tr>
<tr>
<td>Indonesia, Philippines</td>
<td>a. Accords were negotiated to cooperate in limiting smuggling and unauthorized immigration.</td>
</tr>
<tr>
<td>a. 1964 &amp; 1967/</td>
<td>b. Joint border patrol agreements were consummated denying sanctuaries to persons involved in illegal activities in either state as well as adjacent states.</td>
</tr>
<tr>
<td>c. October 1975/</td>
<td>d. A border crossing agreement was signed.</td>
</tr>
<tr>
<td>d. 1978)</td>
<td></td>
</tr>
</tbody>
</table>

Singapore and Thailand exercised together in their training camps. Also, Table 6 shows the current levels of ASEAN defense capabilities.

### TABLE 6

**ARMED FORCES OF ASEAN COUNTRIES**

<table>
<thead>
<tr>
<th></th>
<th>Army</th>
<th>Navy</th>
<th>Air Force</th>
<th>Paramilitary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei:</td>
<td>3,380</td>
<td>470</td>
<td>200</td>
<td>Gurkha reserve unit: 900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Brunei Royal Police: 1,750</td>
</tr>
<tr>
<td>Indonesia:</td>
<td>216,000</td>
<td>38,000*</td>
<td>27,000</td>
<td>Police mobile brigade: 12,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 sub-marines;</td>
<td>84 combat aircraft</td>
<td>Militia: 70,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13 frigates;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>31 large patrol craft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia:</td>
<td>90,000</td>
<td>9,000</td>
<td>11,000</td>
<td>90,000</td>
</tr>
<tr>
<td></td>
<td>36 infantry battalions;</td>
<td>61 combat aircraft</td>
<td>People's Volunteer Corps: 350,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 artillery regiments;</td>
<td>12 fast attack</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21 large patrol craft</td>
<td>21 large patrol craft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines:</td>
<td>70,000</td>
<td>26,000*</td>
<td>17,000</td>
<td>Constabulary: 50,000; Civil Home Defense Force: 65,000*</td>
</tr>
<tr>
<td></td>
<td>5 infantry divisions;</td>
<td>7 frigate;</td>
<td>88 combat aircraft</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 military police brigade</td>
<td>10 corvettes;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13 large &amp; 73</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>coastal patrol craft</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 6 (continued)

<table>
<thead>
<tr>
<th>Army</th>
<th>Navy</th>
<th>Air Force</th>
<th>Paramilitary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore:</td>
<td>45,000</td>
<td>4,500</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>1 armored</td>
<td>A fleet</td>
<td>Over 100</td>
</tr>
<tr>
<td></td>
<td>brigade</td>
<td>of 34 ships</td>
<td>combat and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>transport</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>aircraft</td>
</tr>
<tr>
<td>Thailand:</td>
<td>166,000</td>
<td>42,000</td>
<td>48,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 frigate;</td>
<td>183 combat</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9 fast</td>
<td>aircraft</td>
</tr>
<tr>
<td></td>
<td></td>
<td>attack craft;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>98 patrol vessels</td>
<td></td>
</tr>
</tbody>
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Notes:
- a. including naval aviators and marines.
- b. missile-equipped.
- c. including 9,500 marines and 2,000 in the coast guard.
- d. in March 1987, the government announced that the Civil Home Defense force was being disbanded and would be replaced by a national police force.
- e. including 20,000 marines.


The political solidarity of ASEAN has enhanced each member’s bargaining position in bilateral negotiations with great powers. With the exception of Singapore, in 1975-76 all ASEAN states supported Indonesia’s occupation of East Timor. When there was tension between Thailand and Vietnam after the 1979 Vietnamese invasion of Cambodia, the Vietnamese were not as inclined to engage in a direct confrontation with Thailand. ASEAN made it clear that it was interested
in the borderline dispute. Likewise, the ASEAN states signed a joint resolution for consideration by the UN Security Council when China invaded Vietnam in 1979.\textsuperscript{12}

These examples suggest that collective action of ASEAN has been somewhat successful. On the other hand, it could not significantly affect the Sino-Vietnamese conflict nor the Vietnamese invasion into Cambodia. Also, some ASEAN members often relied on external powers to reduce or minimize the subversive activities in their territory.

Another major example related to collective political defense dealt with was the massive influx of refugees from Cambodia, Laos, and Vietnam. The ASEAN nations, except Singapore, had serious difficulties absorbing any refugees because of the economic burden they posed. In addition, an influx might provoke ethnic unrest (i.e., anti-Chinese sentiments in Indonesia and Malaysia) and security problems (i.e., revolutionary and terrorist movements in Malaysia or Thailand). Thus, even though some members were not much affected, they all sought collectively to distribute the refugees. ASEAN made contacts with the United States and other countries for admission of the refugees, and they held an international conference to discuss the problem in Jakarta.\textsuperscript{13}

The process of consultation has contributed to ASEAN solidarity and the prevention of conflicts among its member states. It has been generally understood within the ASEAN states that a government should consult with other members before undertaking any major decision that might affect others' interests. This understanding was formalized in the Treaty of Amity and Cooperation signed on
February 24, 1976, at Denpasar, Bali, in Indonesia. The Treaty specifies that ASEAN members "shall maintain regular contact and consultations with one another on international and regional matters with a view to coordinating their views, actions, and policies."  

The earliest example of such consultative exchange was at the 1971 Kuala Lumpur conference when the member governments agreed to consult on their policies toward China. When Malaysia became the first ASEAN nation to propose diplomatic normalization with China in 1973, it consulted with Indonesia and delayed recognition for a year to accommodate Indonesian interests.

Following the Vietnam war, there was a series of bilateral ASEAN summit consultations prompted by the considerable differences among members regarding their appropriate responses. As the most affected country, Thailand believed that it should lead in formulating a unilateral ASEAN voice. On the other hand, Malaysia and Indonesia were unhappy when Thailand permitted Chinese military aid to flow to Pol Pot forces through its borderline. Malaysia argued that such support would significantly hurt ASEAN's neutral policy on the issue of Indochina.

The ASEAN member states do not individually have enough resources to lend financial aid since most of them, except for Singapore, have been very dependent on a few agricultural products for their export-oriented industrialization. They desired more active foreign investment and foreign aid. ASEAN has actively participated in the United Nations Conference on Trade and Development (UNCTAD) and the developing nations' (Group of 77) North-South economic
dialogues. ASEAN has sought specific support such as the establishment of an Integrated Commodity Program including a Common Fund. For that purpose, and despite an increased external debt as shown in Figure 1, ASEAN has been successful in getting external support from the developed as well as the developing countries. Except for Singapore, which has developed into a creditor country, every ASEAN nation, especially Indonesia and the Philippines, has received a great deal of development assistance from developed countries.

ASEAN increasingly expanded its discussions with Australia, New Zealand, Canada, and the United States during the 1970s. The industrialized nations recognized the importance of ASEAN's economy. Undersecretary of State for Economic Affairs Richard N. Cooper said in the first U.S.-ASEAN trade dialogue held in Manila in 1977 that ASEAN is "a source of numerous commodities important for industrializing and industrialized nations" and "an area with unusual growth potentials." ASEAN nations rapidly built their bilateral relations with industrialized nations, such as the Philippines with the United States and Canada, Malaysia with Australia, and Indonesia with Japan and the EC. This method of engaging in collective dialogues has been much more useful in securing external support than bilateral interstate relations alone. For example, following the U.S.-ASEAN ministerial dialogue in 1978, American firms became more interested in the region. As indicated in Figure 2, U.S. exports and imports as well as direct investment greatly increased during the period.
Figure 1. Total External Debt of ASEAN Countries

As stated in the ASEAN Declaration of August 8, 1967, benefits from their economic cooperation were clearly expected. Before the 1976 Bali summit, however, intra-ASEAN economic cooperation had not been very successful. ASEAN sought a long-term development project with the United Nations which undertook a study of means to enhance economic and trade cooperation among its member states. This effort produced a UN report suggesting that each ASEAN market should be complementary and liberalized on a product by product basis. The report provided the basis of economic cooperation among member states with full participation of economic ministers from each country.

In fact, the most significant form of intra-ASEAN economic cooperation was in the area of trade liberalization. In 1977 the member states agreed to sign an Agreement on Preferential Trading Arrangement (PTA) that included tariff preferences, long-term quantity contracts, purchase finance support at preferential rates of interest, and other forms of commercial advantages. Still, the impact of the PTA on intra-ASEAN economic cooperation has been minimal, consisting of less than 20 percent of total trade during the 1970s.

It is not easy to categorize ASEAN based on its functions. ASEAN does not belong to a security organization such as NATO or to an economic organization such as the EC. Its objectives have been somewhat limited. Its primary goal has been to strengthen its member states' regimes. Unstable domestic environments have precluded large-scale economic cooperation or a broad-based military alliance. The essence of ASEAN is its rejection of interference by external powers.
Figure 2: U.S. Trade and Investment with ASEAN, 1975 and 1987

Note: Direct investment is the yearend book value of US direct investors' equity in, and net outstanding loans to, their foreign affiliates. This does not include US oil company expenditure in exploration and development. Also, it does not include investment in Brunei.

The Sabah Territorial Dispute Between the Philippines and Malaysia

The Philippines' territorial claim to North Borneo was officially made in 1962 by Philippines President Macapagal. British decolonization in Southeast Asia provided an opportunity for the Philippines to initiate its claim to Sabah. The decolonization process was to create in 1963 a federal state incorporating independent Malaya and Sabah, Sarawak, and Singapore. Since the formation of Malaysia, both the Philippines and Malaysia have claimed sovereignty in Sabah. The Philippines claim became the most serious issue affecting the bilateral relations between the two ASEAN states and by extension ASEAN unity. The Sabah issue has become further complicated by alleged Malaysian support for Philippines Muslim separatist groups in Mindanao, the best known of which is the Moro National Liberation Front (MNLF). The MNLF received money and weapons from Libya which were transported through Sabah. Up until the mid-1976, Sabah's chief minister was Tun Mustapha, who was Muslim and anti-Philippines and who provided a supply route for arms and a sanctuary to the MNLF. The Malaysian government apparently tolerated Mustapha's activities and allegedly provided military training to the MNLF.

The Sabah claim was raised by the Philippines when it was one of the member states of the Association of Southeast Asia. By pressing the claim, the Philippines terminated the activities of ASA. The controversy dates back to the mid-16th century, but the fateful year was 1878, when the Sultan of Sulu and two
European businessmen who were the founders of the North Borneo Company reached an agreement on who was going to have sovereignty over the territory. The legal issue is whether the Sultan "ceded" or "leased" his territory to the businessmen. In 1946, the North Borneo Company gave all its rights to the British Crown. When the Philippines declared its sovereign claim to North Borneo, North Borneo had been a British Protectorate for some sixteen years.18

At the time of the Sabah claim, according to Noble, the Philippines probably had two motivations: (1) "pursuit of the claim was a demonstration of their ability to act independently to protect what they defined as their rights, and/or honor and hence to improve their national image," and (2) "the claim had
possible—but no critical—benefits and no costs."19 These two motivations have been very important in terms of the Philippines' understanding of appropriate and acceptable behavior within the context of ASA. It could be argued that the Philippines miscalculated the implications of its Sabah claim to ASA and its bilateral relations with Malaya since the Philippines policy makers thought that its claim would be more beneficial than costly to the Philippines. This miscalculation might have occurred because mutual understandings in terms of intra-ASA conflict resolution between the ASA states had not developed. Indeed, the Philippines policy makers were not sufficiently prepared to justify the claim fully. Noble points out that the Philippines policy makers usually lacked both broad historical background and precision. Noble argued that there was no evidence that the Philippines realized before formally announcing the claim that the boundaries of the 1878 act did not comply with the boundaries of North Borneo.20 Noble indicates that "Macapagal and most Filipinos involved in making policy assumed that they could avoid conflict between the two aims—claiming North Borneo and maintaining cooperation with Malaysia in ASA—by pressing a claim against Britain before Malaysia came into being."21

The Sabah Claim Before Martial Law

An attempt to correct the strained relations between the Philippines and Malaya was made by President Macapagal, who advocated the formation of the "Greater Malay Confederation," generally known as MAPHILINDO, among
Malaya, the Philippines, and Indonesia. Officially, MAPHILINDO was based on an assumed common ethnic identity of Malay origin and the principle of "mushawarah" (friendly and regular consultation). On the other hand, the Philippines and Indonesia intended to prevent the formation of Malaysia. There is substantive evidence to suggest that Macapagal’s proposal for MAPHILINDO was a tactic to help press the Philippines’ claim. A confidential study commissioned by Macapagal and done by the University of Philippines states that:

This clearly leaves two courses of action, which are not mutually exclusive, that the Philippines can pursue. One course of action is already being pursued: i.e., President Macapagal’s confederation proposal. This course of action would be fruitful provided it succeeds in superseding, or preventing the formation of, the Federation of Malaysia, as the President apparently intended. The idea is twofold: (1) to prevent the British from unilaterally transferring sovereignty over North Borneo to a federation which excludes the Philippines; and (2) to keep open the avenue to a negotiated settlement of the status of North Borneo.22

Gordon also indicates that Indonesia’s real foreign-policy goals (including perhaps expansion or dominance over Malaysia) and long-standing anti-Malaya attitudes provided a political base for its efforts to disrupt Malaya’s plans for a new state.23

A United Nations mission was sent to Sabah, Sarawak, and Singapore to confirm the desire of the peoples to join Malaya in a federal Malaysia. It concluded that the majority of the peoples of these areas were in favor of joining the Federation of Malaysia. Malaya, however, declared the establishment of Malaysia before the mission’s report became public.24 Because of this swift declaration, and other reasons, the Philippines and Indonesia did not accept the mission’s report or the establishment of Malaysia. Malaysia, in turn, severed its diplomatic relations with these two states. Indonesia’s confrontational policy
against Malaysia became intensified because Indonesian leaders thought that Malaysia was an imperialist state. In doing so, the extended conflict among the three states looked insoluble for the time being.

However, by mid-1966, significant political changes in leadership had taken place in the Philippines and Indonesia. In the Philippines, Ferdinand Marcos had became the president, and in Indonesia, an abortive military coup of September 30, 1965, led to the deterioration of President Sukarno’s political power. Since the military coup attempt was alleged to have been associated with the Communist Party of Indonesia (PKI) and China, which had became very closely associated with the PKI by that time, Indonesia under the leadership of Suharto and the Indonesian Army outlawed the PKI and froze diplomatic relations with China. Without the PKI and Sukarno, there was only the Indonesian military able to control Indonesian political processes with an emphasis on economic development through Western economic assistance and investment.26

Since 1966, Indonesia has joined pro-Western and pro-capitalist Southeast Asian states of Malaysia, the Philippines, Singapore, and Thailand. All these states have outlawed their Communist parties. Of these five states, Thailand, Malaysia, and the Philippines were the founding states of ASA, whereas the Philippines, Malaysia, and Indonesia were associated with the MAPHILINDO. It seems that ASA and MAPHILINDO have made it easier for the five states to launch a new start.
After a period of relatively normal relations between the Philippines and Malaysia from 1965 to 1967, the Sabah dispute suddenly resurfaced. The Corregidor incident took place in March 1968, less than one year after the formation of ASEAN. It was revealed that there was a secret military training camp on Corregidor Island in Manila Bay. The trainees were allegedly preparing to infiltrate Sabah. The trainees were recruited from Sulu Province where the people speak the same dialect as those in Sabah. However, there was a revolt by the trainees causing the deaths of some of them. Malaysia quickly reacted, sending a "note" to the Philippines government as a formal protest and demanding an investigation. Some armed Filipinos were arrested in Sabah and were found to possess the same type of weapons as those found among the trainees at Corregidor. Without reaching a solution to the Sabah dispute and the Corregidor incident, the foreign ministers of the two states agreed to have a "cooling-off" period.27

The cooling-off period soon ended. An "Annexation Law" or the Base Line Act of 1968 specifying the territory of the Philippines was passed by the Philippines Congress and signed by President Marcos. The law did not change the existing Philippines claim and position over Sabah, but for Malaysia, it caused deeper anxiety about Philippines intentions. What the law intended to demonstrate was that:

the Philippines had acquired the right to sovereignty over Sabah, but did not actually have Sabah as its possession; when its right to exercise sovereignty over Sabah received international confirmation, then the Republic would redefine its boundaries accordingly.28
Malaysia was outraged by the legislation. The Sabah dispute had reached yet another level. Muslim dissatisfaction and separatism in the southern Philippines increased, and Sabah was regarded as a staging base for Filipino Muslim separatism by the Philippines government. The Moro National Liberation Front (MNLF) was established soon after the Corregidor incident. Partly because of increasing subversive activities of the MNLF and the Communist New People’s Army, Marcos declared martial law in 1971.

ASEAN had to take action to prevent any further deterioration in relations between the Philippines and Malaysia, which might lead to the failure of ASEAN itself. The two nations were prepared to use force in order to settle the conflict. Consequently, ASEAN offered to mediate. Thailand and Indonesia attempted to reconcile the dispute. Malaysia was willing to allow ASEAN mediation because it knew that it would receive support from its more cordial relationship with the new government in Indonesia. Moreover, Singapore has been Malaysia’s partner in the Five Power Defense Agreement. Therefore, the Philippines was reluctant to accept ASEAN’s mediation.

It seemed that ASEAN would collapse because of the dispute among its members. Moreover, it was rumored that some officials concerned with ASEAN affairs had spoken of possibly forming a new regional organization without the Philippines. ASEAN diplomats sought to ease tensions throughout 1968 and 1969.

Efforts aimed at resolving the issue enough to let ASEAN function again were started in Thailand. On October 10, 1968, Thailand’s foreign minister
attended the meeting of an ASEAN Expert Advisory Group along with ECAFE officials. The five ASEAN foreign ministers and Australian Minister of External Affairs Paul Hasluck held informal discussions on regional cooperation and the Sabah dispute. The ASEAN foreign ministers subsequently agreed to a joint communiqué that was submitted by Razak and Ramos to their respective governments for approval. Although it appeared that some type of compromise had been reached, the conflicting reports from Manila and Kuala Lumpur over what was agreed upon led the Philippines government to reject a specific timetable for negotiation. This led to general confusion over whether an understanding had been reached.33

Although ASEAN’s efforts to settle the Sabah dispute had not been successful at the December meeting, member states continued their attempts to ease tension by calling on the Philippines to compromise. Finally, in the spring of 1969, the Philippines agreed not to raise the issue at a proposed May meeting of the heads of the ASEAN National Secretariats, and Malaysia indicated its willingness to again attend ASEAN meetings.34

From the beginning, Malaysia did not show any sign that it would consider negotiation or bargaining with the Philippines in relation to the Sabah issue. Malaysia simply kept denying that there was such an issue. Prime Minister Tunku Abdul Rahman of Malaysia stated in April 1969 that Malaysia was ready to attend an ASEAN meeting any time, "so long as the Sabah issue is not raised by the
Philippines at such meetings," and the Philippines Deputy Foreign Minister Cruz replied that such an issue would not be discussed.35

**The Philippines Sabah Claim During the Martial Law Period**

The two governments resumed their diplomatic relations by setting aside the Sabah dispute. Indeed, the Sabah issue has been kept under control. Foreign Secretary Carlos P. Romulo stated in December 1973, "We are holding [the Philippines claim to Sabah] in a very low profile."36 Romulo stated in August 9, 1975 that the Philippines and Malaysia agreed to "put in the background" the Philippines claim to Sabah for the sake of ASEAN cooperation because the Sabah issue had "hurt" ASEAN.37 In 1980, Foreign Secretary Tolentino stated, "As far as we are concerned, there is no more Sabah claim. It's closed. We are not raising it any more."38

Late in August 1977, after the positive announcement made by Marcos at the second ASEAN summit meeting held in Kuala Lumpur, the Philippines Justice Secretary Vicento Abad was reported to have indicated that the abandonment of the Sabah claim did not require a constitutional amendment by stating that:

> the Philippine renunciation of the Sabah claim does not require the amendment of the constitution [because] national territory as defined by the Constitution does not include Sabah whether expressly or by inference [and] the definition of the national territory in the constitution made no specific reference to the Sabah territory.39

However, this statement is very misleading because the "Annexation Law" or the Philippines Base Line Act of 1968 and the 1973 Constitution directly or indirectly indicate that Sabah is a part of the Philippines. For example, the 1973 Constitution
specified that the national territory comprises "the Philippines archipelago with all the islands and waters" and "all the other territories belonging to the Philippines by historical right or legal title including the territorial sea, the air space, the subsoil, the sea bed, the insular shelves and the other submarine areas over which the Philippines has sovereignty or jurisdiction." The latest Philippines constitution ratified by plebiscite seems to indicate that the Sabah claim is just an artificial formality.

The Philippines government, however, did not take definitive steps to drop the claim. The most serious attempt to abandon the claim came after President Marcos was ousted by new President Aquino in 1986. Her Vice President and Foreign Minister Laurel stated in April 1986 that "The final resolution of the Sabah question would signal the beginning of a new era in the relations between the two countries concerned, while reinforcing the growth and closer ties and cooperation among all ASEAN members." In 1987, President Aquino introduced a bill calling for the exclusion of Sabah from the Philippines' territory. She wanted the Congress to pass the bill into law before the scheduled third ASEAN summit meeting in Manila on December 15, 1987. But it did not happen.

Malaysia indicated that if the bill became law before the summit, it would be willing to sign a treaty of friendship and cooperation with the Philippines covering such matters as trade, piracy, smuggling illegal Filipino immigrants into Sabah, and Filipino refugee repatriation. It was reported that if the Congress had acted, Prime Minister Mahathir would have stayed one additional day in Manila on
an official bilateral visit as a signal of his appreciation for the Philippines' goodwill. Mahathir reportedly told Aquino at the ASEAN summit meeting that the Philippines' Sabah claim was like a "fish bone" in his throat.43

Explanation and Implications

The Philippines was quite aware of implications of the Sabah issue to ASEAN unity. The Philippines decision-makers, including Marcos, made reference to ASEAN when they talked about their intentions to take steps to drop the claim to Sabah. The Marcos announcement was made at the second ASEAN summit held in Kuala Lumpur in 1977. This suggests that Marcos was willing to show his goodwill to Malaysia even though he did not have to do so. In addition, Indonesian President Suharto was very aware of the negative implications of the Sabah dispute to ASEAN unity, so he made considerable efforts to convince President Marcos to cool the tensions between the Philippines and Malaysia. There are clear indications that Marcos's authoritarian regime during the 1970s tried to prevent the Sabah issue from getting out of control and causing adverse effects on ASEAN. It would appear, therefore, that the Philippines handled the Sabah dispute according to their understanding about intra-ASEAN conflicts and conflict settlement.

There were discussions among the ASEAN states in 1973 about the establishment of a body for intra-ASEAN conflict resolution. The Philippines and Thailand were in favor of setting up an ASEAN body to mediate intra-ASEAN regional disputes and in so doing, the ASEAN states could prevent outside powers
from intervening in intra-ASEAN disputes. This proposal was made officially in the context of the ZOPFAN proposal. Philippines Foreign Minister Romulo stated that "Thai and Philippines governments feel that in pursuit of the problem of creating a zone of peace, freedom and neutrality, ASEAN should begin to make concentrated efforts towards creating a body which can help mediate in the solution of problems among ASEAN countries." He continued to state that "We feel that the members of ASEAN should consider it an obligation to settle their problems, through tested methods of peaceful settlement, and thus prevent the intrusion of other powers in the solution of regional problems."

In the meantime, the Sabah dispute also suggests that in the early years of regional associations like ASA and ASEAN, the Philippines, one of the member states of these two associations, miscalculated the impact of the Sabah claim upon the friendly bilateral relations existing with Malaya and ASA and later with Malaysia and ASEAN. Of course, the early Philippines governments believed that their claim had a solid legal foundation and would not disturb its bilateral relations with Malaya and the activities of ASA. However, since the early 1970s, the Sabah issue has become static for the most part and has hardly affected the activities of ASEAN. This suggests that the Marcos regime learned the lesson that its claim to Sabah would not serve the interest of the Philippines, but would harm its diplomatic relations with Malaysia and other ASEAN states. This further indicates that the Philippines government valued its relations with other ASEAN states more
than its own interest in Sabah. Based on his in-depth interviews with selected
ASEAN bureaucrats, Ahmad suggests that:

It was generally felt that bilateral problems among the member-states of ASEAN
could be more easily resolved as a consequence of ASEAN. Because of ASEAN,
"a lot of bilateral irritations are reduced." According to one Filipino respondent,
the Philippines had "paid the highest political price" by joining ASEAN since it
meant giving up the Sabah claim.46

As noted earlier, President Marcos at least attempted to drop the Philippines'
Sabah claim unilaterally, which was a significant foreign policy change compared
to pre-1970s attitudes.

Finally, one of the major reasons why the Sabah conflict has remained
potential since the early 1970s is the Philippines' adherence to its mutual
understanding among ASEAN states that they have agreed on explicitly. In
addition, the Philippines has valued the maintenance of good bilateral and
multilateral relations between the ASEAN states rather than merely pushing its own
interest. The Sabah issue has remained under control.

Conclusion

This chapter discussed some basic characteristics of ASEAN and the Sabah
territorial dispute between two ASEAN member states, the Philippines and
Malaysia. ASEAN emerged as important in the process of Philippines' foreign
policy change. The new Philippines' foreign policy emphasized a vigorous effort
on regional cooperation and Asian identification. This meant a more active role in
the ASEAN.
The Sabah dispute suggests that since the early 1970s, the Philippines moderated its claim to Sabah in order to maintain good relations with members of ASEAN. In particular, the Philippines government became aware of the adverse effects on its bilateral relations with Malaysia. Although the Sabah dispute has been regarded and treated by the ASEAN states as a bilateral issue, the existence of ASEAN and their cooperation has made it more difficult for the Philippines to push its claim. Since the martial law period of the 1970s, the Sabah dispute has been kept under control by a unilateral choice on the part of the Philippines not to press its claim.
NOTES


4Ibid., 71.

5Donald E. Weatherbee, "U.S. Policy and the Two Southeast Asias," in Ibid., 83.


7From the ASEAN Declaration of Bangkok, 8 August 1967, Bangkok, Thailand.


15Melchor, op. cit., 72.

16See Figure 3: M represents Malaysia, P represents the Philippines, and S represents the Sabah territory.


18Jose Ingles, Philippines Foreign Policy (Manila: The Lyceum Press, 1982), 230.


20Ibid., 215.

21Ibid., 97.


23Ibid., 117.


25By 1965, the PKI (Partai Kommunist Indonesia) had become the largest and most powerful political force in Indonesia, as well as by far the largest communist party outside of the Soviet Union and the PRC.


27Noble, op. cit., 175.
28Ibid., 182.


32Ibid., 231-233.

33Thongsawasdi, op. cit., 149.

34Ingles, op. cit., 231-232.

35Foreign Broadcast Information Service, 22 April 1969, N-1; Ibid., 23 April 1969, N-1.


37Foreign Broadcast Information Service, 11 August 1975, P-2.

38Foreign Broadcast Information Service, 3 July 1980, O-1.

39Foreign Broadcast Information Service, 1 September 1977, P-1.


41Far Eastern Economic review, 3 December 1987, 24-25.

42Foreign Broadcast Information Service, 14 April 1986, P-1.


44Foreign Broadcast Information Service, 20 July 1973, Q-1, Q-2.

45Ibid.

46Zakariahaji Ahmad, "The World of ASEAN Decision-Makers: A Study of Bureaucratic Elite Perceptions in Malaysia, the Philippines and Singapore," Contemporary Southeast Asia 8, 3 (1986), 205.
CHAPTER FIVE

AUTHORITARIAN RULE AND FOREIGN POLICY CHANGE

One of the main explanatory variables of Philippines foreign policy change is authoritarianism. Under conditions of martial law, the decision-making process is centralized. Marcos ruled the Philippines under martial law from September 1972 to January 1981, and it was during this same period that the Philippines began to change its foreign policy. This chapter will investigate the relationship between martial law and foreign policy change, including the ways in which authoritarianism is related to foreign policy change and how martial law affected the conditions of foreign policy change.

Authoritarianism

Under martial law the Philippines underwent profound changes in its political structure. The declaration of martial law meant the suspension of the 1935 Constitution based on the principles of separation of powers, and checks and balances. It also provided for a strong executive ruling by decrees, general orders, and letters of instruction issued by the president who enjoyed the powers of both president and prime minister under the transitory provisions of the 1973 Constitution. All decrees, general orders, and letters of instruction became part of
the law of the Philippines just like statutes passed by the legislature. Political power became concentrated in the hands of the president with the assistance of the military.¹

Authoritarianism can be theoretically related to foreign policy in two ways. First, it may affect the kind of foreign policy preferred. Second, it may affect the process and timing of foreign policy. Authoritarianism can affect the foreign policy preference in the sense that a martial law regime may likely prefer a foreign policy that would contribute to its political legitimacy. With political legitimacy as a goal, it would likely emphasize both the economic aspect, since rapid economic growth and visible economic progress would justify the authoritarian regime, and the nationalistic aspect to gain popular support. Regarding the two aspects of foreign policy change, authoritarianism can be related to them in the following way:

Authoritarianism ---＞legitimacy & popular support, achieved through rapid economic growth & nationalism ---＞foreign policy change, manifested in diplomatic diversification (ASEAN and the Socialist bloc) and disengagement from the U.S.

Given the need to emphasize economic growth, policies include the attraction of foreign capital investment and extension of overseas marketing opportunities. Diplomatic diversification contributes to the goal in the sense that it can give wider opportunities for trade and investment. Rapid economic growth may be used to legitimize the rule of authoritarianism disregarding established constitutional and political rules. It may also create broad popular support for the authoritarian regime and undermine opposition forces, providing people with a sense of prosperity, safety, and order.
An authoritarian regime tends to emphasize nationalism to get popular support. Foreign policy change like disengagement from a great power would have a popular appeal. In short, under the circumstances of authoritarianism or martial law, it is rational to utilize a kind of foreign policy change which is directed toward achieving rapid economic growth and a nationalistic policy.

Martial law facilitates foreign policy change by concentrating power in the authoritarian ruler, thereby simplifying the decision-making process. Martial law also represses civil rights and, therefore, stops potential opposition to the change. Finally, martial law facilitates control over the media and lends support to government policies.\(^2\)

Martial law affects the foreign policy process in the sense that decision-making structures are modified and, typically, oriented toward the military. While in a normal democratic political structure several legal procedures are involved in foreign policy decision-making, under martial law these functions and responsibilities are discontinued. Martial law accelerates both decision-making and implementation.

**Martial Law in the Philippines**

Martial law was declared by Marcos during his second four-year term as president. Under the existing constitution he could not be reelected again. The only legal chance to keep his presidency was to declare martial law under the name of the existence of armed rebellion against the political system.\(^3\) Marcos invoked the
1935 constitutional provision (that stipulated invasion, insurrection, or rebellions, or imminent danger thereof) to claim that such action was to remove anarchy in the country so that it would be achieved through the abandonment of electoral politics and the use of presidential decrees.

The statement accompanying the martial law declaration also identified the agenda for the regime:

We will eliminate the threat of a violent overthrow of our Republic. But at the same time we must now reform the social, economic and political institutions in our country...to remove the inequalities of that society, the cleanup of government of its corrupt and sterile elements, the liquidation of the criminal syndicates, [and to encourage] the systematic development of our economy.4

Marcos, according to Noble, made it clear that the goal was to create a New Society; the method was "constitutional authoritarianism"; and the major targets were the "anarchists" on the left who "exploited the popular disaffection" and "oligarchs" on the right who controlled the society, which was characterized by inequalities and corruption.5

A variety of explanations for the declaration have been offered in the literature.6 Some argue that Marcos simply wanted to perpetuate himself in power for self-aggrandizement. Others contend that he was influenced by American business and multinational corporations to opt for an authoritarian solution to rising disorder and economic nationalism.7 Also, there is an argument that martial law was a product of an elite struggle or a civilian-military conflict.8

When Marcos declared martial law, he took over almost all of the functions of government and its administration. Critics and dissenters were arrested and imprisoned and military courts were established. Immediately after the declaration
of martial law, Marcos decreed the dismantling of Congress and political parties. Many opposition political leaders, including Senators Benigno S. Aquino, Jr., Jovito R. Salonga, Jose W. Diokno, and Francisco "Soc" Rodrigo, were arrested and detained. In particular, Senator Aquino was perceived as a major threat to Marcos himself. Aquino had been the mayor of his town in his early twenties and thereafter the governor of Tarlac. He became a senator at thirty-five, the minimum age under the constitution for that office. He was most likely to succeed Marcos. Freedom of speech and expression were totally suspended and press censorship was imposed. Strikes and demonstrations were prohibited. Steinberg characterized the situation as follows:

To some people, these firm acts by Marcos seemed the only means by which social chaos could be prevented. To others, including many students and intellectuals within Philippines society, Marcos was less concerned with protecting the Republic and its democracy than with ensuring his own position and political future.

Also, Marcos ordered the disbanding of private armies and the surrender of unlicensed firearms and fired one-tenth of the 60,000 civil servants for corruption and incompetence. He jailed thousands of individuals on the right and left without proper charges. Some of those who were detained were political rivals, including Senators Aquino and Diokno, and some fifteen leading newspaper publishers and columnists. The universities were raided and public utilities taken over by the armed forces.

Martial law overtook the "Constitutional Convention" that had been called to frame a new constitution responsive to the demands for reforms. The Constitutional Convention was originally scheduled to begin review of the 1935 Constitution in
June 1971. Many of those elected delegates were young professionals, not politicians. Several politicians elected were regarded as anti-Marcos reformers. After the declaration of martial law, the Convention, in 1973, was asked to hasten its work and in seventy days the delegates fully complied by adopting a new constitution which provided for a parliamentary form of government.14

Under the proposed constitution, Marcos would be a long-term president. The transitory provisions that were altered to the requirements of the martial law regime enabled the president to enforce the constitution selectively. One such provision provided for an interim national assembly to be convened by Marcos to act as a transitional legislature. Another would ensure the legal validity of all presidential decrees and other acts even beyond the period of martial law. A third provision empowered the president to remove and replace any official or employee in the executive or the judiciary. Marcos was authorized by the transitory provisions to hold the old powers of the president, the new powers of the prime minister, plus the continuation as the law of the land of all decrees and orders issued by him after the proclamation of martial law. Under the transitory provisions, an interim National Assembly was to be created that would remain in office until it voted to terminate itself and to call an election for a regular Assembly.15

Marcos, on January 15, 1973, immediately put his regime on a constitutional basis by presenting a draft of the constitutional convention to 30,000 handpicked citizen assemblies or barangays throughout the islands for approval.16
Voting by show of hands, a 90 percent affirmative vote was gathered. On January 17, Marcos announced that these public meetings had ratified the constitution and had given him the people’s mandate. He declared the new constitution adopted but temporarily suspended. Marcos based his right to govern on provisions of the new constitution that called for the incumbent president to exercise full authority pending the convening of an interim national assembly at the president’s direction. On September 17, 1974, the Supreme Court formally approved the constitutionality of martial law, which eliminated any potential political opposition to Marcos’s authoritarian rule.\(^7\)

On January 17, 1981, martial law was lifted when Marcos issued Proclamation 2045, formally ending it, but the situation afterwards, in terms of returning to democracy, continued to be uncertain. Marcos retained the right to order arrests without charge, legislate by decree, overrule the Assembly, and ratify treaties.\(^8\) The years of martial law had several important consequences for the Philippines’ politics and economy.\(^9\)

**The Economy of Martial Law**

During the early period of martial law, the government performance was relatively good. The growth rate of the gross national product (GNP) was constant at about 6 percent per year, compared to about 5 percent during the previous decade, and foreign investment increased partly due to an accommodating policy of incentives in 1969 and in 1973.\(^{20}\) Construction of condominiums and large hotels
presented an optimistic view of prosperity. According to an economist, the first
five years of martial law were generally characterized by solid economic policies.21

In the initial martial law years, the government’s deficits were stabilized to
lower levels mainly through increasing the efficiency of the tax collection
machinery. However, the overall deficit of the central government dropped from
an annual average of 0.1 percent of GDP during the 1966-1970 period to 1.1
percent during the 1975-1980 period.22 There was a balance of trade deficit in
1975 and it remained negative in 1976. The Philippines’ external debt at the end
of 1976 was $5,554 million, up by $1,804 million in a single year, but its
accumulated financial reserves still amounted to $1,143 million, an increase of
some $50 million in 1976.23

As Figure 4 shows, little improvement is evident in the average annual
growth rates for various economic indicators for two time periods, i.e., before the
martial law years (1965-1973) and most of the martial law period (1973-1983).
Rather, the growth rates were reduced in the fields of agriculture, industry,
manufacturing, and services during the later period.

Because of an effective population control program, the annual rate of
population growth declined under martial law from about 3.0 percent to less than
2.5 percent in 1980. Finally, the average GDP annual growth rates increased from
5.3 of 1967-1971 to 6.3 percent of 1972-1980. In the latter part of the martial law
period, however, growth became slower: in 1978 the real GNP growth rate had
fallen to 5.5 percent, declining further to 5.3 in 1980.24
Taxation and tax collection became more effective enabling the government to collect more revenues. Although there was aggregate economic growth in the Philippines, the poor remained in the same situation. In early 1970s, as shown in Figure 5, while the richest 20% took 54.0% of total household income, the share of the lowest 40% was just 14.2% in the Philippines.

Figure 4. Philippines Growth of Production, 1965-1983

Figure 5. Shares of the Lowest and Highest Household Incomes in the Philippines, 1970-1971


This figure remained almost unchanged in early 1980s, which indicated that the richest 20% took 52.5% of total household income, the share of the lowest 40% was 14.1%. From 1975 to 2000, the share of the lowest 40% is projected to improve by only 0.6%. Although the prices of export crops have risen sharply
on the world market, the workers on sugar and other plantations experienced no improvement in their working condition. When sugar prices rose to sixty-five cents per pound in 1974, the Philippines expanded its acreage and built new mills, held back sales and piled up a huge surplus in warehouses. Then the price declined to a low of nine cents per pound and the government was obliged to unload 450,000 metric tons to China and 600,000 metric tons to the Soviet Union. The planters, lacking money for current operations, could not even pay the workers their low wages.

Partly because of fairly rapid inflation, the living standards of the average Filipino declined. With illegal strikes and demonstrations, there were widespread reports of violations of the minimum wage laws and of workers being dismissed for labor union activities. The per capita availability of calories in 1973 and 1974 declined and the quality of diet worsened.

To attract large foreign investors, Marcos implemented an export-oriented industrialization which showed a bias toward large scale and capital intensive industries. Partly because of this, a new oligarchy emerged composed of members, kinsmen, and friends of the ruling family, who received substantial favors in the form of government loans and other forms of assistance in establishing themselves as owners of new industries.

A former Philippines deputy minister of economic planning, Florian Alburo, and a World Bank economist, Geoffrey Shepherd, summarized the effects of martial law politics on the economy as following:
Most important was the considerably increased intervention in the economy. Much of this was ad hoc and discriminatory (and did not rely on any corpus of economic theory). This intervention led to the development of public and private monopolies, or created market-distorting privileges for specific individuals or firms. Another not very productive outcome was a large growth in public and publicly guaranteed investment. This development was a principal cause of the external debt crisis of 1983. It also led to an ad hoc extension of the public sector when some of the publicly guaranteed investment projects failed. The corollary to such politically motivated intervention was a growing incoherence in public economic management: "constitutional authoritarianism" eventually proved less capable of rational economic government than the congressional system it replaced.\textsuperscript{33}

**Land Reform**

Land reform is a typical policy of martial law. This is because the ruler can take personal credit for having freed farmers from their dependent bondage. This was not possible under the old regime in the Philippines where the elites who dominated Congress hindered land reform and worked for their own interest.\textsuperscript{34}

The objective of land reform under martial law was to transfer 3.75 million acres of rice and corn land in Luzon from the rich landlords to the 915,000 tenants and sharecroppers who worked on the land. The idea was to give the tenants either title to the land they cultivated or to provide satisfactory leasing arrangements. In addition to some 200,000 lease arrangements which were satisfactorily concluded, an equal number of land-transfer certificates were issued.\textsuperscript{35}

A certificate was given to a tenant when the terms of transfers were agreed upon or when the downpayment was made. The landlord received total compensation from the Land Bank, partly in cash and partly in government bonds, but he still probably would have preferred to keep his land. The land-transfer certificate was not the title to the land, which was to remain with the Land Bank
until all the annual payments were made. While the pace of land transfer in the first three years were impressive when compared with an equally long period before the declaration of martial law, the claims were far greater than the reality.36

There was ample grounds for criticism. Compensation levels and various exclusions severely restricted the number of potential beneficiaries. Only tenant farmers on rice or corn lands of more than seven hectares were to receive land, thus excluding landless laborers, tenants working other corps (more than 20 percent of tenant families), and those on smaller plots of land (estimated at 56 percent of tenants). The government made little effort to reduce the conditions on the sugar or coconut plantations.37

Even though there was a decision in principle to include lands larger than seven hectares in the land reform, a number of categories of landlords owning between seven and 24 hectares of land were exempted from the land transfer, thus reducing the number of tenants affected by almost half. There was substantial progress made on about half the program in the first four years of martial law, but landowners found ways to get around the land reform decrees. Landlords dismissed tenants, switched crops, subdivided their holdings, mortgaged their land to corporations not covered by land reform, or took advantage of innumerable administrative delays.38

William Overholt commented that the Philippines’ land reform programs were tied “neither to any integrated view of the national economy and its principal
trends (e.g., industrialization, urbanization), nor to any explicit vision of the national political future.  

The Political Structure of Martial Law

When martial law was declared, Marcos abolished Congress, assumed its lawmaking responsibilities, and ruled by decree, orders and letters of instruction. He dismantled the autonomy of the judiciary by establishing military courts. Before 1972, the constitutional separation of powers, similar to that of the United States, was generally observed. Each of the three branches took care of its domain. Although political power was centralized in Manila, it was shared by two equally influential institutions, the Presidency and Congress. The checks and balances were working between them, and there was neither one person nor one party rule due to the competition between the Nationalista and Liberal parties.

The constitution, the shrinkage of civil court jurisdiction, and the existence of several military courts all tended to undermine official assertions of judicial independence. There was a distinct increase in the concentration of political power within the central government, especially in the urban areas. Power was shared exclusively by President Marcos, his closest allies, the technocrats who gradually controlled and directed the economy, and the military and national police who were in charge of the major enforcement agencies. The technocrats consisted of former university professors and corporate executives who were recruited to serve as special assistants and advisers. They were believed to have both the
capability and the credibility to negotiate with foreign institutions such as the World Bank and the International Monetary Fund.\textsuperscript{42}

The upper level of the martial law power structure consisted of some 200 high ranking officials, elected and appointed and some key provincial governors. Several of the top government officials were allied with or were drawn from a privileged minority of economically powerful families throughout the nation. When martial law was declared, Marcos ordered the disbanding of the private armies in the service of the elites and reviewed the economic activities of these families. The old traditional elite families, called oligarchs by the president, were blamed for the ills of Philippines society, and so their large holdings were taken by the government. In the New Society, a new elite emerged which was composed of people close to the president and they were often referred to as the allies.\textsuperscript{43}

New institutions were set up.\textsuperscript{44} Barangay assemblies replaced pre-martial law barrio councils. The Barangay was the basic political unit in the Philippines. The members were clusters of 100-500 families organized as citizen assemblies "designed to broaden the base of citizenship participation in the democratic process to afford ample opportunities for the citizens to express their views on important issues."\textsuperscript{45} They were to be used to:

- ratify the new Constitution in a national referendum in January 1973; vote on national issues such as the continuance of martial law and the necessity of elections;
- handle the sale and distribution of government-controlled rice and other commodities in local communities; maintain peace and order; monitor "subversive" activities like the clandestine distribution of anti-martial law literature; implement development projects like the "Green Revolution"; promote tourism; organize cooperatives; and act as the basic units of local government in lieu of the old system of elective barrio councils.\textsuperscript{46}
However, unlike the councils which had been elected, and thus subject to local political pressures, the barangay assemblies were appointive. They were at the bottom of a hierarchy of similarly structured organs that culminated in the Katipunan ng mga Barangay or Society of Barangays. Kann observed that:

Many of the claimed 35,000 assemblies never met at all. Where they did meet the results often were prepared before the vote was taken. Local officials in charge of the exercises scarcely had to be told which way the vote was supposed to go. If the voters needed any elucidation, the local officials provided it. The voting, in nearly all cases, was conducted by show of hands.

A similar structure was imposed on town and municipal government; municipal councils called Sangguniang Bayan were established in 1975-1976 in cities and municipalities to replace the elective town assemblies. At the top of the town council hierarchy was the National Legislative Advisory Council, which included barangay, youth groups, labor, agricultural, employer, and other sectoral representatives and acted as a kind of consultative body to the president.

Youth were organized in April 1975 under the Kabataang Barangay (Youth Association) a hierarchy of youth groups extending from the barangay level to the center whose leaders underwent special training programs. Filipinos in the 15 to 18 age group were given the right to vote in the national plebiscites. They were forced to participate in the Youth Civic Action Program, which was a school-related community work program, and, in general, to take part in the many youth-oriented activities of the government.

Marcos had considerable control over the bureaucracy and local governments. All local police forces became integrated into one national police force under a national commission and the Philippines Constabulary. By virtue of
the 1975 referendum, the president gained additional basis for appointing or replacing provincial, city, and municipal officials whose elective terms had expired in December 1973. This gave him direct control of their tenure.52

In a plebiscite in 1976, it was approved that there would be amendments to the constitution in order to set aside the interim National Assembly, which was never convened, and to establish an interim Batasang Pambansa as the parliament, with President Marcos continuing to exercise the constitutional powers of prime minister under the 1973 Constitution and of the president under the 1935 Constitution. One amendment would also authorize him to act outside the Parliament when he judged it necessary. The Batasang Pambansa would continue to be composed of cabinet and other officials appointed by Marcos and those to be elected in 1977 or later.53

An election took place on April 7, 1978, for the 165 regional representatives to the interim Batasang Pambansa. However, this did not change the basic political structure of constitutional authoritarianism. Marcos formed the Kilusang Bagong Lipunan (KBL: New Society Movement), which was to identify candidates and conduct the campaign in all regions, headed by cabinet members and others loyal to the president. In Metro Manila, the KBL candidates were led by Imelda Marcos. There was an organized opposition only in Metro Manila—the Lakas ng Bayan (People’s Power) or Laban (Fight)—to contest the elections. Laban was led by former Senator Benigno Aquino who campaigned from his prison. The KBL led by Imelda Marcos swept all 21 seats in Manila amidst widespread charges of fraud
and corruption. Even in the local election held in January 1980, the KBL won 69 of 73 governorship, and 1,550 of 1,560 mayoral elections. Marcos’s sister was elected Governor in Ilocos Norte, and Ferdinand Marcos, Jr., was elected vice governor at age 21.\textsuperscript{54}

During the martial law years, Imelda Marcos became a powerful force upon her assumption of the position of Metro Manila Governor and Minister of Human Settlements. Alongside the officers of the armed forces, civilian technocrats exercised appointed presidential authority as cabinet members and heads of departments, agencies, or government corporations. They acted as presidential advisors, government executives, drafters of presidential decrees, and advocates and defenders of the New Society.\textsuperscript{55}

To broaden his power base, Marcos appointed more of his close assistants to strategic positions in the army, constabulary, cabinet offices, and special agencies until his personal appointees extended to every provincial, municipal and local government establishment.\textsuperscript{56} It was reported that the corruption formerly associated with politicians was taken over by Marcos’s inner circle and the military.\textsuperscript{57} The character of political power during martial law is properly summarized by Abueva:

President Marcos—with the fullest collaboration of Mrs. Marcos, who as first lady, Governor of Metro Manila, and diplomatic troubleshooter, is the president’s alter ego and de facto assistant president—is the undisputed head of a new national power structure or grand coalition. It consists of: the military; cabinet members, technocrats, and the bureaucracy under them; persons close to the president or Mrs. Marcos, whether relatives or loyal friends and former politicians; local officials, who also hold office by presidential appointment; and several big businessmen who enjoy the political stability and economic incentives which the administration provides. At the base of this political pyramid are the millions whose welfare is the
avowed aim of the New Society, in whose name change and reform are being initiated, and whose support or acquiescence provide the regime with legitimacy through referendums, citizen assemblies and the local sangguniang bayans and barangays.58

The Role of the Military

During martial law, the size and the importance of the armed forces increased.59 Thousands of people were enrolled in the constabulary and village militias. During martial law the armed forces more than quadrupled, from 60,000 to 275,000. This expansion was accompanied by rapid promotion and pay raises for all ranks, the increasing involvement of officers in non-military spheres of government, and for the first time reports of large-scale corruption and self-enrichment in the higher ranks of the officer corps.60 Basic compensation for the AFP had been raised four times during the martial law period, exceeding the salary scales of comparable civilian institutions.61 The president also integrated the home defense and local police units into a National Police Commission headed by the secretary of national defense.62

Top leaders of the Armed Forces of the Philippines (AFP) were loyal to Marcos. By mid-1974 the size of the AFP was about two thirds greater than before martial law; by early 1977 it was more than twice as large. In May 1973, Marcos decreed the first military draft in the Philippines' independence history. Moreover, the government took steps to merge all local police forces into a national force, further centralizing the means of coercion in Marcos's hands.63
The Secretary of National Defense and top military officers played a central role in decision-making and enjoyed a close relationship with the president. Defense spending increased from $136 million in 1972 to $420 million in 1977. Notably, military expenditures in the Philippines between 1971 and 1980 increased the fastest among the five ASEAN nations although the growth of the Philippines' economy was the slowest. Budget allocations for the armed forces increased 500 percent in the 1972-76 period, and officers and personnel enjoyed new privileges and power. The expanded role of the military included new security, law and order roles, i.e., the enforcement of all decrees, orders, letters of instruction, and regulations issued by the president as commander-in-chief of the military forces; the judicial function--special courts were set up to try cases involving military personnel, national security and laws of nations, violations of the espionage and hijacking laws; administrative functions--control of all communications media all over the country and the control and management of all public utilities.

The military played a prominent and strategic role as the president's power base and right arm in law enforcement, counterinsurgency, containment of civilian opposition, civic action, and developmental activities as well as in reinforcing the people's orientation toward the national community. There were thousands of persons arrested and detained whose names appeared in a blacklist on General Order 2. The list included many leading opposition politicians and leaders of so-called subversive organizations. The military was also charged with the implementation of the nationwide night curfew until 1978, confiscation of
unlicensed firearms, suppression of rallies, strikes, and demonstrations, and seizure of privately owned water-transport facilities required for national security purposes. Under martial rule, the Secretary of National Defense and the top military leaders worked directly with the president. The power, prerogative advantages, and prestige of the military establishment were never greater. In fact, the military officers replaced the traditional politicians as patrons in the political system. General Order No. 8, for example, created Military Tribunals, and General Order No. 12 listed 42 specific crimes or offenses, headed by "crimes against national security" and "violations of the Anti-Subversion Law," over which the Tribunals had jurisdiction. The list included crimes of subversion, rebellion, espionage, illegal possession of firearms and explosives for use in the commission of murder, robbery in bands, usurpation of military authority, title, ranks, or illegal use of military uniforms and insignia, offenses committed by military personnel in the performance of duty, distribution of subversive materials, and crimes undermining the security of the country.

The military also played management and administrative roles. Since 1972, retired military officers had increasingly been recruited into management and administrative positions in the public sector as well as private business. Until October 1979, six out of twelve PRODs (Presidential Regional Officers for Development) were military officers. In their region, they enjoyed huge power in regional activities and enhanced the military's political influence. Many military
officers also became heads of various agencies, such as the Ministry of Muslim Affairs, National Housing Authority, the Bureau of Posts, and Ambassadors.  

The growth of the military in terms of size and importance may partly be attributed to other consequences of martial law, like the suppression of civil liberties. Because of the new and heavier duties, the military needed more funds. This may likely have affected reorientation in the sense that it deepened dependence on military assistance funds supplied by the U.S. The absence of legal channels of dissent, the suppression of human rights, violation of civil liberties, and the worsening economic situation of the country increased discontent, which the military needed to control. In terms of its influence on decision-making, the military did not serve as a check on the executive, but rather as a close partner to the government and an implementor of its policies.

The Repression of Civil Liberties

Before martial law, the mass media was allowed a wide expression of views. Although given to sensationalism at times, the press was a critic of public affairs and an effective check on government excesses. During martial law, the once-critical mass media became a subordinate of the government through government directed self-censorship.  

On September 22, 1972, in Letter of Instruction No. 1, President Marcos ordered Press Secretary Tatad and Defense Secretary Enrile to take over and control or cause the taking over and control of all such newspapers, magazines,
radio and television facilities and all other media of communications, wherever they were, for the duration of the emergency in question. Letter of Instruction No. 12 created the Department of Public Information, which provided rules for local and foreign news censorship. The new regulations expressly prohibited, among other things:

a. Materials that tend to incite or otherwise inflame people or individuals against the government or any of its duly constituted authorities.

b. Materials that undermine the people's faith and confidence in the government or any of its instrumentalities.

c. Materials that are seditious, not based on facts, or otherwise without definitely established and well-identified verifiable sources, or based on mere allegation or conjecture.

d. Materials that downgrade or jeopardize the military or the law enforcement authorities, their work and their operations.

e. Materials that abet, glorify, or sensationalize crime, disorder, lawlessness, violence.

f. Materials that destroy or tend to destroy public morals as well as morale.

g. Materials that foment opinions and activities contrary to law.

h. Materials that sow and generate fear, panic, confusion, ignorance and vulgarity among the people.

These guidelines were quite general and vague. There were also unwritten guidelines issued to editors and publishers. The guidelines prohibited stories that:

(1) are critical of the Marcos family, (2) discuss corruption in high positions, and (3) tend to cast aspersions on the military.

On November 2, 1972, Marcos issued Presidential Decree No. 36 which provided a new rationale for government censorship. It was justified as necessary to dismantle the oligarchic structure of ownership of the media. The major targets of the new decree were the media owners who had previously been hostile to
Marcos. The decree canceled all the existing franchises granted by the Philippines Congress to media owners whose facilities had remained unused by their holders and those who had violated the terms under which they were issued. This meant the permanent closing of the news media that had been shut down at the outset of martial law.76

The President stated that he would no longer tolerate a private monopoly in media ownership. The decree also created the Mass Media Council, chaired by the secretary of public information and the secretary of national defense, which was authorized to review applications for permission to operate any mass media; however, only the president could certify the authority to publish. Certificates of authority were valid for six months and were then reviewed by the council.77

Several publishers and journalists were immediately arrested and detained, although all of them were subsequently released without being tried for any offense. The Manila Times, The Manila Chronicle, and The Philippines Free Press were closed down. Other journals, like The Nation and The Graphic, simply stopped publishing. Television stations belonging to the family of Eugenio Lopez were closed. Relatives and friends of the Marcos family set up their own newspapers, radio and television stations. Eventually media ownership became the monopoly of Marcos’s friends and allies. Although in the past the Philippines press had been tightly controlled by members of the elite, it at least permitted expressions of a wide range of views. Under martial law, the media became the
private preserve of one elite family and its loyal supporters. The media became essentially controlled under Marcos.\textsuperscript{78}

The government also established a Department of Public Information to expand its own informational programs and oversee the various communications media. They were further controlled through the Print Media Council and the Broadcast Media Council, which were responsible for watching the communications industry.\textsuperscript{79}

Presidential Decree No. 191 was issued on May 11, 1973, to make the media an effective instrument in the achievement of social change. It also provided for the expansion of government information services. Marcos also decreed the removal of direct government supervision of the mass media by abolishing the Mass Media Council and instead created the Media Advisory Council, composed of representatives of the media and headed by the president of the National Press Club. Government supervision was supplemented by the Media Advisory Council which could review licenses to operate media, but they were only valid with the president’s approval. It worked closely with the Department of Public Information.\textsuperscript{80}

During 1975 a temporary relaxation of the control over the media was evident. Temporarily, official censorship was lifted, and representatives of the private mass media were asked to institute a self-regulating system consistent with the strict reporting rules of the New Society. Several probable reasons could explain this change. First, the authorities gained confidence in their power and
popular support; second, the Philippines was heavily criticized for its tight political control abroad and, furthermore, ejected from membership in the International Press Institute; and third, American authorities criticized the press situation heavily, and it was important not to endanger U.S. assistance to the Philippines. However, after 1976, the government tightened its control again until 1981.\(^1\)

**The Nationalism Sentiment**

In late sixties and early seventies, nationalist sentiments grew. Large parts of the population were against imperialism, and many demonstrations were held to protest the abuses in the U.S. military bases and the U.S.-dominated World Bank and IMF policies.

According to Theodore Friend, modern Philippines nationalism began with the revolution of 1896 against Spain and reemerged in the fierce resistance against the Japanese.\(^2\) He argues that because opposition to imperial power is so fundamental to Philippines nationalism, increasing criticism of and resistance to the U.S. are natural.\(^3\)

In the late 1960s, Filipino journalists criticized Filipino people for undignified imitation of American style and policies.\(^4\) In movies, television, popular music, fiction, and comics, American influence has been and remained overpowering. A Filipino critic of the American movie industry, Renato Constantino, saw it as "omnipresent ideological force, cudgeling and subverting
Filipinos of all kinds, cheating them of their heritage and substituting American ways and outlooks."

In December 1968, the Communist Party of the Philippines was established as a result of an internal division in the Partido Komunista ng Pilipinas (PKP). Earlier, a radical student group, Kabataang Makabayan (KM) was formed. It was active in organizing demonstrations and rallies condemning the presence of U.S. military bases on Philippines soil. The bases were viewed as endangering rather than enhancing Philippines security and were also seen as a violation of national sovereignty. The Filipino nationalists, including Recto, Tanada, and Diokno, regarded American installations as a possible target for attack rather than a bulwark of defense.

Thus, intellectuals and labor leaders became attracted to radical ideologies which included a wide range of opinion. To be a nationalist not only meant having Marx or Mao as ideological leaders, but also having a negative attitude toward American influence and its involvement in the Philippines.

When martial law was declared, Marcos pursued policies which appeared to be consistent with nationalist demands. He then called for a review of the bases agreement and pronounced that the Philippines would be pursuing an independent foreign policy.
Martial Law and Foreign Policy Change

I have suggested that a martial law regime requires rapid economic growth in order to legitimize the concentration of political power and the defiance of democratic constitutional rules to create popular support at the same time. Diversification, in terms of searching for new allies and new trading partners, may contribute to this central goal. A second proposition is that there can be political value in showing added independence towards the former colonial dominant power. It is conceivable that the latter is also connected to the nationalistic aspects of the policy such as increased emphasis on the national language as an example. Nationalism is emphasized in an attempt to increase the popular support and legitimacy of the martial law regime.

In the Philippines, the effort for legitimation included, among other things, an encompassing economic development policy. The Philippines' line of diplomacy during martial law was called development-oriented. As regards to investments, the government offered economic incentives other than formal guarantees of non-discriminatory treatment. There was an array of tax incentives as conditions of entry and new areas were opened to foreign investors including rice and corn processing. A marked increase in the flow of American foreign investment in the Philippines was noted from $8.2 million in 1972 to $72.8 million in 1973. Marcos actively pursued policies to create an attractive environment for foreign investment. He stressed the need for more foreign investment in the Philippines partly because foreign investment was interpreted as a sign of the
international support that Marcos sought to reinforce and legitimize his domestic position. Thus the marked increase in foreign investment was seen as a "vote of confidence" in the New Society. Manila was made one of the most attractive Asian sites for corporate headquarters. Among other incentives, a law was passed allowing the opening up of commercial banks to foreign investment that guaranteed return of capital and profits. Forgiveness of royalties was liberalized and tax obstacles reduced. There was also an easing of the entry and clearance requirements for multinational executives. Marcos further opened up a large number of new areas of the economy to 100 percent foreign investment.

On the question of divestment of foreign holdings required under the expiration of parity, Marcos became tolerant. Earlier, he supported the Supreme Court, which ruled in August 1972 that American property rights acquired under parity must be turned over to Filipinos when the Laurel-Langley Agreement expired. Marcos issued a decree to set aside this ruling, gave a grace period of one year in May 1974, and by early 1975 a mutually acceptable procedure had been worked out. As the divestment question was clarified, new American investment increased and accounted for 46 percent of all new foreign investment in the Philippines in 1975.

The second aspect, a nationalist stance or the use of nationalism to contribute to the regime's legitimacy, can be seen in the demand for the review of the terms regarding the American bases. The martial law regime used rising
nationalistic sentiment to focus on the unequal aspects of Philippines-American relations. This is further discussed by Wurfel:

[Marcos] is using another classic tool for building legitimacy—nationalism. This is most obvious in a foreign policy that has wisely tried to counterbalance the once lopsided reliance on the American connection...Economic nationalism, on the other hand, has had to be abandoned, given the decision to rely heavily on foreign capital. The regime's pursuit of nationalism when it is convenient, and its avoidance when not, is much easier under conditions of media control.92

Another proposition regarding the relationship between martial law and foreign policy change concerns the role of martial law as a facilitator of foreign policy change. Martial law can facilitate foreign policy change by such features as its centralized leadership, repressed or eliminated opposition, and control of the media.

The merits of the martial law system were described by Marcos in a speech in January 1975 in terms of its:

- Crisis government that had the real power to make quick decisions to implement them without obstruction from any source...to attack problems with immediacy and directness...to deal with both the unknown, the uncertain and the unexpected, to adjust with swiftness, adequacy and efficiency to unprecedented situations.93

Martial law thus facilitated foreign policy change by providing a strong and centralized leadership. Rosenberg argued that "with all its disadvantages, centralization of power has considerably facilitated 'effective administration' and 'rational planning,' which appear to be the key catchwords of leadership."94 With the abolition of Congress, for example, decision-making in terms of foreign affairs became concentrated in the president who ruled by decree and became the sole representative of the country in foreign affairs. The President could now more easily shape and control foreign policy without opposition from Congress, and
determine more fully the scope and pace of adjustments in foreign relations. For example, he could now ratify treaties himself. The repression of domestic political processes under martial law gave the government more freedom to maneuver in foreign policy and to that extent facilitated attempts to diversify foreign relations. The opening of diplomatic relations with Communist countries, for example, would probably not have passed the Congress.

**Conclusion**

This chapter examined the ways in which the declaration of martial law has affected Philippines foreign policy change and how a domestic factor may have had an effect on foreign policy in a broader sense. Martial law can create a need for legitimacy, which is fulfilled by a new foreign policy because of its authoritative and oppressive nature. The change in foreign policy can be seen as an attempt to fill the need for legitimacy.

Certain aspects of Philippines martial law were examined together with the changes that took place became of its declaration. One of them was the decision-making structure in the Marcos government, which was characterized as the centralized power held by the President and shared with his wife, the military, the technocrats, and a new elite. The centralization of power facilitated whatever innovation Marcos wanted to introduce because there was no other institution like the Congress to check and balance the President’s decisions.
Another factor was the growth in size and significance of the military. This growth, which was essential to the very nature of martial law, did not allow sufficient self-reliance vis-a-vis the U.S. because more military aid was needed to finance the expanded military complex. The increase in its significance in support of the executive did not result in the military providing a check to balance the power of the president.

A third factor was the suppression of civil liberties, particularly the censorship and control of the mass media and, therefore, severely limiting the freedom of expression under martial law. This could have had an effect on foreign policy in a sense that it could be directed to mobilize the population by influencing their thinking, emphasizing nationalism. The control of the media could have had an effect both on the martial law regime itself by legitimizing its rule and on a foreign policy change that people would tend to support, such as diversification, because in a sense the merits and importance of what the government decides is always shown in a positive manner.

Each of these aspects facilitated and simplified the process of foreign policy change. In terms of diversification of relations, authoritarianism could more easily direct foreign policy without much resistance from certain groups. Thus, martial law appears to have played a significant role in the Philippines' foreign policy change regarding its relations with the U.S. Suhrke stated that "the Philippines found it easier to accept a less intimate relationship with the U.S.," in part because the imposition of martial law made it easier to institute such changes. Under
martial law conditions, the government got more freedom to maneuver in foreign policy because of the suppression of domestic political processes. In this sense, martial law facilitated the attempts to diversify the Philippines' foreign relations.
NOTES


2Ibid., 267-273.


5Ibid., 85.


15 Abueva, op. cit., 36-38.

16 Noble, op. cit., 89.

17 Abueva, op. cit., 37-38; Del Carmen, op. cit., 87-90.


20 Lande, op. cit., 1147-1154.


22 Ibid.


25 Abueva, op. cit., 43.


30Shalom, op. cit., 175.


32Lande, op. cit., 1151.

33Shepherd and Alburo, op. cit., 228.


35Ibid.


38Noble, op. cit., 92-93.

39Overholt, op. cit., 428.


41Ibid., 127.


43Ibid.

45 Noble, op. cit., 89.

46 Ibid., 89-90.

47 Kann, op. cit., 623.

48 Ibid.

49 Seekins, op. cit., 53.

50 Wurfel, op. cit., 5-30.


53 Ibid., 47-51.


55 Abueva, op. cit., 47-51.


57 Shalom, op. cit., 174.

58 Abueva, op. cit., 550.


60 Ibid.

61 Hernandez, op. cit., 277.


63 Shalom, op. cit., 173.
64 Hernandez, op. cit., 277.
65 Seekins, op. cit., 52.
66 Hernandez, op. cit., 274-279.
67 Abueva, op. cit., 39.
68 Hernandez, op. cit., 274.
69 Del Carmen, op. cit., 107-108.
70 Hernandez, op. cit., 275.
71 Ibid.
72 Rosenberg, op. cit., 145-179.
73 Ibid., 163.
74 Ibid.
75 Hernandez, op. cit., 272.
76 Rosenberg, op. cit., 165-167.
77 Ibid.
78 Ibid., 165-169
79 Ibid.
80 Ibid., 170-171.
81 Abueva, op. cit., 46-47; Rosenberg, op. cit., 167-169.

83 Ibid.
84 See Ibid., 20 for more details.
85Ibid., 21.

86Ibid., 22.

87Wurfel, op. cit., 9.


89Ibid., 249.

90Shalom, op. cit., 176.

91Morrison and Suhrke, op. cit., 250.

92Wurfel, op. cit., 10.

93Abueva, op. cit., 53.

94Rosenberg, op. cit., 27.

95Morrison and Suhrke, op. cit., 232.

CHAPTER SIX

U.S. POLICY IN SOUTHEAST ASIA AND FOREIGN POLICY CHANGE

The changes in Philippines' foreign policy were caused by many factors, both domestic and international. In this chapter, the role of the external environment as a contributing factor to the Philippines' move toward a foreign policy change will be examined, with a special focus on the United States. In addition, the new balance of power in the region and its impact on the foreign policy change will be discussed. The following questions are examined: (1) In what ways could the environment possibly have contributed to the Philippines' foreign policy change? and (2) Was there any change in the environment which may have influenced the Philippines' foreign policy to adapt, adjust, or react? Two aspects of the environment will be the focus. The first will be the role of U.S. foreign policy in the Asian region, and the second will be the role of the newly emerging regional balance of power.

U.S. Foreign Policy in Southeast Asia Until the Early Seventies

U.S. foreign policy in Southeast Asia in the sixties and early seventies was dominated by its relationship with Indochina, as indicated in Table 7. The U.S. conduct during and immediately after the Vietnam War constituted an important
## TABLE 7

MAJOR USES OF U.S. FORCES IN SOUTHEAST ASIA, 1949-1990

<table>
<thead>
<tr>
<th>Incident</th>
<th>Month/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. France-Viet Minh war: Dienbienphu</td>
<td>3/54</td>
</tr>
<tr>
<td>2. France-Viet Minh war: Dienbienphu</td>
<td>7/54</td>
</tr>
<tr>
<td>3. Political-military crisis in Indonesia</td>
<td>2/57</td>
</tr>
<tr>
<td>4. Indonesia-Netherlands crisis</td>
<td>12/57</td>
</tr>
<tr>
<td>5. Political-military crisis in Indonesia</td>
<td>2/58</td>
</tr>
<tr>
<td>6. Civil war in Laos</td>
<td>8/59</td>
</tr>
<tr>
<td>7. Civil war in Laos</td>
<td>2/61</td>
</tr>
<tr>
<td>8. Civil war in Laos</td>
<td>5/62</td>
</tr>
<tr>
<td>9. Civil war in Laos</td>
<td>4/63</td>
</tr>
<tr>
<td>12. Coup in South Vietnam</td>
<td>1/64</td>
</tr>
<tr>
<td>13. Civil war in Laos</td>
<td>4/64</td>
</tr>
<tr>
<td>14. Tonkin Gulf incident</td>
<td>8/64</td>
</tr>
<tr>
<td>15. Viet Cong attack Bien Hoa barracks</td>
<td>11/64</td>
</tr>
<tr>
<td>16. Viet Cong attack Pleiku air base</td>
<td>2/65</td>
</tr>
<tr>
<td>17. Viet Cong attack Qui Nhon barracks</td>
<td>2/65</td>
</tr>
<tr>
<td>18. War in Vietnam: w/d of troops from Europe</td>
<td>7/65</td>
</tr>
<tr>
<td>20. Breakdown in peace talks with North Vietnam</td>
<td>12/72</td>
</tr>
<tr>
<td>21. Civil war in Laos</td>
<td>2/73</td>
</tr>
<tr>
<td>22. Civil war in Cambodia</td>
<td>2/73</td>
</tr>
<tr>
<td>23. Collapse of regime in South Vietnam</td>
<td>3/75</td>
</tr>
</tbody>
</table>


basis for American foreign policy in the region. In broader terms, this policy was
categorized by lack of involvement in distant places. This was a modification of
the U.S. policies from the late forties to the seventies, which were characterized by
large numbers of interventions in different forms and in many countries. Table 7
documents U.S. foreign policy toward Southeast Asia during the Cold War era. It
is notable that there has been no major U.S. military force involved after the
collapse of the South Vietnamese regime.

The world political system after World War II was characterized by
bipolarity. The scope of competition soon extended to other parts of the world,
and America's containment policy carried a strong increase in its involvement in
other parts of the world. Continuous concern and efforts were needed to protect
these parts, and many of these challenges took place at the farthest points from the
United States. At the same time, the U.S. believed that deterrence, basic and
extended, required the opponent to believe that the U.S. would honor its
commitments in a bipolar system. America's allies and friends believed that their
defense depended upon the U.S. They were therefore constantly conscious to signs
of a weakening will on the part of the U.S.¹

A new political mood emerged in America in the late sixties and early
seventies. It reflected weariness, disillusionment, and retreat from global
commitments and involvement. One feature of this mood was the attempt to
inhibit presidential power in foreign policy, especially the power as commander-in-
chief to commit American forces to battle. A second symptom of the new mood
was that there was a tendency to put higher priority on the nation's domestic
problems. To some, America could only take care of its own needs, serve as an
example for mankind, and remain pure in a morally wicked world if it stayed out
of or minimized its political involvement in it. This somewhat resembled the old
isolationism.²
In short, U.S. policy in the early 1970s was said to be undergoing changes from involvement to retrenchment. The late sixties and early seventies were characterized by some rethinking on the part of the U.S. regarding its role in Southeast Asia. Whereas the U.S. was the only nation available to respond to the weaknesses and needs of Southeast Asia to any major degree at the close of World War II, the situation had changed 25 years later for the U.S. by adjusting to these changes. It sought a greater measure of multilateralism and reciprocity, particularly in the 1970s.³

Brandon characterized American foreign policy in the seventies as follows: (1) a clearer understanding of the limitations of American power, whether military, financial, or economic, (2) "a fatigue with foreign commitments and a disenchantment with the world, a rebellion against the American values of the last fifty years," (3) "a despair about the intractability of domestic problems," and (4) an overall disposition to reduce and withdraw.⁴ Over the years since the cold war began, the U.S. became involved in a troubled world. But from the early seventies on, there was more caution before intervention was made in crisis. The Vietnam War helped to bring about this attitude that led to a shift in U.S. foreign policy.

The changes in the world were said to be an important factor to which U.S. foreign policy was adjusting when it sought to modify its involvement in Southeast Asia. In 1972, some of these, according to Deputy Secretary of State John Irwin, were: the movement from bipolarity to multipolarity, the nation-state being
subjected to stress, other entities gaining roles, the gradual erosion of the barrier between domestic and foreign affairs, and the greater involvement of the general public in foreign policy.⁵

It was in this spirit that the Nixon doctrine was enunciated in July 1969, which held simply that the U.S. would leave the primary defensive role in Asia and other regions to its allies while limiting itself to the necessary support functions. Nixon's aim was to reduce direct U.S. international commitments so as to lighten the military and economic burden of the U.S. and to stabilize the situation at home. Simply stated, Nixon wanted no more Vietnams.

However, to what extent Nixon meant to withdraw or lessen U.S. involvement in Southeast Asia is often debated. In a discussion of U.S. foreign intervention and assistance in Southeast Asia, specifically Vietnam, it was stated that "the Nixon Administration changed the military strategy in 1969 to try to make it more politically acceptable. Although it reduced the numbers of American ground troops, it increased the intensity of the air war."⁶ According to this line of reasoning, the Nixon doctrine as foreign policy was a response to domestic pressure. After the American experience in Vietnam, public opinion was against direct military involvement in other places.

**U.S. Foreign Policy in Asia: 1967-1972**

I examined many relevant official speeches published in the Department of State Bulletin (DSB) for the years 1967 to 1972. A total of about 50 speeches
were selected and deemed relevant to the study. The following major features of U.S. foreign policy toward Asia from 1967 to 1972 are derived from my review of DSB speeches.

The Importance of Japan

A greater role in Asia by other developed nations like Japan in terms of economic assistance and cooperation was viewed as an important development. It was hoped that the growth of the Philippines' relations with Japan would expand further and this was viewed as "another encouraging development in the interest of both nations and a further impetus to ever growing mutual cooperation in this region of the world." The importance of Japan's role was repeated in 1969. There was specifically a speech by Deputy Assistant Secretary for East Asian and Pacific Affairs Robert W. Barnett about Japan's economic dynamism and U.S.-Japanese common interests in Asia. The common objectives of the U.S. and Japan in the region were discussed:

We and Japan favor progression to greater and greater reliance upon multinational agencies in the growth processes of developing countries. We both find ways to encourage regional cooperation in economic and other undertakings, and Japan has become an active participant.

Japan's tremendous economic progress was praised together with the helpful contributions of Japan to stability and progress in Asia. It was also stated that the U.S. and Japan were seeking to achieve understanding and common outlook necessary to keep the policies following compatible lines. Secretary of State William Rogers outlined the importance of Japan to the U.S. when he said that a
close and friendly relationship between the two countries would be "the most important single factor bearing on future events in the area."12

**Regionalism in Asia**

Regional cooperation was a most dominant theme as early as 1967. This was glorified by many officials as an extremely reliable development in Southeast Asia.13 This is interesting because there was a tendency for some people to separate the U.S. identification from that of the Philippines with regional neighbors. Judging by the speeches, the U.S. was very positive about regionalism and hoped the trend would continue. In the words of the Administrator for the Agency for International Development (AID), William Gaud:

> The United States is deeply interested in this trend toward regionalism. The peace and stability of Asia and the Pacific are inseparable from world peace. Regional cooperation and regional strength offer the best chance of peace and stability on the Far East. It is the United States policy to support regional development by backing cooperative Asian initiatives. We also encourage international organizations and other developed nations to support such efforts.14

Particularly, the Philippines' friendship with its Asian neighbors was seen as "a crucial link in a chain of mutual interdependence among the free peoples of the Far East to assure their continued freedom."15 The growth of regional spirit and the emergence of new regional institutions was taken as an extremely encouraging sign.16 The seeds of regional cooperation were seen as having taken root in such institutions as the Economic Commission for Asia and the Far East and the Asian and Pacific Council.17 What would the U.S. role be in a regional community? Assistant Secretary for East Asian and Pacific Affairs Marshall Green said that the
U.S. would like to see a truly Asian community evolve at Asian initiatives in which the U.S. could participate in an appropriate partnership relation through the larger Asian-Pacific community.¹⁸

Social and Economic Progress

Assistant Secretary of State William Bundy, in his speech "East Asia Today," enumerated the constructive developments in East Asia.¹⁹ In 1968, the situation was described as progressive and a remarkable transformation was said to have occurred in terms of economic and social progress, increased political stability, expansion of political democracy, etc.²⁰ In 1969, W. W. Rostow, Special Assistant to the President, summarized the situation for the years of 1965-68. A view of optimism was apparent. According to Rostow, a new wave of confidence swept through Asia, and "there was a beginning of Asian regional cooperation for the first time in recorded history."²¹

The speeches noted Japan's emergence as the world's second largest industrial nation as well as the high growth rates of the East Asian economies of South Korea, Taiwan, Singapore, Malaysia, and Thailand as higher than those of the industrially developed world. The emphasis on social and economic progress was summed up by the Department of State as follows:

Most Asian nations display a growing sense of national identity and pride, a greater self-confidence. They now can rely increasingly on their own resources, can sustain economic growth, and can build a framework of regional cooperation even though they continue to require some outside assistance.²²
**Shared Responsibility and Self-Reliance**

It was also emphasized that the U.S. intended to remain a Pacific power despite its seemingly low profile. This theme represented what was new in American foreign policy toward Asia. It was consistent with concrete U.S. behavior like the pull-out from Vietnam and the withdrawal from Southeast Asia in general. Modified involvement in terms of emphasis on shared responsibility appeared first in 1969. In the previous years of 1967-68, the emphasis was on: (1) U.S. responsibility in Asia, especially in Vietnam--according to Assistant Secretary Bundy, the U.S. would continue to use its power as long as it was needed to help preserve Vietnam’s right to determine its own destiny free from external interference and to help preserve the right of other nations to do the same; (2) the importance of the security of Southeast Asia, which was said to be essential to the security of the U.S.; and (3) the importance of a treaty commitment specifically regarding the allies in the region.

In 1967-68, the U.S. presence in Vietnam was regarded as necessary since it was considered as helping a beleaguered nation fight against aggression. It was stated by the Department of State Bulletin that the U.S. did not intend to solve the problems of the world by itself, but areas of Asia were presented as the threat to the stability of the world. In 1969, there was a shift in foreign policy from an emphasis on American responsibility in the region to the limits of its power. It was said that the U.S. could not surrender its responsibilities as the greatest industrial power in the world but that other nations must share the burden. As W. W.
Rostow stated: "what we can do, and are doing, is to use our influence and power
to help organize the world community in ways which distribute the burdens more
evenly and give to others a sense that they, too, are shaping the destiny of man."27

The theme about the proper and responsible role for America as sharing
responsibility was further elaborated in a speech by Assistant Secretary for
International Organization Affairs Joseph J. Sisco regarding what the American
people want: "To make sure that our power and responsibility overseas are
exercised properly to accomplish basic American purposes....And they want to
make sure that other nations pull their weight and share the responsibilities of
collective security and building the peace."28 He emphasized the needed balance
between isolation and involvement in American foreign policy and that the U.S.
must reject equally the illusion of isolation within fortress America and the
opposite illusion of total involvement.29 Defense was emphasized in terms of
sharing responsibility. According to Assistant Secretary for East Asian and Pacific
Affairs Marshall Green, due to dynamic growth rates in East Asia together with
rising nationalism, the U.S. allies in East Asia were at the time in a position to
share more of the burdens of defense in the area with the U.S.30

In 1971, shared responsibility was included in the Nixon doctrine progress
report. The Nixon doctrine was said to relate not only to military burden-sharing
but to economic and political programs as well. As viewed by Assistant Secretary
Green, burden-sharing was taking place in the economic as well as the military
field, and Western Europe, Australia, Japan and others had increased their aid to
developing countries.\textsuperscript{31} This was to be in line with the Nixon doctrine. It was said that without reducing the credibility of American commitments in East Asia, the U.S. was undertaking to assist its friends and allies in this area to develop a better capacity to defend themselves individually and collectively.\textsuperscript{32} Nixon called for a redefinition of the American role in the world. He stated that "this new sharing responsibility requires not less American leadership than in the past, but rather a new, more subtle form of leadership."\textsuperscript{33} He stated further that the U.S. intended to give its allies the time and the means to adjust materially and psychologically to a new form of American participation in the world.\textsuperscript{34}

The Nixon doctrine signalled the low profile the U.S. took in the region during the seventies. Some analysts have interpreted the Nixon doctrine as a major shift in the priorities of American national interest in East and Southeast Asia and have proposed that the U.S. was in the process of massive withdrawal from the Asian region.\textsuperscript{35} Accordingly, from 1969 to April 1975, the U.S. withdrew over 600,000 men from its Asian military outposts. Although it is said to mark the withdrawal of America from the region, U.S. officials, including Nixon himself, assured everyone that the U.S. would honor its commitments in Asia and that it intended to remain an Asian power.\textsuperscript{36}

The central thesis of the doctrine was, according to Nixon, that the U.S. would participate in the defense and development of allies and friends but that America could not and would not conceive all the plans, design all the programs, execute all decisions, and undertake all the defense of the free nations of the
world. The U.S. did not, however, have any intention of withdrawing from the world. Self-reliance by other nations was a central principle of the doctrine. According to it, America's allies should assume more of the responsibility for their security and well-being. The U.S. would continue to provide the nuclear shield but it would look to its allies to provide the necessary conventional power.

Three basic propositions in the Nixon doctrine were discussed in the progress report by Assistant Secretary Green: (1) The U.S. would keep its treaty commitments; (2) The U.S. would provide a shield if a nuclear power threatened the freedom of a nation allied to the U.S. or of a nation whose survival America considered vital to its security or to the security of the region as a whole; and (3) In cases involving other types of aggression, the U.S. would furnish aid and economic assistance when requested and appropriate, but it should look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense.

**Detente with China**

The discussion of reestablishment of high-level communications with China first appeared in 1971. Although there was a discussion of remaining firm in its commitments to friends and allies, it was said that the growing assumption of responsibility by Asians of their own affairs should allow the U.S. to develop more of its attention to two countries with which its relations would grow more important in future decades. They were Japan and the People's Republic of
Mention should also be made about the change of assumptions regarding China. The U.S. used to talk about and incite fear regarding a hostile China, but this was no longer the case. As pronounced by Assistant Secretary Green in 1971: "Changes appear at long last to be emanating from China....The reduction in our forces in Asia helps to mitigate imagined Chinese fears and undercuts their charge that we have been surrounding and threatening them."43

In 1972, Nixon visited China and high-level relations with China commenced. He also visited Moscow, which resulted in an agreement on the limitation of strategic arms and a wide range of cooperative endeavors. It was mentioned by Secretary Rogers that U.S. foreign policy at this period was based on the belief that the U.S. should expand relations with China and the Soviet Union to attain a peaceful world.44 Nixon spoke positively about having closer contact with China. Among other things, he said that the U.S. had agreed with China to pursue cultural, journalistic, educational, and other exchanges so that "the world’s most prosperous nation and its most populous nation can get to know one another again."45

Secretary Rogers characterized the new relationship with the Soviet Union and China in the following way: U.S. foreign policy was based on the belief that communication between strangers—and negotiation between adversaries—helped the cause of a more peaceful world. Since this was the case, the U.S. placed such importance on its expanding relations with the Soviet Union and on the new relationship with China.46 To illustrate the change of attitude towards China, the
following quotation from Deputy Assistant Secretary for Public Affairs Harold Kaplan in 1967 is an example regarding the earlier view:

There is nothing in our 20th century experience to suggest that allowing Communist China to bully, blackmail and subvert her neighbors with impunity will in the long run guarantee peace in the area or hasten the day when the Chinese Communist government will be ready and willing to abandon its paranoid fantasies and assume a peaceful posture in the world.47

U.S. foreign policy in Asia underwent significant changes. From 1967 to 1968, a high priority was given to the importance of U.S. involvement in Southeast Asia, particularly in preventing aggression in the region. The treaty commitments in Southeast Asia were deemed significant, thus making the U.S. responsible for playing an essential role in protecting the region. From 1969 to 1972, the priorities seemed to change. Although the U.S. declared its intention to remain a Pacific power, it shifted emphasis from involvement and commitment to a more cautious stance emphasizing both shared responsibility with other states and the limits of American power.

A call for self-reliance on the part of the Asian countries was made. The change in the American involvement in Asia was said to be due to, among other things, the changes in the Asian region itself, being characterized by progress and economic development which created a quite different situation immediately after World War II; the change in the international system from bipolarity to multipolarity; and the change in American public mood regarding directly involvement in far away places. The new policy was designed to accommodate public opinion characterized by an unwillingness to sustain and support a prolonged land war in the name of containing Communism.
The United States Withdrawal from Vietnam

The American role in Indochina was important in the eyes of its allies since it was a test of how the U.S. would conduct itself in terms of fulfilling its commitments. Successive U.S. leaders asserted that a failure to meet any commitment would jeopardize all other commitments and inevitably the U.S. itself. Secretary of State Dean Rusk commented on the importance of U.S. commitments: "if either our adversaries or friends begin to doubt that the U.S. will honor its alliances, the result could be catastrophe."  

Vietnam taught a lesson to both the U.S. and the Philippines. Especially on the part of the U.S., it translated into a deep reluctance to become involved again in a foreign intervention. The role that Nixon chose was one in which U.S. leadership should exercise great caution and limitation. Two conditions were set before America would respond to a crisis. First, there should be a collective response by the nations of the region to contain the threat by themselves. And second, if that failed, a collective request to the U.S. for assistance would be needed.

It may be reasonable to say that the American withdrawal from Vietnam brought about a fear and insecurity among the allies in the region. In the words of Bull, "It now seems likely that the U.S., unconvinced that the global balance of power is at stake, will be prepared to allow aggression to succeed and Communism to expand in Indochina and possibly in other areas of Asia and the Pacific, rather than intervene directly to prevent it." Marcos expressed the fear that the
Indochina disaster could lead to an increase in insurgency in other parts of Southeast Asia.

The Action-Reaction Model

Political actions are functions of certain interactions in the environment. The action-reaction aspect is sometimes referred to as the stimulus-response model, which is a part of a bargaining approach. A bargaining approach assumes that one type of analytical system that can be created is the system of interactions made up of the behavior of states towards each other. Bargaining implies a "dynamic situation of states in interaction, each acting partly because of what it thinks its action will produce in the opponent and also reacting to the opponent’s actions." Although it is primarily used in crisis situations, it is used in other situations as well.

Dean Pruitt, a psychologist aiming to contribute to a theory about pairs of nations, has investigated the effect of one actor’s behavior on another and has shown the similarity between the effects experienced by international actors and individuals. In his thinking, change in the behavior of one member of a dyad is often responded to by the other member. Reciprocation is produced arising from change in one party’s level of output on a given dimension. The above concerns interactions between nations and not the response of one actor to another’s actions. Even if the action-reaction cycle in this case stops after the original action by one actor and the response of the other, it is still believed to be interesting to point out
this connection to the general reasoning, even though this might not be strictly applicable.

One way of examining the Philippines' foreign policy is in terms of looking at it as a response to U.S. behavior. While the action-reaction analysis concerns continuous reaction, my interest is limited to the Philippines' response to a particular behavior. A change in the behavior of both sides in the U.S.-Philippines structure may be seen as reciprocation. An important aspect that should be mentioned, however, is the fact that reaction may come in different dimensions and directions. As Boulding states that "the relations of nations are reciprocal, so that I's attitude toward J is the same as J's toward I....This is a very severe restriction and certainly violated in fact: there are unrequited loves and hates among the nations as there are among individuals." However, it is likely to go in the same direction and dimension because, as he continues:

We can recognize a tendency...for the matrix to become symmetrical. There is a certain instability about an unrequited feeling. If I loves J and J hates I, then either J's constant rebuff of I's affections will turn I's love to hate, or I's persistent wooing will break down J's distaste and transform it into affection.

The Philippines' foreign policy change can be characterized by the stimulus-response model. There are different ways in which a state may react to a particular stimulus. The relevant questions here are: first, what kind of response occurs considering where or from whom the action comes?; second, what kind of response occurs considering the kind of action?; and third, what kind of response occurs considering the time when the stimulus is introduced? In the first two questions,
the object of interest is the United States, while in the third question the object of interest is the Philippines.

Where or from whom does the action originate, i.e., an enemy, a neutral, or an ally? One gets more easily disappointed with an ally who does what one perceives to be wrong because there are certain expectations involved with friends which do not exist with enemies. For example, an ally is expected to help its friends in times of need. In the case of Philippines-U.S. relations, the U.S. has been considered by the Philippines as a close ally, the latter having been an American colony for almost 50 years and also with notable consideration to the connection of treaties that bind the two countries. The kind of reaction expected when the U.S. disappoints the Philippines is at least a reassessment of their relations.

What is the kind or type of action? One example would be a perception on the part of the Asian states that the U.S. would withdraw from the region and would not care about its commitments toward these states. A likely response by the Asian states would be to consider ways to cope with the new situation, hence a reassessment of any special relations and a search for new alternatives. Further, insecurity is a natural consequence since in the Asian states’s view, one can no longer depend on the ally. In this connection one can explain the Philippines’ foreign policy change based on the following proposition: The Philippines, because of its disappointment with the behavior of the United States in its treatment of an ally, started to reassess and modify its special relationship with the U.S. The
American loss of credibility in the eyes of its allies contributed to a reassessment of the special relations. The insecurity brought about by U.S. withdrawal from the region forced its allies in Asia to seek other alternatives, among them, diplomatic diversification.

U.S. policies and behavior > modification of special relations
&

diversification of relations

A change in the foreign policy behavior of the U.S. led to a corresponding change in the foreign policy behavior of the Philippines in its relations with the U.S. The type of change that the Philippines perceives the U.S. to make is characterized by a loosening of ties and so the response is reciprocated. A more specific model then would appear as follows:

Nixon doctrine and the U.S. Withdrawal from Vietnam >
Philippines Insecurity/Disappointment >
Review of the bases agreement &
Pronouncement of emphasis on regional diversification

Considering timing, a response is likely when a country may be insecure because treaties are expiring or at a time when the domestic environment is volatile. For example, it is noted that the announcement of the Philippines' foreign policy change coincided with the end of the Laurel-Langley Agreement, an important economic treaty between the Philippines and the U.S. This was also the time when nationalistic sentiments were on the rise, when people were sickened by U.S. dominance, and when President Marcos started to consolidate his power and legitimize his martial rule.
To summarize, the change from close ties to diversification should be viewed as a likely reaction to prior U.S. foreign policy behavior, especially American withdrawal from the region. In general terms, a state is likely to change its foreign policy behavior if it perceives an ally as changing its behavior or reducing its commitment. Specifically, the Philippines' foreign policy change was a reaction to American behavior, which called for a modification of the relationship with the Asian region states. It may be seen as an adjustment to the United States' new global strategy.

**Reaction of the U.S. Allies in Asia**

The Southeast Asian region had engaged U.S. interests since the end of World War II. In Indochina, the United States fought the longest and most indeterminate war in its foreign policy history. In the Philippines, the United States had maintained its largest air and naval military bases outside the country. Moreover, the Southeast Asian nations were becoming some of its most significant trading partners. However, as Simon pointed out, the United States was seen as a faithless supporter:

one whose foreign policy has changed mercurially from deep military involvement during the second Indochina War (1965-1975) to general indifference in the war's aftermath (1975-1980) and more recently to a renewed security concern with Southeast Asia derived from its geostrategic location (1980- ).

Nixon comforted U.S. allies by stating that America would become involved when it was in its strategic interest to do so. But the U.S. willingness or ability to honor treaty commitments as in the past had been seriously eroded. A number of
U.S. allies were looking to other alliances or neutrality as a means of guaranteeing their security. Thailand’s long time foreign minister, Thanat Khoman, criticized the groups which helped force the elaboration of U.S. involvement with bitterness. Addressing an American Chamber of Commerce luncheon, Thanat blamed everything on the "anti-war Congress, the liberal press and the hippies and the yippies." Seeking the cause of the discontent in the U.S. that had prompted American attempts to reduce its involvement in Asia, the foreign minister critically observed it critically as "in times of stress and strain [in the U.S.], the scum comes to the surface." It was an important concern in Southeast Asia whether the U.S. would have the will and strength to stick it out, because many of these countries believed that their security depended on the defeat of aggression in South Vietnam.

Marcos frequently pointed out in his speeches that all American defense guarantees to East and Southeast Asia needed Congressional approval before they became operational. Earlier, both President Eisenhower and President Johnson restressed the defense commitment in terms of action by the American executive branch. He then questioned the worth of those assurances when Congress, vis-a-vis Vietnam, strongly demonstrated its ability to decrease or even override the executive on Southeast Asian matters. Marcos stated that "I do ask whether our mutual defense treaty in the light of Indochina has not become a dead letter serving no function, yet productive of suspicions amongst our own people and amongst Asians." The reaction to America’s policy and behavior in Asia is described by Neuchterlein:
Southeast Asian leaders today are deeply disturbed by the Ford Administration's apparent lack of ability to carry through on U.S. foreign policy commitments made by the previous administrations in Washington, and they worry about the U.S. withdrawing completely from responsibility in that area. American behavior in Indochina in the spring of 1975 shocked the governments of the Philippines, Thailand, Malaysia, Singapore and Indonesia and raised serious questions about whether the U.S. would honor defense commitments anywhere in Southeast Asia.59

Apprehension that the U.S. might back out on its Asian commitments beyond Vietnam was evident in President Marcos's sharp questioning of the value of the American commitment to the Philippines. He declared that:

"We are disturbed by an emerging view that commitments made by U.S. presidents are nothing more than statements of intent that do not bind the American people or Congress...We have to ask ourselves whether we can continue to be involved in conflicts and animosities engendered by policies not our own."60

Even though the Carter Administration responded to the fear, in particular, by reviewing the base agreements with the Philippines in January 1979, some remaining ambiguity existed about the extent of U.S. commitment. As Ronquillo observed, "since the Indochina debacle, there seems to have been a turn-about in Philippines foreign policy to a point of moving from American sphere of influence."61 After the American defeat in Indochina, the Philippines reviewed its own perceived position as the strongest U.S. ally in Southeast Asia. The Philippines decided that it was time to review the Americans' "little brown brother" image and seek a greater measure of independence, particularly with a view to becoming accepted as a member of the Third World group. The government therefore called for a new review of the bases which were something of an embarrassment under the existing treaty.

The American forces were also withdrawn from Thailand and the U.S. bases in that country were closed by the end of 1976, while serious questions were
asked by other American allies in Asia regarding American intentions to remain an Asian power. Reportedly, Singapore's Foreign Minister Sinnathamby Rajaratnam stated that "the U.S. is our biggest enigma. We used to think of the inscrutable Chinese and the inscrutable Russians. Now we're not precisely sure about the intensity of the American commitment to this part of the world."\(^6\) On the other hand, the U.S. allies also were relieved that the Vietnam war had finally ended.

In the meantime, President Nixon visited Indonesia as a part of his Asia-Pacific tour to consolidate Indonesia's major role in Southeast Asian security. Unlike his predecessors, Nixon sought a positive move toward regional stability although he did not propose any collective defense arrangement. However, Indonesian leadership saw the U.S. policy as similar to the same containment policy. The U.S. economic assistance program was viewed as an exchange for the expected Indonesian cooperation.\(^6\)

Malaysia's Prime Minister, Tunku Abdul Rahman, expressed criticism during the Nixon trip to the U.S.-dominated security policy for the pro-Western Southeast Asian countries. He called for a more realistic and friendly policy for regional countries. Malaysia argued that an independent security policy was more realistic than the traditional reliance on the Western assistance. For the Malaysians, the Nixon doctrine seemed inapplicable because they had more important regional problems, including the territorial dispute over the Sabah with the Philippines, security cooperation with Indonesia and Singapore, and reconciliation with Indonesia over Malaysian Peninsula hegemony.\(^6\)
Thailand, a traditional U.S. strategic ally since the founding of SEATO in 1954, also began to move toward a self-defense capability after the U.S. disengagement from Vietnam. The U.S. urged the Thais to withdraw their troops from Vietnam and to defend themselves against the Communist insurgencies along the Thai border. After several years, the U.S. gradually withdrew its forces stationed in Thailand. Except for the continued presence of some military advisers, the withdrawal was completed by July 1976. Thailand then urged that ASEAN replace the American military power vacuum in the region. Despite Nixon’s assurances about U.S. security interest, the Thai press questioned the applicability of U.S. security commitment in the region:

Would the United States be able to honor its commitments to Thailand, which President Nixon reaffirmed during the visit, when internal and external pressure of the communists was applied?...Can a President faced with significant problems at home, the hope of establishing his party’s majority in Congress, and an excessively dangerous autumn on the campuses and the streets resist the pressures which would have him desert the Asian challenge?

By the end of the mid-1970s, it became clear to the Southeast Asian community that the United States was making a significant policy adjustment in the region. The Nixon Doctrine resulted in a withdrawal of U.S. ground forces from the region and rapprochement with China. The new relationship with China ultimately meant that the United States would not recognize a long-standing anti-Communist security ally, Taiwan, with whom it had a security treaty. This change in U.S. policy forced the Southeast Asian nations to confront a new dimension to their security circumstances. Nixon’s foreign policy in Southeast Asia undermined the credibility of the United States as a security partner.
The defeat of South Vietnam and the Vietnamese Cambodian intervention in 1975 prompted all the Southeast Asian capitalist countries, like the ASEAN nations, to worry about the regional security guarantee. Malaysia, Thailand, and the Philippines very quickly moved to normalize diplomatic relations with China. Thailand, which had hosted U.S. forces during the Vietnam War, negotiated the complete withdrawal of U.S. forces to have a good relationship with China and the Soviet Union. The Marcos administration not only established diplomatic relations with China, but also in June 1976 established formal diplomatic relations with the Soviet Union. Furthermore, the ASEAN nations pursued normalization with Vietnam, at least until Hanoi's 1978 military intervention in Cambodia.

In press communiques issued at the end of the eighth ASEAN Foreign Ministers meeting in Kuala Lumpur on May 15, 1975, the ASEAN member states called for a "friendly and harmonious relationship" with Vietnam on the basis of the principles of "peaceful coexistence and mutual beneficial cooperation, non-interference, respect for sovereignty and territorial integrity, equality and justice in the conduct of their relations." By that time Southeast Asian security became uncertain vis-a-vis Vietnam. Table 8 indicates that the number of Vietnam-allied forces well surpassed that of ASEAN-allied forces. Even Vietnam alone had enough forces to defeat the ASEAN nations. This balance of power was enough to invite Communist involvement throughout the region.

ASEAN member states were very concerned about regional security. The United States made no specific efforts to maintain the regional security balance.
TABLE 8
VIETNAM-ALLIED/ASEAN GROUND FORCES IN S.E. ASIA

<table>
<thead>
<tr>
<th>Vietnam-Allied</th>
<th>Ground Forces</th>
<th>ASEAN-Allied</th>
<th>Ground Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>20,000*</td>
<td>Indonesia</td>
<td>195,000</td>
</tr>
<tr>
<td>Laos</td>
<td>46,000</td>
<td>Malaysia</td>
<td>90,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1,000,000</td>
<td>Philippines</td>
<td>70,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Singapore</td>
<td>35,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Thailand</td>
<td>160,000</td>
</tr>
</tbody>
</table>

Total 1,066,000  550,000


The ASEAN states, however, had already moved to establish a more autonomous regional security mechanism. This movement emphasized a collective effort on economic development to deal with their domestic political stability rather than relying on military capabilities.68

President Ford, in the meantime, had tried to reestablish the United States security commitment role in Southeast Asia by invoking what came to be known as the "Pacific Doctrine." However, the Southeast Asian states well recognized that the Ford administration lacked the needed Congressional support for any defense commitment in the region because of public opinion. Consequently, the Pacific Doctrine was considered by the ASEAN nations as only a "vague gesture of good will" toward them.69
Ultimately, the ASEAN states extended diplomatic relations to the new
Communist governments in Indochina as a means to keep the peace, and, at the
same time, they could not completely reject the containment security strategy of
the U.S. until they could replace it confidently with a self-reliance system.

**Human Rights Policy**

Another U.S. policy in the region to which the Philippines reacted was the
issue of human rights. Human rights can be defined in terms of three categories:
(1) "freedom from government torture or other cruel and degrading treatment,
including arbitrary arrest"; (2) "the right to fulfillment of basic needs, including
food, shelter, health, and education"; and (3) "the right to civil and political
liberties, including freedom of movement, and the right to participate in
government."\(^{70}\) During the Carter administration, human rights was among the
most important issues in U.S. foreign policy. Considering the disillusionment of
the American people with Watergate and Vietnam, President Carter tried to restore
America's faith in its ability to improve the moral character of the world by
emphasizing the importance of human rights as part of its foreign policy. The
Congressional policy between 1973 and 1975 linked human rights policy to the
granting of military and economic aid. Human rights policy was originally
initiated by the U.S. Congress during the Nixon administration when Congress
imposed specific human rights restrictions on both military and economic aid to
Third World countries. The U.S. Congress also demanded the establishment of a
Coordinator for Human Rights and Humanitarian Affairs in Department of State whose position was elevated to the assistant secretary level.\footnote{71} In the words of former Congressman Fraser, the general Congressional policy was as follows:

\begin{quote}
\textit{military aid} should be reduced or terminated in a country guilty of a consistent pattern of gross violations of internationally recognized human rights. We define \textit{gross violations} as those involving the integrity of the person: torture, prolonged detention without charges or trial, and other cruel and inhuman treatment. On \textit{economic aid}, we state that when a country is engaged in gross violations of human rights, the aid may go forward only if it goes to the needy.\footnote{72}
\end{quote}

During the Carter Administration there was persistent talk of punishing the Marcos regime by reducing military aid to the Philippines. According to James Gregor, Philippines' economic growth "was lost because of Carter's preoccupation with Marcos's record of human rights infractions."\footnote{73} In the Philippines, in fact, several thousand people were detained and tortured during the martial law period. While most Southeast Asian countries (i.e., ASEAN members) have been major recipients of American military and economic aid, they often disregarded the political value of human rights as they imprisoned domestic political opponents without trial, sometimes under degrading or inhumane circumstances. As Table 9 indicates, most of Southeast Asian nations, such as ASEAN members, should have recorded very unfavorable freedom ratings during the late 1970s.

How did America react to reports on violations of human rights in the Philippines? In 1974, the Senate voted to terminate military aid to the Philippines as a result of political detentions.\footnote{74} In 1977, the Congress reduced security assistance by 8.5\% ($3.5 million) below the administration's request, and, despite continuing base negotiations, a similar cut was made in the summer of 1978. On
two occasions in 1976, the U.S. prominently abstained from voting on Asian Development Bank (ADB) loans for the Philippines not related to "basic human needs." The U.S. also intervened diplomatically on behalf of a human rights victim, Trinidad Herrera, a meeting organizer detained and tortured in May 1977.75

**TABLE 9**

COMPARATIVE MEASURES OF FREEDOM OF SOUTHEAST ASIAN NATIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>Political Rights</th>
<th>Civil Liberties</th>
<th>Freedom Rating</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>7</td>
<td>6</td>
<td>Not Free</td>
<td>6.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6</td>
<td>5</td>
<td>Partly Free</td>
<td>5.5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5</td>
<td>4</td>
<td>Partly Free</td>
<td>4.5</td>
</tr>
<tr>
<td>Philippines</td>
<td>6</td>
<td>5</td>
<td>Partly Free</td>
<td>5.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
<td>5</td>
<td>Partly Free</td>
<td>4.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>4</td>
<td>5</td>
<td>Partly Free</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Notes: 1 represents the most free and 7 the least free category. The definitions of the survey: Political rights enable people to participate freely in the political process; Civil liberties are the freedoms to develop views, institutions and personal autonomy apart from the state.


In March 1980, the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs committee successfully recommended the full committee to cut $5 million from the Carter Administration’s request for security assistance to the Philippines. This was an expression of disapproval of Marcos’s policies.76 This was
also an example of a situation in which a strong human rights policy actually saved the U.S. large sums of money because it helped move Marcos to settle with the Carter administration for far less than Ford and Kissinger had offered. An agreement in principle had been reached between the Ford administration and the Marcos government that the U.S. would provide $1 billion over five years. On the other hand, President Reagan pledged to President Marcos that the administration would provide $900 million during the 1985-1989 period: $475 million in economic grant aid; $125 million in military grant aid; and $300 million in military credits. Bonner discussed American foreign policy regarding Marcos's violations of human rights in the Philippines. On several occasions, the U.S. sent messages to Marcos about taking human rights seriously. However, the Carter Administration could not abandon Marcos. While Carter himself was reaffirming America's commitment to human rights at a commencement address at Notre Dame University in May 1977, during the same month the U.S. supported a World Bank loan for $88 million to the Philippines.

The U.S. concern for human rights in the Philippines was overridden by other security considerations. When Congress nevertheless reduced aid to Marcos, the Carter Administration tried to channel American assistance through multilateral institutions like the World Bank. The Philippines was also readmitted to the International Development Agency (IDA), primarily at the urging of the U.S. The U.S. was not willing to make more than token changes in security relations, including Congressional military aid, because of human rights violations. Actually,
the Philippines, during the Carter administration in the late 1970s, was able to maintain its military assistance while other Southeast Asian countries did not.\textsuperscript{79}

While the U.S. concern for human rights in the Philippines was an irritant in Philippines-U.S. relations, Marcos viewed it as an interference in Philippines internal affairs. From the Southeast Asian point of view, the U.S. policy on human rights was not appropriate to them in the sense that their cultural and historical tradition have been different from the Western-oriented ideal standards of political freedom: the ASEAN nations contain "many ethnic groups, all of whom have strong authoritarian traditions. Statutes which permit long detention without trial and which restrict freedom of speech, of the press...are deeply ingrained in...[ASEAN] history and tradition, although contrary to internationally recognized human rights."\textsuperscript{80} Although they admitted a lower degree of human rights conditions in their countries, the Southeast Asian nations argued that they were facing a real Communist threat in and outside of their nations in addition to economic and societal instabilities.\textsuperscript{81} In 1977, Marcos seriously threatened to end the military base agreement with the U.S. because the U.S. had criticized the human rights situation in the Philippines.\textsuperscript{82} Thus, there is reason to believe that U.S. human rights policy contributed to Marcos's behavior of wanting to modify the special relationship.
Figure 6. Foreign Military Sales Agreement in Southeast Asia

Note: All amounts rounded up to nearest thousand.
Balance of power is an ambiguous term. It is sometimes referred to as a situation or condition implying an objective arrangement in which there is a "relatively widespread satisfaction with the distribution of power." It is also sometimes referred to as a new arrangement of forces in the region, which is the way it will be used in this study.

What did the world look like during the late sixties and early seventies when the Philippines made the move of reorienting its foreign policy? What were some of the major characteristics of the new balance of power in the seventies?

**A Greater Role for Japan**

Japan showed a rapid and impressive rise to rank as a top economic world power, with its implied and assumed implications in the political and military fields as well. In the seventies, it was one of the Philippines' most important trading partners. It has been stated that the 1970s marked not Japan's emergence as a potential superpower, but a slow recognition of that fact. By 1968-69, Japan's GNP had finally exceeded that of West Germany and put Japan's economy in the third place only after the U.S. and the Soviet Union.

A remarkable change in the power relationships in the region was the rise in the position of Japan as a source of aid, investment, and trade. The Philippines' dependence on the U.S. lessened to a certain extent because part of what the U.S. used to be for the Philippines was taken over by Japan. The distribution of
Manila’s foreign trade began to shift in the mid-1960s from its exclusive dependence on the U.S. Nevertheless, the source of new foreign investment in the Philippines did not begin to shift until the 1970s. Some have argued that it was the changing relative strength of the Japanese and American economies that accounted for these latter shifts.85

Japan also emerged as an economic superpower, giving attention to bilateral relations with the ASEAN countries. There were many reasons for this. One was that Japan was constantly seeking new markets for its exports, and the rapid economic growth of the ASEAN countries had attracted many Japanese firms. Another was that Japan was seeking new sources of raw material imports which ASEAN countries could supply. ASEAN countries were willing to permit foreign firms to have equal participation in their development of natural resources, which served Japan’s desires to enlarge its foreign investment.86

Japan has both a complementary and a competitive relationship with the U.S. in Asian affairs. In the economic area, Japan has come to rival the importance of the U.S. As a matter of fact, it became one of the most important sources of new investment capital in the Philippines.87 However, one must see the link between Japan and the U.S. It is urged by some that the success of American policy in Asia, indeed in the whole world, has depended upon the continuation of strong ties with Japan, a nation dominating all others in the Asian Pacific community, and a country that the U.S. wants to continue as its ally.88
The Soviet Military Buildup

A development that was alarming to the U.S. and its allies was the persistent strengthening of Soviet military forces in Asia during the 1970s. The increase in Soviet interest and influence in the area had been visible. In addition to stationing 45 divisions on the Sino-Soviet border, the Soviet Union deployed surface combatants as well as ballistic missile submarines in its already large Pacific fleet, occupied former American air bases at Da Nang and former naval facilities at Cam Ranh Bay in Vietnam, garrisoned division-size ground forces on the islands in north of Japan’s present border, and introduced SS-20 intermediate-range missiles and long-range bombers to the Asian Pacific basin. The Soviet buildup of forces was significant in the balance of power situation in the region, especially in view of the reduction of U.S. naval and air units for operations in the Indian Ocean. The Soviet role in Southeast Asia, in contrast to its earlier stance, was then a permanent one. As described in a 1969 news report:

While in the past Soviet involvement in the region fluctuated in the level of its commitment, the need for consolidation of its position against China has ensured that in the foreseeable future the Russians will not abandon the area. Indeed even the Philippines is gingerly moving toward diplomatic relations with Moscow and the Russians are encouraging it by all possible means.

China and Its Detente with the U.S.

The key to a balanced continent, today as well as in the past, has been China. The American objective seemed to be an independent China, strong enough to preserve stability, but prevented from gaining control over its major neighbors.
Though China has been regarded with suspicion in the region, it also has been considered as a counter to Soviet ambition in the area. The U.S.-Chinese detente in 1972 changed the attitude of some Asian countries toward China. Awareness grew among Southeast Asian leaders that in the era of detente among great powers, they must find a way to restore normal diplomatic relations and reach accommodation with China after years of hostility. Southeast Asian leaders came to understand that U.S. policy could no longer be relied upon when it came to fighting dissident forces, and since local Chinese minorities in most Southeast Asian countries have been viewed as potential, if not real, subversives by local governments, good relations with China was a means of weakening the propaganda appeals of these subversive groups. In the case of the Philippines, there was a tremendous fear of Communist countries for a long time. The new situation emphasized the benefits from trade and economic benefits.

Other Influences

Aside from the influences discussed above, there were other factors which characterized and affected the new balance of power in the region. First, there was the previously discussed U.S. withdrawal from Asia. Second, a transformation of the international system from bipolarity to multipolarity. The harsh bipolarity of the early 1950s had been replaced by a "multi-hierarchical" or "polycentric" and emergent "multicentric" world. The power struggle of the region could be seen to be gradually moving towards a new multipolar equilibrium, containing at least
four powers: the U.S., the Soviet Union, China, and Japan. The international system in the fifties was sharply divided. The Huk campaign in the Philippines reinforced the fear of Communism. The Philippines saw the possibility of Communist advancement in its territory. It was understandable that the Philippines pursued increased security ties with various countries as the best help to what it considered its vulnerable position. In the seventies, it was perceived that in a less polarized world, the Philippines might need U.S. cooperation less.

Third, there was the assertiveness and growth of self-confidence and regional cohesion among the nations of Southeast Asia and Third World countries in general. In 1967, ASEAN was formed, and this marked the willingness of these states to cooperate and strengthen their ties through economic activities. It was a great leap considering the differences that existed among them. The Philippines spoke for identification with Asia and its common interest with the other countries in the region.

Fourth, the rise of a strong Europe willing to trade and invest in Asia also had some influence on the balance of power in the region. Europe became increasingly aware of the profitability of doing business with Asia. Fifth, China broke out its self-imposed isolation after the Cultural Revolution, as evidenced by a significant revival of its diplomatic activities in various parts of the world. Finally, there came the break in Sino-Soviet relations.93

In broader terms, the new balance of power in the seventies was characterized by a United States exhibiting a low profile in terms of involvement in
Asia, a prosperous Japan, a strong Soviet Union whose presence was felt ever more in the region, and a not so dangerous China friendly to the United States. How could these changes affect Philippines foreign policy? In the case of China, there was a perception of a smaller Chinese threat, and the U.S. president’s visit to Beijing gave the message that detente was forthcoming between the two countries and so the Philippines could diversify its relations even with other Communist states. Ideology decreased the perceived benefits of economic interaction. As regards to the Soviet Union, its presence in the region might be interpreted as filling in the vacuum that the U.S. created.

In brief, the new balance of power provided the Philippines with opportunities to diversify. Instead of being forced to concentrate on the U.S. and Japan, among others, a new regional balance of power provided the Philippines with an alternative of trade with various countries. Also, the Philippines did not need to be as a firmly anti-Communist as before in its foreign policy.

**Conclusion**

This chapter examined the Philippines’ foreign policy change in the context of the role of the environment in affecting its decision to change. The question posed in the beginning was: Is it possible to explain the Philippines foreign policy change by way of looking at the environment at the time that this foreign policy change was being announced? What I have tried to do was to present the plausibility of using the environment as an explanation for Philippines foreign
policy behavior. By looking at U.S. foreign policy and behavior in the region, and at the new balance of power, I conclude that there are reasons to believe that these factors may have played a role.

One way to draw a connection between the environment and foreign policy change was by proposing that the Philippines' decision to change was a reaction to the U.S. modification of policy in Asia. With regard to the Nixon Doctrine and the U.S. pullout from Vietnam, it was proposed that these two examples of policy, by inciting insecurity, disappointment, etc., contributed to the decision to change. The U.S., for its part, spoke of the change in its foreign policy in Asia as a reaction to the changes that occurred in the region, like the increasing strength of Japan and the economic progress prevailing in Asia, among other things. Another factor for the change in U.S. policy was the rise of public opinion negatively inclined to support American intervention in distant territories.

Another aspect of U.S. policy that the Philippines was said to have reacted to was the human rights policy, particularly during the Carter Administration. Modification of the relations may partly be due both to the U.S. concern about human rights in the Philippines, and also to Marcos's reaction to U.S. criticism concerning his human rights violations. The martial law regime of Marcos drew Washington's attention by its suppression of civil liberties and its violation of human rights through a huge number of illegal detentions and torture.

In addition, other factors in the environment may have played a role in the Philippines' foreign policy change, especially in terms of diversification. First,
there was the decline of the U.S. economy. In the late sixties and early seventies, the U.S. economic position weakened compared to earlier post-World War II years. Thus, it was logical for the Philippines to diversify its markets. Second, this period also marked the increasing role of Japan in the world economy. Third, there was the change in the world environment in which the Third World began to increase its assertiveness in international affairs.

A note may be made about American and Philippines’ foreign policies concerning regionalism. In the new foreign policy, the Philippines government emphasized the importance of having close relations with its neighbors in the region. There was an appeal to build a harmonious relationship with the countries in Asia.
NOTES


2Ibid., 156.

3Ibid., 158.


5*Department of State Bulletin*, 20 November 1972, 609-610.


7*Department of State Bulletin*, 27 February 1967, 326.


10Ibid., 449-450.


16*Department of State Bulletin*, 22 May 1967, 793.


18*Department of State Bulletin*, 22 May 1972, 743.

20Department of State Bulletin, 4 November 1968, 461.

21Department of State Bulletin, 6 January 1969, 5.

22Department of State Bulletin, 5 April 1971, 469-470.

23Department of State Bulletin, 27 February 1967, 323.


26Department of State Bulletin, 13 May 1968, 606.

27Department of State Bulletin, 6 January 1969, 7.


29Ibid.


31Department of State Bulletin, 8 February 1971, 163.

32Ibid.


34Ibid.


38Ibid.


40Department of State Bulletin, 8 February 1971, 163.

42 Department of State Bulletin, 15 March 1971, 323.


44 Department of State Bulletin, 23 October 1972, 471.

45 Department of State Bulletin, 27 November 1972, 625.

46 Department of State Bulletin, 23 October 1972, 471.


49 Department of State Bulletin, 10 February 1967.


55 Ibid.


60 Weinstein and Lewis, op. cit., 128.


63 Foreign Broadcast Information Service, 29 July 1969, N-4; Foreign Broadcast Information Service, 30 July 1969, N-1.


71 Pringle, op. cit., 91.

72 Ibid.


Pringle, op. cit., 105.

Gregor, op. cit., 11.


See Figure 6.

See Neuchterlein, op. cit.

93 Ibid.
CHAPTER SEVEN

SUMMARY AND CONCLUSIONS

The first president of the Philippines Republic, Manuel Roxas, framed a foreign policy which was unidirectional in a sense that it focused almost exclusively on the U.S. This was understandable because the U.S. had been the colonizer and liberator of the Filipinos from the Japanese and it had emerged as the most powerful nation in the world after World War II. Philippines dependence on the U.S. continued even after the Philippines was proclaimed an independent republic on July 4, 1946.

While many Filipinos accepted the policy of very close and dependent ties on the U.S., there were also those who expressed dissent. One was the Hukbalahap, a group who struggled with the Japanese invaders and who feared being exploited by the Americans. Another was a group of nationalists led by Claro M. Recto, who criticized the unequal treaties with the Americans. An example of these treaties was the Military Bases Agreement of 1947. It became the source of the irritants in Philippines-American relations in the years that followed. A call for foreign policy change was partly an attempt to alter these inequalities.
In May 1975, during a period of authoritarian rule, Marcos issued a set of foreign policy guidelines that included closer ties to ASEAN, closer identification with the Third World, establishment of relations with China and the Soviet Union, and review of relations with the U.S. compatible with the emerging realities in Asia. While a renewed relationship with the U.S. was called for, the new policy had to be compatible with the emerging realities in Asia. In 1974, an important economic treaty, the Laurel-Langley Agreement, was allowed to expire by the two countries. Further, a review of the bases treaties was urged and the unequal stipulations in these treaties was emphasized, especially by the nationalists. At the same time, the Philippines opened diplomatic relations with Communist countries for the first time, and it became an active member of the Third World movement. The Philippines emphasized the nation’s Asian identity and the importance of regional cooperation. Thus, a more independent foreign policy seemed to have emerged.

**Nature and Extent of Philippines Foreign Policy Change**

Several questions were posed in the beginning of this study. The first concerns the question of whether the foreign policy change that was announced in the early seventies as a new policy by the president and his officials was carried out. This foreign policy emphasized diversification of relations and identification with the Asian neighbors and the Third World. It also called for an assessment of special relations with the Philippines’ traditional ally, the U.S. This policy would
mean the end of special relations and the start of a more independent and self-reliant policy.

Philippines-U.S. special relations were quite ambiguous. This refers to the friendship acquired by having fought the war together. This also refers to the cultural ties which remained even after independence. According to one author, it is an "amalgam of security connections, historical ties, and emotional hangups." ¹

In this study, several indicators were chosen to measure the extent and timing of foreign policy change, e.g., treaties, trade, and the territorial dispute. As a further indicator, the status and new arrangements concerning the U.S. military bases during the period studied were discussed. The major findings are the following. First, the intent to change foreign policy in terms of diversifying relations was evident. The major themes of Marcos's martial law regime took up the issue of the desire to be independent, self-reliant, and nonaligned. Diversification was valued as a goal and making new friends regardless of ideology was emphasized. Another major theme was the signficance of regional cooperation. ASEAN took an important place in the foreign policy change. Regarding the U.S., it was mentioned that some adjustments in the Philippines' relations with its former colonizer was made in the light of new developments. While there were no hostile remarks regarding the U.S., the Philippines tried not to make the U.S. the cornerstone of its foreign relations.

Concerning the bilateral treaties that the Philippines had signed, diversification was quite evident in the seventies when Manila signed treaties with
countries it did not have relations with before. The number of treaties signed with the U.S. also decreased compared to earlier years, and an important treaty, the Laurel-Langley Agreement, expired and was not renewed in July 1974. Its termination ended aspects of the relationship which may be termed special.

Trade diversification was encouraged by the government, and so while the U.S. still figured as a substantial trade partner from 1972 to 1980, an increase in trade with some non-traditional partners made the role of the U.S. much less important than before. The trend was the same in terms of investment. Japan at certain periods superseded the role of the U.S. as a major source of trade, aid, and investment. As shown in Table 10, Japan accounted for approximately 30 percent of Philippines foreign trade during the martial law period, just about the same percentage contributed by the U.S. Japan's share grew rapidly from the previous decades, accompanied by the gradual reduction of Philippines dependence on the U.S. both as a market for exports and as a supplier of imports. The decline in trade of both countries in the 1970s was attributable to the fact that Marcos tried to diversify Philippines' foreign relations with the Socialist countries and other countries. As Crone pointed out, the policy of diversification showed results:

the Philippines has achieved the most change in three areas: reduction of concentration on the single largest partner, shifting trade away from the large industrial nations, and generally spreading trade more widely....Although President Marcos is probably quite deserving of much of the criticism leveled by nationalists, in this regard his regime is not lacking in progress.²

In terms of the status of the bases, some U.S. concessions seemed to have been reached during the agreement in 1979, which indicates change to a certain extent. These include the confirmation of sovereignty represented by the presence
of Filipino commanders and the flying of the Filipino flag alone; the return of some base lands; and a review of the status of the bases to be conducted every five years. However, the new agreement had also faced some criticism, especially from Filipino nationalists who contended that the concessions gained were not so significant, since the U.S. was guaranteed unhampered operation in the bases and the Philippines commanders did not have substantial authority.

**Concerning Explanations**

The second major aim of this study was to provide some plausible explanations for the occurrence or non-occurrence of foreign policy change. Internal and external factors were examined which may have been connected with the Philippines Trade, 1970-1980 (Percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.</th>
<th>Japan</th>
<th>Others</th>
<th>U.S.</th>
<th>Japan</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>41.7</td>
<td>39.6</td>
<td>18.7</td>
<td>31.0</td>
<td>31.5</td>
<td>37.5</td>
</tr>
<tr>
<td>1971</td>
<td>42.5</td>
<td>32.8</td>
<td>24.7</td>
<td>26.7</td>
<td>30.6</td>
<td>43.0</td>
</tr>
<tr>
<td>1972</td>
<td>42.5</td>
<td>31.9</td>
<td>25.6</td>
<td>27.0</td>
<td>32.2</td>
<td>40.7</td>
</tr>
<tr>
<td>1973</td>
<td>36.5</td>
<td>36.7</td>
<td>26.8</td>
<td>28.2</td>
<td>32.5</td>
<td>39.4</td>
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<tr>
<td>1974</td>
<td>42.3</td>
<td>34.8</td>
<td>22.9</td>
<td>23.2</td>
<td>27.5</td>
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<td>37.7</td>
<td>33.8</td>
<td>21.8</td>
<td>27.9</td>
<td>50.3</td>
</tr>
<tr>
<td>1976</td>
<td>35.8</td>
<td>24.2</td>
<td>40.3</td>
<td>22.0</td>
<td>26.9</td>
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<td>35.0</td>
<td>23.1</td>
<td>41.9</td>
<td>20.4</td>
<td>24.9</td>
<td>54.7</td>
</tr>
<tr>
<td>1978</td>
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<td>23.9</td>
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<td>26.5</td>
<td>46.3</td>
<td>23.1</td>
<td>19.8</td>
<td>57.1</td>
</tr>
</tbody>
</table>

the Philippines' foreign policy change. These are authoritarianism, as exemplified by martial law in the Philippines, and great power policy in the region, in this case, U.S. policy in Southeast Asia. While there may be many and various factors which could explain foreign policy change, the two main factors mentioned above were chosen for reasons discussed in chapter one.

The first explanatory factor, authoritarianism, was chosen as a concept to be examined regarding its relation to foreign policy change partly because this argument is widely supported in the literature on developing countries. Authoritarianism may have an effect on foreign policy for three reasons. First, because a regime of this type would tend to need a scapegoat to legitimize its undemocratic rule. Second, such a rule needs to appear nationalistic to obtain support domestically. Third, authoritarianism tends to emphasize economic development to justify its continued hold on power. Martial law, which was imposed in 1972, established authoritarianism in the Philippines. The imposition of martial law was an important event in Philippines politics, bringing about radical changes in the political structure. The uniqueness of this period in Philippines history is one of the reasons why this study was concentrated on the years of 1972-1981 as the time frame. Thus, this was a study of Philippines foreign policy change during the martial law period. The conditions of martial law made it simple to change foreign policy because every power of decision making was concentrated in the authoritarian ruler himself. Marcos could stop most opposition by repressing it through various means. Authoritarian regimes, as mentioned above, have a need
for a scapegoat in its foreign policy. And it has a tendency to appear to be nationalistic to get internal support, and also to emphasize economic development, which implies efforts to diversify. On the other side, martial law also made foreign policy change difficult because the new kind of regime had an increased need for foreign support to repress its opponents, who became both larger in number and more active because of the fact that opposition forces had lost their opportunities to express their views legitimately. As a result of this, U.S. military and economic aid became more important for Marcos to maintain himself in power. Thus, authoritarianism, or martial law in particular, could be both an incentive for and at the same time an obstacle to foreign policy change.

The second explanatory factor, the U.S. policy in the region in the late sixties and early seventies, was examined on the basis of the existence of an action-reaction framework in international relations. The changing environment of the late sixties and early seventies seemed to have affected Philippines foreign policy. The Nixon Doctrine, the emergence of an economically strong Japan, the Sino-American rapprochement, among others, provided a challenge to many of the premises of the special relationship with the U.S.

The Philippines changed its foreign policy at the time that the U.S. was preparing to adjust its relationship with the region as announced in the Nixon Doctrine. The Philippines' action can thus be seen as a reaction to adjust to the new situation. The new foreign policy can be seen as generated by the U.S. and as a reaction to new U.S. objectives in the region to lessen its direct involvement in
Asia. The U.S., for its part, spoke of change in its foreign policy in Asia as a reaction to the changes that occurred in the region, like the end of the Vietnam War, the increasing strength of Japan, and the economic progress in Asia, among other things. Another important factor for the change in U.S. policy was the rise of public negative opinion toward any direct American intervention in distant territories. There followed an emphasis on human rights in the foreign policy of the Carter Administration that ran counter to the martial law situation in the Philippines. In short, the changing environment of the late sixties and early seventies seemed to have affected Philippines' foreign policy. The assumptions of the action-reaction model presented earlier were supported. The Philippines was disappointed with the U.S. policy and became concerned about the new balance of power in the region. The following Table 11 is a brief summary of explanations.

Concerning Holsti's Model

Holsti's model of restructuring is discussed in chapter one. This study is an attempt to test Holsti’s model for restructuring. First, the case of the Philippines provides one concrete example of the applicability of the model. This study provides an empirical application of his framework. The Philippines announcement in the seventies that it would change its foreign policy and diversify relations as a modification of its traditional policy of special relations with the United States is an additional example of a country studied that may be thought to belong to that group that moves from dependence to diversification. Holsti noted four kinds of orientations,
TABLE 11

A SUMMARY OF PHILIPPINES FOREIGN POLICY CHANGE EXPLANATIONS

Philippine Foreign Policy Change, 1972-1981:
1. Toward a close cooperation with ASEAN and its members.
2. Toward a renewed relationship with the U.S.
3. Toward a new diplomatic relations with the Socialist countries.

Internal Sources (An Authoritarian Regime):
1. Need to legitimate the martial law regime.
2. Need to achieve economic growth.
3. Need to confront political opposition.
4. Need to embrace the increasing nationalist sentiment.
5. By expanding the military roles and its support.
6. By repressing civil rights including mass media.
7. Through consolidating decision-making process.
8. Others

External Sources (the U.S. Policy in Southeast Asia):
2. Implications of Nixon doctrine.
3. A strong Human Rights policy.
4. Decline of U.S. economic power.
5. A regional Communist threat.
6. Others

as shown in Figure 7, and the Philippines can be said to have demonstrated the movement from dependence to diversification.

Dependence

Self-Reliance

Diversification

Isolation

Figure 7. Directions of Foreign Policy Change Dependence

However, it is not entirely correct to state this because it is difficult to study foreign policy change as a movement from one classification to another. A reason for this is the non-exclusiveness of the categories. In this study, the Philippines' identification with Asia and the Third World would not necessarily mean moving entirely away from the U.S. because the two do not have to be regarded as mutually exclusive. The Philippines diversified its foreign policy by opening diplomatic relations with countries it had not had relations with before, e.g., Socialist countries, and yet its special relations with the U.S. remained healthy in terms of the U.S. still being a primary source of trade, aid, and investments.

The new Philippines policy in the seventies was said to modify the special relations with the U.S. that had existed since independence. However, it is argued in some of the literature that the elements in the so-called special relations with the U.S. that were weakened might not be as important as the result that the Philippines has made during the martial law period. According to Noble, "the results of the reassessment of Philippine-American relations which Marcos announced in April [1975] were less dramatic than the announcement itself." The close relationship was maintained, but in a different form. One reason why some view the special relationship as having persisted is the continued economic dependence of the Philippines on the United States. In short, diversification would not necessarily be the opposite of close ties with the U.S. But, given the fact that
the lease of U.S. bases in Subic Bay and at Clark has expired in recent years, the relationship is not any more special.

The study of the Philippines sheds some light on the question of foreign policy change of small states towards a great power. This analysis shows that small states tend to change their foreign policy partly to lessen the negative consequences of dependence such as sensitivity, vulnerability, and limited freedom of action. However, the same factors can slow them in their attempts to change foreign policy. Authoritarian government facilitates foreign policy change because of the absence of effective legal opposition. At the same time, small states can be discouraged in their attempts to change foreign policy because several circumstances inherent in them force continued dependence on the great power.

In Holsti’s framework, certain factors are given which are asserted to bring about foreign policy change. However, what is absent is a way of giving value or weight as to which indicators were most important in terms of assessing how much change or diversification took place. Again, this is difficult because it perhaps belongs to the classical debate of what is the most essential aspect of a relationship, the economic indicators or political or cultural ones.

Another contribution that this study may be said to have made to restructuring theory is that it examined specific domestic situations as factors causing or having an effect on foreign policy change. The concepts used in this study were either omitted in Holsti’s model or sometimes stated in a general manner. An example of the former is authoritarianism and the state of martial law.
Authoritarianism as a domestic factor can be an independent variable which can lead to foreign policy change, especially if it is a new phenomenon, because such a regime in its search for legitimacy will try to find a scapegoat to gain support. Authoritarianism can also be an intervening variable between other domestic and external factors on the one hand and foreign policy change on the other. For instance, authoritarianism can accelerate foreign policy change because of the concentration of power into the hands of the authoritarian leadership.

Another independent variable which may be included in Holsti's model is the role of the international or external environment. While Holsti discussed military and non-military threats as external factors leading to reorientation, this study provides a specific example of how these threats can be real. In this study, foreign policy reorientation was viewed partly as a reaction to a partial withdrawal of a superpower from the region. This may have an effect on what a country perceives to be a threat or not. In the case of the Philippines, insecurity was felt because of the partial U.S. withdrawal from the region.

Finally, this study emphasized the importance of the relationship between the external and internal variables for explaining foreign policy in general and its change in particular. The Philippines' foreign policy change involved the external variable, great power policy, and the internal variable, authoritarianism, as sources for change. The internal variable, authoritarianism, also served as an intervening variable between the sources and foreign policy change itself.
NOTES


APPENDICES

Appendix One

Military Bases Agreement (March 14, 1947)

WHEREAS, the war in the Pacific has confirmed the mutuality of interest of the Republic of the Philippines and of the United States of America in matters relating to the defense of their respective territories and that mutuality of interest demands that the Governments of the two countries take the necessary measures to promote their mutual security and to defend their territories and areas;

WHEREAS, the Governments of the Republic of the Philippines and of the United States of America are desirous of cooperating in the common defense of their two countries through arrangements consonant with the procedures and objectives of the United Nations, and particularly through a grant to the United States of America by the Republic of the Philippines in the exercise of its title and sovereignty, of the use, free of rent, in furtherance of the mutual interest of both countries, of certain lands of the public domain;

WHEREAS, the Government of the Republic of the Philippines has requested United States assistance in providing for the defense of the Philippines and in developing for such defense effective Philippine armed forces;

WHEREAS, pursuant to this request the Government of the United States of America has, in view of its interest in the welfare of the Philippines, indicated its intention of dispatching appropriate assistance in the development of the Philippines armed forces;

WHEREAS, a Joint Resolution of the Congress of the United States of America of June 29, 1944, authorized the President of the United States of America to acquire bases for the mutual protection of the Philippines and the United States of America; and

WHEREAS, Joint Resolution No. 4 of the Congress of the Philippines, approved July 28, 1945, authorized the President of the Philippines to negotiate with the President of the United States of America for the establishment of bases provided for in the Joint Resolution of the Congress of the United States of America of June 29, 1944, with a view to insuring the territorial integrity of the Philippines, the mutual protection of the Philippines and the United States of America, and the maintenance of peace in the Pacific;
THEREFORE, the Governments of the Republic of the Philippines and of the United States of America agree upon the following terms for the delimitation, establishment, maintenance and operation of military bases in the Philippines.

ARTICLE I
GRANT OF BASES

1. The Government of the Republic of the Philippines (hereinafter referred to as Philippines) granted to the Government of the United States of America (hereinafter referred to as the United States) the right to retain the use of the bases listed in Annex A attached hereto.

2. The Philippines agrees to permit the United States, upon notice to the Philippines, to use such of those bases listed in Annex B as the United States determines to be required by military necessity.

3. The Philippines agrees to enter into negotiations with the United States at the latter’s request, to permit the United States to expand such bases, to exchange such bases for other bases, to acquire additional bases or relinquish rights to bases, as any of such exigencies may be required by military necessity.

4. A narrative description of the boundaries of the bases to which this Agreement relates is given in Annex A and Annex B. An exact description of the bases listed in Annex A, with metes and bounds, in conformity with the narrative descriptions, will be agreed upon between the appropriate authorities of the two Governments as soon as possible. With respect to any of the bases listed in Annex B, an exact description with metes and bounds, in conformity with the narrative description of such bases, will be agreed upon if and when such bases are acquired by the United States.

ARTICLE II
MUTUAL COOPERATION

1. It is mutually agreed that the armed forces of the Philippines may serve on United States bases and that the armed forces of the United States may serve on Philippine military establishments whenever such conditions appear beneficial as mutually determined by the armed forces of both countries.

2. Joint outlined plans for the development of military bases in the Philippines may be prepared by military authorities of the two Governments.

3. In the interest of international security any bases listed in Annexes A and B may be made available to the Security Council of the United Nations on its call by prior mutual agreement between the Philippines and the United States.
ARTICLE III
DESCRIPTION OF RIGHTS

1. It is mutually agreed that the United States shall have the rights, power and authority within the bases which are necessary for the establishment, use, operation and defense thereof or appropriate for the control thereof and all the rights, power and authority within the limits of territorial waters and air space adjacent to, or in the vicinity of, the bases which are necessary to provide access to them, or appropriate for their control.

2. Such rights, power, and authority shall include, inter alia, the right, power and authority:

   (a) to construct (including dredging and filling), operate, maintain, utilize, occupy, garrison and control the bases;
   (b) to improve and deepen the harbors, channels, entrances and anchorages, and to construct or maintain necessary roads and bridges affording access to the bases;
   (c) to control (including the right to prohibit) in so far as may be required for the efficient operation and safety of the bases, and within the limits of military necessity, anchorages, moorings, landings, take-offs, movements and operation of ships and water-borne craft, aircraft and other vehicles on water, in the air or on land comprising or in the vicinity of the bases;
   (d) the rights to acquire, as may be agreed between the two Governments, such right of way, and to construct thereon, as may be required for military purposes, wire and radio communications facilities, including submarine and subterranean cables, pipe lines and spur tracks from railroad to bases, and the right, as may be agreed upon between the two Governments to construct the necessary facilities;
   (e) to construct, install, maintain, and employ on any base any type of facilities, weapons, substance, device, vessel or vehicle on or under the ground, in the air or on or under the water that may be requisite or appropriate, including meteorological systems, aerial and water navigation lights, radio and radar apparatus and electronic devices, of any desired power, type of emission and frequency.

3. In the exercise of the above-mentioned rights, power and authority, the United States agrees that the powers granted to it will not be used unreasonably or, unless required by military necessity determined by the two Governments, so as to interfere with the necessity rights of navigation, aviation, communication, or land travel within the territories of the Philippines.
ARTICLE IV
SHIPPING AND NAVIGATION

1. It is mutually agreed that United States public vessels operated by or for the War or Navy Departments, the Coast Guard or the Coast and Geodetic Survey, and the military forces of the United States, military and naval aircraft and Government-owned vehicles, including armor shall be accorded free access to and movement between ports and United States bases throughout the Philippines, including territorial waters, by land, air and sea. This right shall include freedom from compulsory pilotage and all toll charges. If, however, a pilot is taken, pilotage shall be paid for at appropriate rates. In connection with entrance into Philippine ports by United States public vessels appropriate notification under normal conditions shall be made to the Philippine authorities.

2. Lights and other aides to navigation of vessels and aircraft placed or established in the bases and territorial waters adjacent thereto or in the vicinity of such bases shall conform to the system in use in the Philippines. The position, characteristics and any alterations in the lights or other aids shall be communicated in advance to the appropriate authorities of the Philippines.

3. Philippine commercial vessels may use the bases on the same terms and conditions as United States commercial vessels.

4. It is understood that a base is not a part of the territory of the United States for the purpose of coastwise shipping laws so as to exclude Philippine vessels from trade between the United States and the bases.

ARTICLE V
EXEMPTION FROM CUSTOMS AND OTHER DUTIES

No import, excise, consumption or other tax, duty or import shall be charged on material, equipment, supplies or goods, including food stores and clothing, for exclusive use in the construction, maintenance, operation or defense of the bases, consigned to, or destined for, the United States authorities and certified by them to be for such purposes.

ARTICLE VI
MANEUVER AND OTHER AREAS

The United States shall, subject to previous agreement with the Philippines, have the right to use land and coastal sea areas of appropriate size and location for periodic maneuvers, for additional staging areas, bombing and gunnery ranges, and for such intermediate airfields as may be required for safe and efficient air
operations. Operations in such areas shall be carried on with due regard and safeguards for the public safety.

ARTICLE VII  
USE OF PUBLIC SERVICES

It is mutually agreed that the United States may employ and use for United States military forces any and all public utilities, other services and facilities, airfields, ports, harbors, roads, highways, railroads, bridges, viaducts, canals, lakes, rivers and streams in the Philippines under conditions no less favorable than those that may be applicable from time to time to the military forces of the Philippines.

ARTICLE VIII  
HEALTH MEASURES OUTSIDE BASES

It is mutually agreed that the United States may construct, subject to agreement by the appropriate Philippine authorities, wells, water catchment areas or dams to insure an ample supply of water for all base operations and personnel. The United States shall likewise have the right, in cooperation with the appropriate authorities of the Philippines, to take such steps as may be mutually agreed upon to be necessary to improve health and sanitation in areas contiguous to the bases, including the right, under such conditions as may be mutually agreed upon, to enter and inspect any privately owned property. The United States shall pay just compensation for any injury to persons or damage to property that may result from action taken in connection with this Article.

ARTICLE IX  
SURVEYS

It is mutually agreed that the United States shall have the right, after appropriate notification has been given to the Philippines, to make topographic, hydrographic and coast and geodetic surveys and aerial photographs in any part of the Philippines and waters adjacent thereto. Copies with title and triangulation data of any surveys or photomaps made of the Philippines shall be furnished to the Philippines.

ARTICLE X  
CEMETERIES AND HISTORICAL SITES

1. The United States shall have the right to retain and maintain such United States military cemeteries and such sites of historical significance to the United States as may be agreed upon by the two Governments. All rights, power and
authority in relation to bases granted under this Agreement shall be applicable, in so far as appropriate, to the cemeteries and sites mentioned in this Article.

2. Furthermore, it is recognized that there are certain cemeteries and historical sites in the Philippines revered in the memory of the People of the Philippines and the United States, and it is therefore fitting that the maintenance and improvement of such memories be the common concern of the two countries.

ARTICLE XI
IMMIGRATION

1. It is mutually agreed that the United States shall have the right to bring into the Philippines members of the United States military forces and United States nationals employed by or under a contract with the United States together with their families, and technical personnel of other nationalities (not being persons excluded by the laws of the Philippines) in connection with the construction, maintenance, or operation of the bases. The United States shall make suitable arrangements so that such persons may be readily identified and their status established when necessary by the Philippine authorities. Such persons, other than members of the United States armed forces in uniform, shall present their travel documents to the appropriate Philippine authorities for visas, it being understood that no objection will be made to their travel to the Philippines as non-immigrants.

2. If the status of any person within the Philippines and admitted thereto under the foregoing paragraph shall be altered so that he would no longer be entitled to such admission, the United States shall notify the Philippines and shall, if such person be required to leave the Philippines by the latter Government, be responsible for providing him with a passage from the Philippines within a reasonable time, and shall in the meantime prevent his becoming a public responsibility of the Philippines.

ARTICLE XII
INTERNAL REVENUE TAX EXEMPTION

1. No member of the United States armed forces, except Filipino citizens, serving in the Philippines in connection with the bases and residing in the Philippines by reason only of such service, or his dependents, shall be liable to pay income tax in the Philippines except in respect of income derived from Philippine sources.

2. No national of the United States serving in or employed in the Philippines in connection with the construction, maintenance, operation or defense of the bases and residing in the Philippines by reason only of such employment, or his spouse or minor children and dependent parents of either spouse, shall be liable
to pay income tax in the Philippines except in respect of income derived from Philippine sources other than the United States sources.

3. No person referred to in paragraphs 1 and 2 of this Article shall be liable to pay to the Government of local authorities of the Philippines any poll or residence tax, or any import or export duty, or any other tax on personal property imported for his own use; provided that privately owned vehicles shall be subject to payment of the following only: when certified as being used for military purposes by appropriate United States authorities, the normal license plate fee; otherwise the normal license plate and registration fees.

4. No national of the United States, or corporation organized under the laws of the United States, resident in the United States, shall be liable to pay income tax in the Philippines in respect of any profits derived under a contract in the United States with the Government of the United States in connection with the construction, maintenance, operation and defense of the bases, or any tax in the nature of a license in respect of any service or work for the United States in connection with the construction, maintenance, operation and defense of the bases.

ARTICLE XIII
JURISDICTION

1. The Philippines consents that the United States shall have the right to exercise jurisdiction over the following offenses:

   (a) Any offense committed by any person within any base except were the offender and offended parties are both Philippine citizens (not members of the armed forces of the United States on active duty) of the offense is against the security of the Philippines;

   (b) Any offense committed outside the bases by any member of the armed forces of the United States in which the offended party is also a member of the armed forces of the United States in which the offended party is also a member of the armed forces of the United States; and

   (c) Any offense committed outside the bases by any member of the armed forces of the United States against the security of the United States.

2. The Philippines shall have the right to exercise jurisdiction over all other offenses committed outside the bases by any member of the armed forces of the United States.

3. Whenever for special reasons the United States may desire not to exercise the jurisdiction reserved to it in the paragraphs 1 and 6 of this Article, the officer holding the offender in custody shall so notify the fical (prosecuting attorney) of the city or province in which the offense has been committed within
ten days after his arrest, and in such a case the Philippines shall exercise jurisdiction.

4. Whenever for special reasons the Philippines may desire not to exercise the jurisdiction reserved to it in paragraph 2 of this Article, the fiscal (prosecuting attorney) or the city or province where the offense has been committed shall so notify the officer holding the offender in custody within ten days after his arrest, and in such a case the United States shall be free to exercise jurisdiction. If any offense falling under paragraph 2 of this Article is committed by any member of the armed forces of the United States,

(a) while engaged in the performance of a specific military duty or
(b) during a period of national emergency declared by either Government and the fiscal (prosecuting attorney) so finds from the evidence, he shall immediately notify the officer holding the offender in custody that the United States is free to exercise Jurisdiction. In the event the fiscal (prosecuting attorney) finds that the offense was not committed in the actual performance of a specific military duty, the offender's commanding officer shall have the right to appeal from such finding to the Secretary of Justice within ten days from the receipt of the decision of the fiscal and the decision of the Secretary of Justice shall be final.

5. In all cases over which the Philippines exercises jurisdiction the custody of the accused, pending trial and final judgment, shall be entrusted without delay to the commanding officer of the nearest base, who shall acknowledge in writing that such accused has been delivered to him for custody pending trial in a competent court of the Philippines and that he will be held ready to appear and will be produced before said court when required by it. The commanding officer shall be furnished by the fiscal (prosecuting attorney) with a copy of the information against the accused upon the filing of the original in the competent court.

6. Notwithstanding the foregoing provisions, it is mutually agreed that in time of war the United States shall have the right to exercise exclusive jurisdiction over any offenses which may be committed by members of the armed forces of the United States in the Philippines.

7. The United States agrees that it will not grant asylum in any of the bases to any person fleeing from the lawful jurisdiction of the Philippines. Should any such person be found in any base, he will be surrendered on demand to the competent authorities of the Philippines.

8. In every case in which jurisdiction over an offense is exercised by the United States, the offended party may institute a separate civil action against the offender in the proper court of the Philippines to enforce the civil liability which under the laws of the Philippines may arise from the offense.
ARTICLE XIV
ARREST AND SERVICE OF PROCESS

1. No arrest shall be made and no process, civil or criminal, shall be served within any base except with the permission of the commanding officer of such base; but should the commanding officer refuse to grant such permission he shall (except in cases of arrest where the United States has jurisdiction under Article XIII) forthwith take the necessary steps to arrest the person charged and surrender him to the appropriate authorities of the Philippines or to serve such process, as the case may be; and to provide the attendance of the server of such process before the appropriate court in the Philippines or procure such server to make the necessary affidavit or declaration to prove such service as the case may require.

2. In cases where the service courts of the United States have jurisdiction under Article XIII, the appropriate authorities of the Philippines will, on request, give reciprocal facilities as regards the service of process and the arrest and surrender of alleged offenders.

ARTICLE XV
SECURITY LEGISLATION

The Philippines agrees to take such steps as may from time to time be agreed to be necessary with a view to the enactment of legislation to insure the adequate security and protection of the United States bases, equipment and other property and the operations of the United States under this Agreement, and the punishment of persons who may contravene such legislation. It is mutually agreed that appropriate authorities of the two Governments will also consult from time to time in order to insure that laws and regulations of the Philippines and of the United States, in relation to such matters shall, so far as may be possible, be uniform in character.

ARTICLE XVI
POSTAL FACILITIES

It is mutually agreed that the United States shall have the right to establish and maintain United States offices in the bases for the exclusive use of the United States armed forces and civilian personnel who are nationals of the United States and employed in connection with the construction, maintenance, and operation of the bases, and the families of such persons, for domestic use between United States post offices in the bases and between such post offices and other United States post offices. The United States shall have the right to regulate and control within the bases all communications within, to and from such bases.
ARTICLE XVII
REMOVAL OF IMPROVEMENTS

1. It is mutually agreed that the United States shall have the right to remove or dispose of any or all removable improvements, equipment or facilities located at or on any base and paid for with funds of the United States. No export tax shall be charged on any material or equipment so removed from the Philippines.

2. All buildings and structures which are erected by the United States in the bases shall be the property of the United States and may be removed by it before the expiration of this Agreement or the earlier relinquishment of the bases on which the structures are situated. There shall be no obligation on the part of the Philippines or of the United States to rebuild or repair any destruction or damage inflicted from any cause whatsoever on any of the said buildings or structures owned or used by the United States in the bases. The United States is not obligated to turn over the bases to the Philippines at the expiration of this Agreement or the earlier relinquishment of any bases in the condition in which they were at the time of their occupation, nor is the Philippines obliged to make in the bases or for the buildings or structures left thereon, all of which shall become the property of the Philippines upon the termination of the agreement or the earlier relinquishment by the United States of the bases where the structures have been built.

ARTICLE XVIII
SALES AND SERVICES WITHIN THE BASES

1. It is mutually agreed that the United States shall have the right to establish on bases, free of all licenses, fees, sales, excise or other taxes, or imports; Government agencies, including concessions, such as sales commissaries and post exchanges, messes and social clubs, for the exclusive use of the United States military forces and authorized civilian personnel and their families. The merchandise or services sold or dispensed by such agencies shall be free of all taxes, duties and inspection by the Philippine authorities. Administrative measures shall be taken by the appropriate authorities of the United States to prevent the resale of goods which are sold under the provisions of this Article to persons not entitled to buy goods of such agencies and, generally, to prevent abuse of the privileges granted under this Article. There shall be cooperation between such authorities and the Philippines to this end.

2. Except as may be provided in any other agreements, no person shall habitually render any professional services in a base except to or for the United States or to or for the persons mentioned in the preceding paragraph. No business shall be established in a base, it being understood that the government agencies mentioned in the preceding paragraph shall not be regarded as business for the purposes of this Article.
ARTICLE XIX
COMMERCIAL CONCERNS

It is mutually agreed that the United States shall have the right, with the consent of the Philippines, to grant to commercial concerns owned or controlled by citizens of the Philippines or of the United States such rights to the use of any base or facility retained or acquired by the United States as may be deemed appropriate by both Governments to insure the development and maintenance for defense purposes of such bases and facilities.

ARTICLE XX
MILITARY OR NAVAL POLICE

It is mutually agreed that there shall be close cooperation on a reciprocal basis between the military and naval policy forces of the United States and the police forces of the Philippines for the purpose of preserving order and discipline among United States military and naval personnel.

ARTICLE XXI
TEMPORARY INSTALLATIONS

1. It is mutually agreed that the United States shall retain the right to occupy temporary quarters and installations now existing outside the bases mentioned in Annex A and Annex B, for such reasonable time, not exceeding two years, as may be necessary to develop adequate facilities within the bases for the United States armed forces. If circumstances require an extension of time, such a period will be fixed by mutual agreement of the two Governments; but such extension shall not apply to the existing temporary quarters and installations within the limits of the City of Manila and shall in no case exceed a period of three years.

2. Notwithstanding the provisions of the preceding paragraph, the Port of Manila reservation with boundaries as of 1941 will be available for use to the United States armed forces until such time as other arrangements can be made for supply of the bases by mutual agreement of the two Governments.

3. The terms of this Agreement pertaining to bases shall be applicable to temporary quarters and installations referred to in paragraph 1 of this Article while they are so occupied by the armed forces of the United States; provided, that offenses committed within the temporary quarters and installations located within the present limits of the City of Manila shall not be considered as offenses within the bases but shall be governed by the Provisions of Article XIII, paragraphs 2 and 4, except that the election not to exercise the jurisdiction reserved to the Philippines shall be made by the Secretary of Justice. It is agreed that the United States shall have full use and full control of all these quarters and installations
while they are occupied by the armed forces of the United States, including the exercise of such measures as may be necessary to police said quarters for the security of the personnel and property therein.

ARTICLE XXII
CONDEMNATION OR EXPROPRIATION

1. Whenever it is necessary to acquire by condemnation or expropriation proceedings real property belonging to any private persons, associations or corporations located in bases named in Annex A and Annex B in order to carry out the purposes of this Agreement, the Philippines will institute and prosecute such condemnation or expropriation proceedings in accordance with the laws of the Philippines. The United States agrees to reimburse the Philippines for all the reasonable expenses, damages and costs thereby incurred, including the value of the property as determined by the Court. In addition, subject to the mutual agreement of the two Governments, the United States will reimburse the Philippines for the reasonable costs of transportation and removal of any occupants displaced or ejected by reason of the condemnation or expropriation.

2. Prior to the completion of such condemnation or expropriation proceedings, in cases of military necessity the United States shall have the right to take possession of such property required for military purposes as soon as the legal requisites for obtaining possession have been fulfilled.

3. The properties acquired under this Article shall be turned over to the Philippines upon the expiration of this Agreement, or the earlier relinquishment of such properties, under such terms and conditions as may be agreed upon by the two Governments.

ARTICLE XXIII
CIVIL LIABILITY

For the purpose of promoting and maintaining friendly relations by the prompt settlement of meritorious claims, the United States shall pay just and reasonable compensation, when accepted by claimants in full satisfaction and in final settlement, for claims, including claims of insured but excluding claims of subrogees, on account of damage to or loss or destruction of private property, both real and personal, or personal injury or death of inhabitants of the Philippines, when such damage, loss, destruction or injury is caused by the armed forces of the United States, or individual members thereof, or otherwise incident to non-combat activities of such forces; provided that no claim shall be considered unless presented within one year after the occurrence of the accident or incident out of which such claim arises.
ARTICLE XXIV
MINERAL RESOURCES

All mineral (including oil) and antiquities and all rights relating thereto and to treasure trove, under, upon, or connected with the land and water comprised in the bases or otherwise used or occupied by the United States by virtue of this Agreement, are reserved to the Government and inhabitants of the Philippines; but no rights so reserved shall be transferred to third parties, or exercised within the bases, without the consent of the United States. The United States shall negotiate with the proper Philippine authorities for the quarrying of rock and gravel necessary for construction work on the bases.

ARTICLE XXV
GRANT OF BASES TO A THIRD POWER

1. The Philippines agrees that it shall not grant, without prior consent of the United States, any bases or any rights, power, or authority whatsoever, in or relating to bases, to any third power.

2. It is further agreed that the United States shall not, without the consent of the Philippines, assign, or underlet, or part with the possession of the whole or any part of any base, or of any right, power or authority granted by this Agreement, to any third power.

ARTICLE XXVI
DEFINITION OF BASES

For the purposes of this Agreement, bases are those areas named in Annex A and Annex B and such additional areas as may be acquired for military purpose pursuant to the terms of this Agreement.

ARTICLE XXVII
VOLUNTARY ENLISTMENT OF PHILIPPINE CITIZENS

It is mutually agreed that the United States shall have the right to recruit citizens of the Philippines for voluntary enlistment into the United States armed forces for a fixed term of years and to train them and to exercise the same degree of control and discipline over them as is exercised in the case of other members of the United States armed forces. The number of such enlistments to be accepted by the armed forces of the United States may from time to time be limited by agreement between the two Governments.
ARTICLE XXVIII
UNITED STATES RESERVE ORGANIZATIONS

It is mutually agreed that the United States shall have the right to enroll and train all eligible United States citizens residing in the Philippines in Reserve organizations of the armed forces of the United States, which include the Officers Reserve Corps and the Enlisted Reserve Corps, except that prior consent of the Philippines shall be obtained in the case of such persons who are employed by the Philippines or any Municipal or Provincial Government thereof.

ARTICLE XXIX
TERM OF AGREEMENT

The present Agreement shall enter into force upon its acceptance by the two Governments and shall remain in force for a period of ninety-nine years subject to extension thereafter as agreed by the two Governments.

Signed in Manila, Philippines, in duplicate this fourteenth day of March, nineteen hundred and forty-seven.

On behalf of the Government of the Republic of the Philippines:
(Sgd.) MANUEL ROXAS
President of the Philippines

On behalf of the Government of the United States of America:
(Sgd.) PAUL V. MCNUTT
Ambassador Extraordinary and Plenipotentiary
of the United States of America to the
Republic of the Philippines

ANNEX A

Clark Field Air Base, Pampanga.
Fort Stotsenberg, Pampanga.
Mariveles Military Reservation, POL Terminal and Training Area, Bataan.
Camp John Hay Leave and Recreation Center, Baguio.
Army Communications System with the deletion of all stations in the Port of Manila Area.
United States Armed Forces Cemetery No. 2, San Francisco del Monte, Rizal.
Angeles General Depot, Pampanga.
Leyte-Samar Naval Base including shore installations and air bases.
Subic Bay, Northwest Shore Naval Base, Zambales Province, and the existing Naval reservation at Olongapo and the existing Baguio Naval Reservation.

Tawi Naval Anchorage and small adjacent land areas.
Canacao-Sangley Point Navy Base, Cavite Province.
Bagobantay Transmitter Area, Quezon City, and associated radio receiving and control sites, Manila area.
Tarumpitao Point (Loran Master Transmitter Station), Palawan.
Talampulam Island, Coast Guard No. 354 (Loran), Palawan.
Naule Point (Loran Station), Zambales.
Castillejos, Coast Guard No. 356, Zambales.

ANNEX B

Mactan Island Army and Navy Air Base.
Florida Blanca Air Base, Pampanga.
Aircraft Service Warning Net.
Camp Wallace, San Fernando, La Union.
Puerto Princess Army and Navy Air Base, including Navy Section Base and Air Warning Sites, Palawan.
Tawi Naval Base, Sulu Archipelago.
Aparri Naval Air Base.
Appendix Two


Considering the desire of the Government of the Republic of the Philippines to obtain assistance in the training and development of its armed forces and the procurement of equipment and supplies therefor during the period immediately following the independence of the Philippines, considering the Agreement between the United States of American and the Philippines concerning military bases, signed March 14, 1947, and in view of the mutual interest of the two Governments in matters of common defense, the President of the United States of America has authorized the rendering of military assistance to the Republic of the Philippines towards establishing and maintaining national security and towards forming a basis for participation by that Government in such defensive military operation as the future may require, and to attain these ends the Governments of the United States of America and the Republic of the Philippines have agreed as follows:

TITLE I
PURPOSE AND DURATION

ARTICLE 1. - Subject to mutual agreements, the Government of the United States of America will furnish military assistance to the Government of the Republic of the Philippines in the training and development of armed forces and in the performance of other services essential to the fulfillment of those obligations which may devolve upon the Republic of the Philippines under its international agreements including commitments assumed under the United Nations and to the maintenance of the peace and security of the Philippines, as provided in Title II, Article 6, hereof.

ARTICLE 2. - This Agreement shall continue for a period of five years from the date of the signing thereof by the accredited representatives of the Government of the United States of America and the Government of the Republic of the Philippines unless previously terminated or extended as hereinafter provided.

ARTICLE 3. - If the Government of the Republic of the Philippines should desire that this Agreement be extended beyond the stipulated period, it shall make a written proposal to that effect at least six months before the expiration of this Agreement.
ARTICLE 4. - This Agreement may be terminated before the expiration of the period of five years prescribed in Article 2, or before the expiration of an extension authorized in Article 3, by either Government, subject to three months' written notice to the other Government.

ARTICLE 5. - It is agreed on the part of the Government of the Republic of the Philippines that title to all arms, vessels, aircraft, equipment and supplies, expendable items excepted, that are furnished under this Agreement on a non-reimbursable basis shall remain in the United States of America.

TITLE II
GENERAL

ARTICLE 6. - For the purpose of this Agreement the Military assistance authorized in Article 1 hereof is defined as the furnishing of arms, ammunition, equipment and supplies; certain naval vessels and aircraft, and instruction and training assistance by the Army and Navy of the United States and shall include the following:

(a) Establishing in the Philippines of a United States Military Advisory Group composed of an Army group and a Navy group to assist and advise the Republic of the Philippines on military and naval matters;

(b) Furnishing from United States sources equipment and technical supplies for training, operations and certain maintenance of Philippine armed forces of such strength and composition as mutually agreed upon;

(c) Facilitating the procurement by the Government of the Republic of the Philippines of a military reserve of United States equipment and supplies, in such amounts as may be subsequently agreed upon;

(d) Making available selected facilities of United States Army and Navy training establishments to provide training for key personnel of the Philippine armed forces, under the conditions hereinafter described.

TITLE III
MILITARY ADVISORY GROUP

ARTICLE 7. - The Military Advisory Group shall consist of such number of United States military personnel as may be agreed upon by the Governments of the United States of America and the Republic of the Philippines.

ARTICLE 8. - The functions of the Military Advisory Group shall be to provide such advice and assistance to the Republic of the Philippines as has been
authorized by the congress of the United States of America and as is necessary to accomplish the purposes set forth in Article 1 of this Agreement.

ARTICLE 9. - Each member of the Military Advisory Group shall continue as a member of the branch of the armed forces of the United States to which he belongs and serve with that group in the rank, grade or rating he holds in the armed forces of the United States and shall wear the uniform thereof, as provided in current regulations. Officers and enlisted men so detailed are authorized to accept from the Government of the Republic of the Philippines offices and such pay and emoluments thereunto appertaining as may be offered by that government and approved by the appropriate authorities of the United States, such compensation to be accepted by the United States Government for remittance to the individual if in the opinion of the appropriate authorities of the United States such course appears desirable.

ARTICLE 10. - Members of the Military Advisory Group shall serve under the direction of the authorities of the United States of America.

ARTICLE 11. - All members of the Group shall be on active duty and shall be paid regularly authorized pay and allowances by the Government of the United States of America, plus a special allowance to compensate for increased costs of living. This special allowance shall be based upon a scale agreed upon by the Government of the United States of America and the Republic of the Philippines and shall be revised periodically. The Government of the Republic of the Philippines shall reimburse the Government of the United States of America for the special allowance provided for in this Article. The special allowance shall be applicable for the entire period each member of the group resides in the Philippines on duty with the Group, except as specified elsewhere in this Agreement.

ARTICLE 12. - The Government of the Republic of the Philippines agrees to extend to the Military Advisory Group the same exemptions and privileges granted by Articles V, XII and XIII of the Agreement Between the United States of America and the republic of the Philippines, concerning Military Bases, signed March 14, 1947.

ARTICLE 13. - Except as may be otherwise subsequently agreed by the two Governments, the expense of the cost of transportation of each member of the Military Advisory Group, his dependents, household effects, and belongings to and from the Philippines shall be borne by the Government of the United States of America to the extent authorized by law. Members of the Group shall be entitled to compensation for expenses incurred in travel in the Republic of the Philippines on official business of the Group and such expenses shall be reimbursed to the Government of the United States of America by the government of the Republic of
the Philippines except for expenses of travel by the transportation facilities of the Group.

ARTICLE 14. - The Government of the Republic of the Philippines shall provide, and defray the cost of, suitable living quarters for personnel of the Military Advisory Group and their families and suitable buildings and office space for use in the conduct of the official business of the Military Advisory Group. All living and office quarters shall conform to the standards prescribed by the United States military services for similar quarters. Official supplies and equipment of American manufacture required by the Group shall be furnished by the government of the United States of America which shall be reimbursed for the cost thereof by the Government of the Republic of the Philippines. Official supplies and equipment of other than American manufacture shall be provided without cost by the government of the Republic of the Philippines. The cost of all services required by the Group, including compensation of locally employed interpreters, clerks, laborers, and other personnel, except personal servants, shall be borne by the Government of the Republic of the Philippines.

ARTICLE 15. - All communication between the Military Advisory Group and the Republic of the Philippines involving matters of policy shall be through the Ambassador of the United States of America to the Philippines or the Charge d'Affaires.

ARTICLE 16. - (a) The provisions of Articles XIII and XXI of the Agreement of March 14, 1947 between the United States of America and the Republic of the Philippines concerning Military Bases are applicable to the Military Advisory Group, it being agreed that the Headquarters of the Military Advisory Group will be considered a temporary installation under the provisions of Article XXI of the aforementioned.

(b) The Chief of the Military Advisory Group, and not to exceed six (6) other senior members of the Group to be designated by him, will be accorded diplomatic immunity.

TITLE IV
LOGISTICAL ASSISTANCE

Article 17. - The decision as to what supplies, services, facilities, equipment and naval vessels are necessary for military assistance shall be made by agreement between the appropriate authorities of the United States and the Republic of the Philippines.

ARTICLE 18. - Certain initial equipment, supplies and maintenance items shall be furnished gratuitously by the United States in accordance with detailed
arrangements to be mutually agreed upon. Additional equipment and supplies other than those surplus to the needs of the United States required in the furtherance of military assistance shall be furnished by the United States subject to reimbursement by the Republic of the Philippines on terms to be mutually agreed upon. All items of arms, munitions, equipment and supplies originated from sources other than those surplus to the needs of the United States shall be furnished only when the requisite funds have been specifically appropriated by the Congress of the United States.

ARTICLE 19. - The Government of the Republic of the Philippines agrees that it will not relinquish physical possession or pass the title to any and all arms, munitions, equipment, supplies, naval vessels and aircraft furnished under this Agreement without the specific consent of the Government of the United States.

ARTICLE 20. - Military equipment, supplies and naval vessels necessary in connection with the carrying out of the full program of military assistance to the Republic of the Philippines shall be provided from United States and Philippines sources in so far as practicable and the Government of the Republic of the Philippines shall procure arms, ammunition, military equipment and naval vessels from governments or agencies other than the United States of America only on the basis of mutual agreement between the Government of the United States of America and the Government of the Republic of the Philippines. The government of the republic of the Philippines shall procure United States military equipment, supplies and naval vessels only as mutually agreed upon.

TITLE V
TRAINING ASSISTANCE

ARTICLE 21. - As part of the program of military assistance the Government of the Republic of the Philippines shall be permitted to send selected students to designated technical and service schools of the ground, naval and air services of the United States. Such students shall be subject to the same regulations as are United States students and may be returned to the Philippines, without substitution, for violation of such regulations. Numbers of students and detailed arrangements shall be mutually agreed upon and shall be kept at a minimum for essential requirements. All Philippine requests for military training of Filipino personnel shall be made to the Government of the United States through the Military Advisory Group.

TITLE VI
SECURITY

ARTICLE 22. - Disclosures and exchanges of classified military equipment and information of any security classification to or between the Government of the
United States of America and the Government of the Republic of the Philippines will be with the mutual understanding that the equipment and information will be safeguarded in accordance with the requirements of the military security classification established thereon by the originating Government and that no redisclosure by the recipient Government of such equipment and information to third governments or unauthorized personnel will be made without specific approval of the originating Government.

ARTICLE 23. - So long as this Agreement, or any extension thereof, is in effect the Government of the Republic of the Philippines shall not engage or accept the services of any personnel of any Government other than the United States of America for duties of any nature connected with the Philippine armed forces, except by mutual agreement between the government of the United States of America and the Government of the Republic of the Philippines.

TITLE VII

IN WITNESS WHEREOF, the Undersigned, duly authorized thereto, have signed this Agreement in duplicate, in the city of Manila, this twenty-first day of March, 1947.

For the Government of the United States of America:

(Sgd.) PAUL V. MCNUTT
Ambassador Extraordinary and Plenipotentiary
of the United States of America to the
Republic of the Philippines

For the Government of the Republic of the Philippines:

(Sgd.) MANUEL ROXAS
President of the Philippines
Appendix Three


The Parties of this Treaty

Reaffirming their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments, and desiring to strengthen the fabric of peace in the Pacific Area.

Recalling with mutual pride the historic relationship which brought their two peoples together in a common bond of sympathy and mutual ideals to fight side-by-side against imperialist aggression during the last war.

Desiring to declare publicly and formally their sense of unity and their common determination to defend themselves against external armed attack, so that no potential aggressor could be under the illusion that either of them stands alone in the Pacific area.

Desiring further to strengthen their present efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific area.

Agreeing that nothing in this present instrument shall be considered or interpreted as in any way or sense altering or diminishing any existing agreements or understandings between the Republic of the Philippines and the United States of America.

Have agreed as follows:

ARTICLE I. The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered and to refrain in their international relation from the threat or use of force in any manner inconsistent with the purposes of the United Nations.
ARTICLE II. In order more effectively to achieve the objective of this Treaty, the Parties separately and jointly by self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack.

ARTICLE III. The Parties, through their Foreign Ministers or their deputies, will consult together from time to time regarding the implementation of this Treaty and whenever in the opinion of either of them the territorial integrity, political independence or security of either of the Parties is threatened by external armed attack in the Pacific.

ARTICLE IV. Each Party recognizes that an armed attack in the Pacific area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE V. For the purpose of Article IV, an armed attack on either of the Parties is deemed to include an armed attack on the metropolitan territory of either of the Parties, or on the island territories under its jurisdiction in the Pacific Ocean, its armed forces, public vessels or aircraft in the Pacific.

ARTICLE VI. This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

ARTICLE VII. This Treaty shall be ratified by the Republic of the Philippines and the United States of America in accordance with their respective constitutional processes and will come into force when instruments of ratification have been exchanged by them at Manila.

ARTICLE VIII. This Treaty shall remain in force indefinitely. Either Party may terminate it one year after notice has been given to the other party.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed this Treaty.

DONE in duplicate at Washington this thirtieth day of August, 1951.

For the Republic of the Philippines:
(Sgd.) CARLOS P. ROMULO
(Sgd.) JOAQUIN M. ELIZALDE
(Sgd.) VICENTE J. FRANCISCO
(Sgd.) DIOSDADO MACAPAGAL

For the United States of America:

(Sgd.) DEAN ACHESON
(Sgd.) JOHN FOSTER DULLES
(Sgd.) TOM CONNALLY
(Sgd.) ALEXANDER WILEY
Appendix Four


The President of the Republic of the Philippines and the President of the United States of America, mindful of the close economic ties between the people of the Philippines and the people of the United States during many years of intimate political relations, and desiring to enter into an agreement in keeping with their long friendship, which will be mutually beneficial to the two peoples and will strengthen the economy of the Philippines so as to enable the Republic to contribute more effectively to the peace and prosperity of the free world, have agreed to the following articles:

ARTICLE I

1. The ordinary customs duty to be collected on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol, which during the following portions of the period from January 1, 1956, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined by applying the following percentages of the Philippines duty as defined in subparagraph (h) of Paragraph 1 of the Protocol:
   (a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, twenty-five per centum.
   (b) During the period from January 1, 1959, to December 31, 1961, both dates inclusive, fifty per centum.
   (c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, seventy-five per centum.
   (d) During the period from January 1, 1965, to December 31, 1973, both dates inclusive, ninety per centum.
   (e) During the period from January 1, 1974, to July 3, 1974, both dates inclusive, one hundred per centum.

2. The ordinary customs duty to be collected on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, other than those specified in the Schedule to Paragraph 2 of Article II, which during such portions of such period are entered, or withdrawn from warehouse, in the United States for
consumption, shall be determined by applying the following percentages of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol:

(a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, five per centum.
(b) During the period from January 1, 1958, to December 31, 1961, both dates inclusive, ten per centum.
(c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, twenty per centum.
(d) During the period from January 1, 1965, to December 31, 1967, both dates inclusive, forty per centum.
(e) During the period from January 1, 1968, to December 31, 1970, both dates inclusive, sixty per centum.
(f) During the period from January 1, 1971, to December 31, 1973, both dates inclusive, eighty per centum.
(g) During the period from January 1, 1974, to July 3, 1974, both dates inclusive, one hundred per centum.

3. Customs duties on United States articles imported into the Philippines, other than ordinary customs duties, shall be determined without regard to the provisions of Paragraphs 1 and 2 of this Article, but shall be subject to the provisions of Paragraph 4 of this Article.

4. With respect to United States articles imported into the Philippines, and with respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles. As used in this Paragraph, the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes or ordinary customs duties.

5. With respect to products of the United States which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country. As used in this Paragraph the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.
6. With respect to products of the Philippines, which do not come within the definition of Philippine articles, imposed into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba). As used in this Paragraph the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

7. Notwithstanding the provisions of Paragraph 1 of this Article, the Philippines shall impose a temporary special import tax, in lieu of the present tax on the sale of foreign exchange, on any article of product imported or brought into the Philippines, irrespective of source; provided that such special levy is applied in a non-discriminatory manner pursuant to Paragraphs 4 and 5 of this Article, that the initial tax is at a rate no higher than the present rate of the foreign exchange tax, and that the tax shall be progressively reduced at a rate no less rapid than that specified in the following Schedule. If, as a result of applying this Schedule the total revenue from Philippine customs duties and from the special import tax on goods coming from the United States is less in any calendar year than the proceeds from the exchange tax on such goods during the calendar year 1955, no reduction need be made in the special import tax for the next succeeding calendar year, and, if necessary to restore revenues collected on the importation of United States goods to the level of the exchange tax on such goods in calendar year 1955, the Philippines may increase the rate for such succeeding calendar year to any previous level provided for in this Schedule which is considered to be necessary to restore such revenues to the amount collected from the exchange tax on United States goods in calendar year 1955. Rates for the special import levy in subsequent years shall be fixed in accordance with the schedules specified in this Article except as the Philippine Government may determine that higher rates are necessary to maintain the above-mentioned level of revenues from the importation of United States goods. In this event, such rate shall be determined by the Philippine Government, after consultation with the United States Government, at a level of the Schedule calculated to cover any anticipated deficiency arising from the operation of this provision.

SCHEDULE FOR REDUCING SPECIAL IMPORT TAX

(a) After December 31, 1956, ninety per centum.
(b) After December 31, 1957, eighty per centum.
(c) After December 31, 1958, seventy per centum.
(d) After December 31, 1959, sixty per centum.
(e) After December 31, 1960, fifty per centum.
(f) After December 31, 1961, forty per centum.
After December 31, 1962, thirty per centum.
(h) After December 31, 1963, twenty per centum.
(i) After December 31, 1964, ten per centum.
(j) On and after January 1, 1966, nil.

ARTICLE II

1. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within one of the classes specified in Items A and A-1 of the Schedule to this Paragraph, which are Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified in such Schedule as to each class of articles. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this Paragraph which are the product of the Philippines, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amount specified in such Schedule as to such class of articles. During the period from January 1, 1974, to July 3, 1974, both dates inclusive, the total amounts referred to in the preceding sentences of this Paragraph shall not exceed one-half of the amount specified in such Schedule with respect to each class of articles, respectively. The establishment herein of the limitations on the amounts of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increases which the Congress of the United States might allocate to the Philippines in the future. The following Schedule to Paragraph 1 shall constitute an integral part thereof:

SCHEDULE OF ABSOLUTE QUOTAS

<table>
<thead>
<tr>
<th>Items</th>
<th>Classes of Articles</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sugars.................</td>
<td>952,000 short tons</td>
</tr>
<tr>
<td>A-1</td>
<td>of which not to exceed...... 56,000 short tons may be refined sugars, meaning &quot;direct-consumption sugar&quot; as defined in Section 101 of the Sugar Act of 1948, as amended, of the United States which is set forth in part as Annex 1 to this Agreement.</td>
<td></td>
</tr>
</tbody>
</table>
B Cordage, including yarns, twines (including binding twine described in Paragraph 1622 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex II to this Agreement), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (Abaca) or hard fiber ........................ 6,000,000 lbs.

2. Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol falling within one of the classes specified in the items included in the Schedule to the Paragraph, which, during the following portions of the period from January 1, 1956, to December 31, 1973, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in quantities determined by applying the following percentages to the amounts specified in such Schedule as to each such class of articles:

(a) During each of the calendar years 1956 to 1958, inclusive, ninety-five per centum.

(b) During each of the calendar years 1959 to 1961, inclusive, ninety per centum.

(c) During each of the calendar years 1962 to 1964, inclusive, eighty per centum.

(d) During each of the calendar years 1965 to 1967, inclusive, sixty per centum.

(e) During each of the calendar years 1968 to 1970, inclusive, forty per centum.

(f) During each of the calendar years 1971 to 1973, inclusive, twenty per centum.

(g) On and after January 1, 1974, nil.

The following Schedule to Paragraph 2, shall constitute an integral part thereof:
A Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers).........................200,000,000 cigars

B Scrap tobacco and stemmed and unstemed filler tobacco described in Paragraph 602 of the Tariff Act of the United States, as amended, which is set forth as Annex III to this Agreement.......................6,500,000

C Coconut oil.......................200,000 long tons

D Buttons of pearl or shell.......850,000 gross

The quantities shown in the Schedule to this Paragraph represent base quantities for the purposes of computing the tariff-free quota and are not absolute quotas. Any such Philippine article so entered, or withdrawn from warehouse, in excess of the tariff-free quota provided in this Paragraph shall be subject to one hundred per centum of the United States duty as defined in Subparagraph (g) of paragraph 1 of the Protocol.

ARTICLE III

1. Except as otherwise provided in Article II or in Paragraph 2 of this Article, neither country shall impose restrictions or prohibitions on the importation of any article of the other country, or on the exportation of any article to the territories of the other country, unless the importation of the like article of, or the exportation of the like article to, all third countries is similarly restricted or prohibited. If their country imposes quantitative restrictions on the importation or exportation of any article in which the other country has an important interest and if it makes allotments to any third country, it shall afford such other country a share proportion to the amount of the article, by quantity or value, supplied by or to it during a previous representative period, due consideration being given to any special factors affecting the trade in such article.

2. (a) Not withstanding the provisions of Paragraph 1 of this Article, with respect to quotas on United States Articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol (other than the articles for which quotas are provided in Paragraph 1 of Article II) a quota may be established only if-
(1) The President of the country desiring to impose the quota, after investigation, finds and proclaims that, as the result of a preferential treatment accorded pursuant to this Agreement, any article of the other country is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic procedure of like or directly competitive articles; or

(2) The President of the country desiring to impose the quota finds that such action is necessary to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or, in the event its monetary reserves are very low, to achieve a reasonable rate of increase in its reserves.

(b) Any quota imposed for any twelve-month period under (a): (1) above for the purpose of protecting domestic industry shall not be less than the amount determined by the President of the importing country as the total amount of the articles of such class which, during the twelve months preceding entry into effect of the quota, was entered, or withdrawn from warehouse, for consumption, after deduction of the amount by which he finds domestic production can be increased during the twelve-month period of the quota, or if the quota is established for any other period other than a twelve-month period, it shall not be less than a proportionate amount.

(c) Each Party agrees not only to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would seriously impair regular channels of trade, or restrictions which would prevent the importation of commercial samples, or prevent compliance with patent, trademark, copyright or similar procedures.

(d) Any quota established pursuant to this Paragraph shall not continue in effect longer than necessary to achieve the purposes for its imposition, at which time the President of the country imposing the quota, following investigation, shall find and proclaim that the conditions which gave rise to the establishment of the quota no longer exist.

3. Either country taking action pursuant to the provisions of this Article shall give notice to the other country as far in advance as may be practicable, and shall afford it an opportunity to consult in respect of the proposed action. It is understood that this right of consultation does not imply that the consent of the other country to the establishment of the quota is needed in order for the quota to be put into effect.
ARTICLE IV

1. With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be-

(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by Paragraph 1 (b) of Article IV such collection and payment shall not be regarded as in violation of first sentence of this Paragraph.

2. With respect to articles which are products of the Philippines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be-

(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid amount if the internal tax is not imposed with respect to such like articles;

(b) Collected or paid in an amount in excess of the international tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to
the article which is the product of the Philippines is not in excess of that permitted by Paragraph (b) of Article IV such collection and payment shall not be regarded as in violation of first sentence of this Paragraph. This Paragraph shall not apply to the taxes imposed under Sections 4591, 4812, or 4831 of the Internal Revenue code of the United States which are set forth in part as Annexes IV, V, and VI of this Agreement.

3. No processing tax or other internal tax shall be imposed or collected in the United States or in the Philippines with respect to articles coming into such country for the official use of the Government of the Philippines or of the United States, respectively, or any department or agency thereof.

4. No processing tax or other internal tax shall be imposed or collected in the United States with respect to Manila (abaca) fiber not dressed or manufactured in any manner.

5. The United States will not reduce the preference of two cents per pound provided in Section 4513 of the Internal Revenue Code of the United States (relating to processing taxes on coconut oil, etc.) which is set forth as Annex VII to this Agreement, with respect to articles "wholly the production of the Philippine Islands" or articles "produced wholly from materials the growth or production of the Philippine Islands"; except that it may suspend the provisions of Section 4511 (b) of the Internal Revenue Code of the United States, after consultation with the President of the Philippines, if it finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

ARTICLE V

The Republic of the Philippines will take the necessary legislative and executive actions, prior to or at the time of the entry into force of the revisions of this Agreement authorized by the congress of the Philippines and the Congress of the United States in 1955, to enact and implement legislation similar to that already enacted by the Congress of the United States as Public Law 419, 83rd Congress, Chapter 323, 2nd Session, to facilitate the entry of Philippine traders.

ARTICLE VI

1. The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces and sources of potential energy, and other natural resources of either Party, and the operation of public utilities, shall, if open to any person, be open to citizens of the other Party and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of
such other Party in the same manner as to and under the same conditions imposed upon citizens or corporations or associations owned or controlled by citizens of the Party granting the right.

2. The rights provided for in Paragraph 1 may be exercised, in the case of citizens of the Philippines with respect to natural resources in the United States which are subject to Federal control or regulations, only through the medium of a corporation organized under the laws of the United States or one of the States thereof and likewise, in the case of citizens of the United States with respect to natural resources in the public domain in the Philippines, only through the medium of a corporation organized under the laws of the Philippines and at least 60 per cent of the capital stock of which is owned or controlled by citizens of the United States. This provisions, however, does not affect the right of citizens of the United States to acquire or own private agricultural lands in the Philippines or citizens of the Philippines to acquire or own land in the United States which is subject to the jurisdiction of the United States and not within the jurisdiction of any State and which is not within the public domain. The Philippines reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens. The United States reserves the right to dispose of its public lands in small quantities on especially favorable terms to actual settlers or other users who are its own citizens or aliens who have declared their intention to become citizens. Each Party reserves the right to limit the extent to which aliens may engage in fishing or engage in enterprises which furnish communications services and air or water transport. The United States also reserves the right to limit the extent to which aliens may own land in its outlying territories and possessions, but the Philippines will extend to American nationals who are residents of any of those outlying territories and possessions only the same rights with respect to ownership of lands, which are granted therein to citizens of the Philippines. The rights provided for in this Paragraph shall not, however, be exercised by either Party so as to derogate from the rights previously acquired by citizens or corporations or associations owned or controlled by citizens of the other Party.

3. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in the activities specified in this Article. The Republic of the Philippines reserves the power to deny any of the rights specified in this Article to citizens of the United States who are citizens of States, or to corporations or associations at least 60 per cent of whose capital stock or capital is owned or controlled by citizens of States, which deny like rights to citizens of the Philippines, or to corporations or associations which are owned and controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of
America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.

ARTICLE VII

1. The Republic of the Philippines and the United States of America each agrees not to discriminate in any manner, with respect to their engaging in business activities, against the citizens or any form of business enterprise owned or controlled by citizens of the other and that new limitations imposed by their Party upon the extent to which aliens are accorded national treatment with respect to carrying out business activities within its territories, shall not be applied as against enterprises owned or controlled by citizens of the other Party which are engaged in such activities therein at the time such new limitations are adopted, nor shall such new limitations be applied to American citizens or corporations or associations owned or controlled by American citizens whose State do not impose like limitations on citizens or corporations or associations owned or controlled by citizens of the Republic of the Philippines.

2. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in any business activities. The Republic of the Philippines reserves the power to deny any rights to engage in business activities to citizens of the United States who are citizens of States or to corporations or associations at least 60 per cent of the capital stock or capital of which is owned or controlled by citizens of such States, which deny like rights to citizens of the Philippines or to corporations or associations owned and controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in business activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.
ARTICLE VIII

Nothing in this Agreement shall be construed:

(a) to require either Party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent either Party from taking any action which it considers necessary for the protection of its essential security interests --

(1) relating to fissionable materials or the materials from which they are derived;

(2) relating to the traffic in arms, ammunition, and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(3) taken in time of war or other emergency in international relations: or

(c) to prevent either Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

ARTICLE IX

1. Upon the taking effect of this Agreement, and upon the taking effect of the revisions thereof authorized by the Congress of the Philippines and the Congress of the United States in 1955, the provisions placing obligations on the United States: (a) if in effect, shall continue in effect as laws of the United States during the effectiveness of the Agreement; or (b) if nor so in effect, shall take effect and continue in effect as laws of the United States during the effectiveness of the Agreement. The Philippines will continue in effect as laws of the Philippines, during the effectiveness of this Agreement, the provisions thereof placing obligations on the Philippines.

2. The Philippines and the United States will promptly enact, and shall keep in effect during the effectiveness of this Agreement, such legislation as may be necessary to supplement the laws of the Philippines and the United States, respectively, referred to in Paragraph 1 of this Article, and to implement the provisions of such laws and provisions of this Agreement placing obligations on the Philippines and the United States, respectively.
ARTICLE X

The Philippines and the United States agree to consult with each other with respect to any questions as to the interpretation or the application of this Agreement, concerning which either Government may make representations to the other. Not later than July, 1971, the Philippines and the United States agree to consult with each other as to joint problems which may arise as a result or in anticipation of the termination of this Agreement.

ARTICLE XI

1. This Agreement shall have no effect after July 3, 1974. It may be terminated by either the Philippines or the United States at any time, upon not less than five years' written notice. If the President of the Philippines or the President of the United States determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in this Agreement, then the Agreement may be terminated upon not less than six months written notice.

2. The revisions of this Agreement authorized by the congress of the Philippines and the congress of the United States in 1955 shall enter into force on January 1, 1956.

IN WITNESS WHEREOF, the respective Plenipotentiaries have signed this Agreement and have affixed hereunto their seals.

DONE in duplicate in the English language at Washington this sixth day of September, one thousand nine hundred and fifty-five.

For the President of the Republic of the Philippines

(Sgd.) CARLOS P. ROMULO
Special and Personal Envoy
Of the President of the Philippines

For the President of the United States of America

(Sgd.) JAMES M. LANGLEY
Special Representative of the
President of the United States of America
PROTOCOL

The undersigned duly empowered Plenipotentiaries have agreed to the following Protocol to the Agreement between the Republic of the Philippines and the United States of America concerning trade and related matters during a transitional period following the institution of Philippine Independence, signed at Manila on July 4, 1946, as revised, which shall constitute an integral part of the Agreement:

1. For the purpose of the Agreement--

(a) The term "person" includes partnerships, corporations, and associations.

(b) The term "United States" means the United States of America and, when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii and Puerto Rico.

(c) The term "Philippines" means the republic of the Philippines and, when used in a geographical sense, means the territories of the Republic of the Philippines, whether a particular act in question took place, or a particular situation in question existed, within such territories before or after the institution of the Republic of the Philippines. As used herein the territories of the Republic of the Philippines comprise all of the territories specified in Section 1 of Article I of the Constitution of the Philippines which is set forth as Annex X to this Agreement.

(d) The term "ordinary customs duty" means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article, or on the amount of like articles imported, or on any other factor); but does not include -

(1) A customs duty based on an act or omission of any person with respect to the importation of article, or of the country from which it comes; or

(2) A countervailing duty imposed to offset a subsidy, bounty, or grant; or

(3) An anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or
(4) Any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

(5) The tax imposed by Section 4581 of the Internal Revenue code of the United States, which is set forth as Annex VIII to this Agreement, with respect to an article, merchandise, or combination, ten per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 4511 of such Code which is set forth as Annex VII of this Agreement; or the tax imposed by Section 4510 (b) of such Code, which is set forth as Annex IX to this Agreement.

(e) The term "United States article" means an article which is the product of the United States unless, in the case of an article produced with the use of any foreign country (except the Philippines) the aggregate value of such imported materials at the time of importation into the United States was more than twenty per centum of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this Subparagraph the term "value," when used in reference to a material imported into the United States includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into the United States, and, if not included in such value, the cost of bringing the material to the United States, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this Subparagraph, any imported material, used in the production of an article in the United States, shall be considered having been used in the production of an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that "United States articles" do not lose their status as such, for the purpose of Philippine tariff preferences, by reason of being imported into the Philippines from a country other than the United States or from an insular possession of
the United States or by way of or via such a country or insular possession.

(f) The term "Philippine article" means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty per centum of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this Subparagraph the term "value," when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines, in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material into the Philippines, but does not include the cost of landing it at the port of importation, or customs duties collected in the Philippines. For the purposes of this Subparagraph, any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that "Philippine articles" do not lose their status as such, for the purpose of United States tariff preferences, by reason of being imported into the United States from a country other than the Philippines or from an insular possession of the United States or by way of or via such a country or insular possession.

(g) The term "United States" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the United States for consumption, of the Philippines article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(h) The term "Philippine duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the Philippines for consumption, of the United
States article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(i) The term "internal tax" includes an internal fee, charge, or exaction, and includes -

(1) The tax imposed by Section 4581 of the Internal Revenue code of the United States, which is set forth as Annex VIII to this Agreement, with respect to an article, merchandise, or combination, ten per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from one or more of the oils, fatty acids, or salts specified in Section 4511 of such Code which is set forth as Annex VII of this Agreement; and the tax imposed by Section 4501 (b) of such Code, which is set forth as Annex IX to this Agreement; and

(2) Any other tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws.

2. For the purposes of Subparagraphs (g) and (h) of paragraph 1 of this Protocol -

(a) If an article is entitled to be imported from a foreign country free of ordinary customs duty, that country shall be considered as the country entitled to the lowest rate of ordinary customs duty with respect to such articles; and

(b) A reduction in ordinary customs duty granted any country, by law, treaty, trade agreement, or otherwise, with respect to any article, shall be converted into the equivalent reduction in the rate of ordinary customs duty otherwise applicable to such article.

3. For the purposes of Paragraphs 1 and 2 of Article IV, any material, used in the production of an article, shall be considered as having been used in the production of an article subsequently produced, which is the product of a chain of production in the course of which an article, which is the product of one stage in the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.
4. The term "includes" and "including" when used in a definition contained in this Agreement shall not be deemed to exclude other things otherwise within the meaning of the term defined.

IN WITNESS WHEREOF the respective Plenipotentiaries have signed this Protocol and have affixed hereunto their seals.

Done in duplicate in the English language at Washington this sixth day of September, one thousand nine hundred and fifty five.

For the President of the Republic of the Philippines

(Sgd.) CARLOS P. ROMULO
Special and Personal Envoy
Of the President of the Philippines

For the President of the United States of America

(Sgd.) JAMES M. LANGLEY
Special Representative of the
President of the United States of America


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