

# The Marcos Legacy

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*The failure of the newly industrialized country (NIC) development model in the Philippines is traced to several factors involving the Marcos administration. The earlier success of the concerted effort among the transnational corporations (TNCs), World Bank (WB), International Monetary Fund (IMF) and the US to control the Philippine economy was attributable to the Marcos government. It was likewise responsible for the disruption of the power bloc's timetable. All these resulted to the near collapse of the Philippine economy and the massive dissent among the population which led to the political revolution of February 1986.*

## Introduction

The Philippine revolution which resulted in the overthrow of Marcos was clearly "middle class" — or a bourgeois revolution — as everyone recognizes. But how can a bourgeoisie in a Third World country, tightly integrated in the transnational political economy and deeply penetrated by its agencies, build such a national political project, especially when it is self-consciously committed to the continuation of the transnational power bloc's development strategies? Moreover, how can it be considered to have been a bourgeois revolution when the bourgeoisie, as a class, came extremely belatedly to support the opposition even if most of the leaders of the opposition to the Marcos dictatorship during the long years before opposition became popular, came from that class? Or was it the bourgeoisie by default, because the Left, by opting out of the presidential election, missed the revolution which emerged from that electoral struggle? If, as will be argued, the bourgeoisie had not supplied a new accumulation strategy nor a hegemonic project to the revolutionary process, will they be able to do so in the post-revolutionary reconstruction? Or is there another source available to those constituting the revolutionary government?

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### IMF/WB Contributions to the Philippine Crisis

During the early stages of the mounting global economic crisis (but before the fateful events of 1983), the World Bank (WB) used its commanding position vis-a-vis the government's development strategies to: (1) push for greater liberalization of the economy, (2) end the planned attempt to move upstream in its industrialization program, and (3) further shift power into the hands of its trusted technocrats and away from the continuing trend to concentrate it in the cronies. With the onset of the debt crisis, the focus shifted to the International Monetary Fund (IMF) to spearhead a drive to force drastic changes on the Philippine economy, and to reverse long standing policies sponsored by the transnational allies that were adopted earlier. The new policies were so draconian in nature and directly challenged the domestic allies that Marcos had assembled in the Philippines under the previously acceptable transnational accumulation strategy. In response to this, Marcos began a long, convoluted negotiating process between himself, his technocrats and the IMF. The negotiation amounted to stonewalling, a process that began early in 1983 and was not completed in the sense of producing a final document until the end of 1984. Even then, negotiations proceeded at almost the same intensity over the issue of whether the Philippine government was adhering to the agreement or not. The IMF repeatedly halted the release of agreed upon loans or withdrew its approval of the credit worthiness of the government, thereby assuring that the Philippines would not receive any further loans from the private transnational banks as weapons to force Marcos to make the painful changes demanded. Let it be noted that changes further depressing the standard of living of the masses of Filipinos were not resisted by Marcos: subsidies were cut; major slashes in the government budget were made at the cost of human services, never at the cost of the military or other organs of mass coercion; and a hardball deflationary program in all its well-known IMF "conditionalities" was set in place. Its usual consequences were: unemployment, devaluation, bankruptcy of domestic businesses, wage freezes, and new taxes. A strong case can be made that the shocking losses to the nation's economy in 1984 and 1985 were as much IMF-induced as from any other cause.

### Disintegration of the Transnational Power Bloc

As the consequences of the combined debt and assassination crises built up, Marcos was confronted with a rapid loss of his domestic bourgeois allies which was first seen in the eruption of demonstrations in the heartland of their home turf, the Makati financial district. Somewhat later, the transnational corporation community began undergoing a similar shift away from Marcos. With this chilling threat to his power base, Marcos was forced more and more to defend to the end his inner circle of crony capitalists, a

defense that put him in direct confrontation with the very core of the transnational members of the power bloc. What follows is a closer look at the process of disintegration.

*The IMF/World Bank Response: Building a Technocrats' Opposition*

The Bank and Fund made it clear that they were not to be thwarted in their determination to destroy crony capitalism. In 1985, they joined forces against the two largest — Roberto Benedicto and Eduardo Cojuangco — because of their monopolies in the sugar and coconut industries and made any further release of emergency loans to the government contingent on the implementation of a dismantling program they outlined, to be supervised by their representatives.<sup>1</sup> This particular campaign was only a part of a much larger war being waged by the whole transnational development community to destroy what the President of the American Chamber of Commerce of the Philippines (ACCP) then called “state capitalism.”<sup>2</sup> By the mid-1980s, the Bank and Fund had caved in to the demands from the Reagan administration to take the offensive against forms of statism in capitalist Third World nations. Moreover, the Bank and Fund were pushed to take the offensive against those Third World economic institutions that were seen as constituting “imperfections” to the working of a pure “market economy.” Reagan’s “miracle of the market” became the guideline in the attack not only on state monopolies of the type seen in crony capitalism but also in any form of state enterprise. From this sprang the demand to “privatize” the economy, along with deregulation, budget cutting, and liberalization, among others. While solidly behind the expansion and strengthening of world capitalism, the earlier affinity of the Bank was with the Third World state which it was symbiotically (if assymmetrically) related. By the mid-1980s, however, this had shifted to the newly revised, market-oriented model and the new relational patterns thereby dictated. The Bank — and the Fund and ultimately the Asian Development Bank (ADB) as well<sup>3</sup> — committed, at least rhetorically, to give priority to the private sector as the favored agency for Third World development, thereby lessening the likelihood of direct state interventions.

Throughout the 1980s, the Bank and Fund which relied on state channels to accomplish their capitalist developmentalist strategies, reconstructed the development model in response to US pressures and the changed global economic conditions to undercut an earlier willingness to tolerate the creation of state-backed monopolies that ended up in what is now commonly called crony capitalism in the Philippines. Where some Third World regimes have been able to make the transition from one version of the developmental model to the updated version rather smoothly, this was not the case in the Philippines. Marcos saw his own survival interests bound with defending the cronies and the structure of national power he had built around the trans-

national bloc. Bank and Fund reactions to the disintegrating economic conditions in the Philippines and to the growing collapse of the transnational power bloc exacerbated the spiralling crisis, contributing thereby to the 1986 revolution and defining at the same time the transnational parameters that would be imposed on a successor regime in the Philippines.

*TNCs: Disinvestment, Disenchantment, Demands*

In a somewhat parallel manner, the transnational corporation (TNC) community in the Philippines underwent a similar disenchantment with the Marcos regime during the 1980s. To some extent this began earlier as manifested in the decline in new private foreign investment by the end of the 1970s. In the 1980s, however, the TNCs — through its official arm, the ACCP, started openly criticizing a broad range of government policies especially after the assassination of Aquino and the signs of disinvestment became conspicuous. The Chamber began to articulate the anti-statist arguments popular in the right wing of corporate America.<sup>4</sup> The Chamber, however, moved much beyond merely calling for less government intervention in the economy. In one report, a Chamber official listed 11 essential reforms the Chamber urged on the government. The list included calls for electoral reforms, normalizing the legislative process, “ferreting out blatant corruption,” “curtailing favoritism, monopolies, and state corporations,” going on to ask for new foreign investment laws, reducing regulatory pressures on business, giving a voice to private business in the formation of public economic policy, carrying through reforms in the monetary and financial sectors, among others.<sup>5</sup>

Earlier, the ACCP officers and directors had a business lunch with President Marcos in which a more narrow list of strong recommendations were presented, all dealing with how the Philippines could create a climate that would attract larger flows of private foreign investment. The chamber viewed as “vital to investment decision-making” some seven areas, including a stable government environment; a fair and equitable system of justice; consistent application of laws and regulations; government withdrawal from the private sector; and a number of concerns over the physical infrastructure — communications, the transportation network, reliable electricity and water supplies.<sup>6</sup> In the ensuing discussion with Marcos, however, the range of Chamber concerns was broadened to include a variety of quite central political complaints, over, for example, the question of presidential succession and the need to carry through electoral reforms. The Chamber officials also “voiced concern over the existence of certain monopolies in the agricultural sector.” The meeting with Marcos was apparently reported in a Marcos newspaper under a “banner headline stating that, ‘US Treaders Endorse Marcos’.” In a subsequent chamber membership meeting, the ACCP president hinted that the Chamber’s position had been distorted by

the media. He further said that the Chamber did not endorse Marcos but only offered to work with the Government on economic recovery and to give "full support to the President in taking difficult decisions necessary to correct the imbalance and inequities behind the current unfavorable economic situation."<sup>7</sup> By the time of the presidential election, these somewhat private signs of a growing disenchantment with Marcos and the fear of increasing instability led the president of the Chamber to comment that despite some fears that Cory Aquino might, if she should win, impose new restrictions on transnationals, "nonetheless, many foreign businessmen in the Philippines are privately hoping for an Aquino upset."<sup>8</sup>

### *The Filipino Bourgeoisie*

If the signs of an emerging fissure between the TNCs and the Marcos regime remained muted from public exposure between the assassination and the revolution, those between the Philippine bourgeoisie and the dictator spilled into the open for the world to see. The massive demonstrations filling the streets of Makati in 1983 had the blessing and often the leadership of the bourgeoisie, a turnabout that had been prepared in the preceding two or three years as reflected in the increasingly critical tone of the speeches given at the Makati Business Club. Once out in the open, they took the leadership to create a business opposition that attempted to pressure Marcos into making reforms. Their first attempt was to use the annual Philippines' Business Conference organized by the Philippine Chamber of Commerce and Industry, to open up demands arising from the events following the assassination. The conference which met in November scheduled a meeting with the President at Malacañang where some 500 businessmen would represent not only Philippine corporate interests but those of American, Japanese, and European as well. As the ACCP journal later reported, the meeting was "closer to confrontation than dialogue."<sup>9</sup> Representatives of the conference wanted a long list of major reform, most of which resembled those already discussed by the ACCP. They pushed the President on the succession process, on clean elections and press freedom, and then "zeroed in on at least two very sensitive power equations: an end to 'crony capitalism' and reduction of the 'vast powers of the military'."<sup>10</sup> A report on the meeting noted that Marcos became "angrier" as he answered the businessmen. An Associated Press account of the same confrontation wrote that "Marcos, enraged, accused the businessmen of illegal business practices, including hoarding, tax evasion and overpricing . . . and that they were stirring up trouble with weekly anti-government confetti demonstrations in Manila's Makati business district." The account continued with this quotation from Marcos: "I am through being charming to the point sometimes I may mislead you."<sup>11</sup> As the ACCP account summarized this portion of the confrontation, Marcos further backed up his sharp indictment of the business community with a "veiled threat" by noting that the government had "no intention of hurting you provided you cooperate with it."<sup>12</sup>

Marcos' adamant refusal to respond, other than by stonewalling the demands for reform from within his original power bloc, paved the way for a significant number of businessmen to finance and contribute their leadership skills to the rapidly growing opposition. One astute observer concluded that the businessmen were "playing a substantial role behind the scenes in trying to keep . . . (the) opposition political parties and 'cause-oriented groups' . . . on the right path."<sup>13</sup> And while that "right path" was probably relatively unproblematic to the businessmen in its central focus — get rid of Marcos and crony capitalism, the military terrorism, establish a stable government through democratic elections, and return to a free press — there was, judging from one important source, considerable progress during the 1980s in the sorts of political positions they would permit to appear in a major business publication. Even before the assassination, *Makati Yearbook and Business Directory* had already included one or two articles that were highly critical of conventional thinking by economists on pivotal issues. In the *1981 Yearbook*, for example, the editors included an article highly critical of transnational corporation, an analysis based on how TNCs in the Philippines did or did not accomplish the putative claims made for them by their apologists.<sup>14</sup> A year later and still before the assassination, the publication contained a full section devoted to four highly critical articles, including one on U.S. policies in Southeast Asia. The remaining articles were given over to government spokespeople, and to technical articles typical of trade journals.<sup>15</sup> Despite the critical articles, the book contained a prominently displayed message of support from Prime Minister Cesar Virata.

In keeping with the new openness of the business community to be identified with the opposition, the 1983 yearbook predominantly contained articles critical of the Marcos regime and especially of the economic development policies it had long been following. In the lead article, Rene E. Ofreneo blamed the economic collapse on the export-oriented, TNC-led strategies which he characterized as a "WB-IMF imposed industrial regime" on the Philippines that worked against the interests of Filipino businessmen.<sup>16</sup> The same volume included a range of other strong pro-nationalist articles written on different aspects of the struggle. Interestingly, the moribund National Economic Protection Association was given a prominent place among the more radical demands for restructuring the national economy. The next year's focus was shifted completely to the overriding issue of the debt crisis. The yearbook provided the text of the agreement between the Philippines and the IMF, followed by articles hammering home the argument that the agreement represented a near fatal abrogation of national sovereignty<sup>17</sup> and calling attention to the brutal costs that the agreement would impose on Filipinos as a result of the austerity measures demanded by the IMF.

What stands out in these yearbooks is the progressive radicalization of the arguments advanced during the 1980s relative to the economic policies guiding the government, i.e., against the transnational accumulation strategy. It should be noted, however, that the spokespersons were drawn primarily from among previously well-known nationalists (from the nationalist movement at the end of the 1960s and early 1970s) and academics from university departments other than those identified with planning national development strategies (such as economics). At least in this periodical, no national-ranking economist joined in a demand for any radical alteration in government development strategies nor did any businessman. But the business community was increasingly exposed through publications like the *Makati Yearbook* to a comprehensive critique of the Marcos anti-national development strategy. Many from the business community had already left Marcos even before the assassination. After that pivotal event, which was fortuitously timed to reinforce the cumulative destabilizing effects of the debt crisis, their numbers exploded. The bourgeoisie left the power to resolve the many contradictions they faced as members of the transnational bourgeoisie and to proceed with providing the intellectual, moral, and political leadership necessary to build a new hegemonic project around popular national issues to replace the failed attempt by Marcos and his technocrats.

*The US: Reagan the Loyalist vs. The Power Bloc Managers*

If the Filipino "middle class" had finally shifted its allegiance and had joined those other classes and "cause" groups that had long worked to overthrow the Marcos dictatorship, and if the TNCs and even the World Bank and the IMF were increasingly isolating themselves from Marcos and attempting to build a new base for maintaining their guiding roles in a post Marcos Philippine political economy, what was the center of the transnational network of penetrative institutions linking the Philippines to the capitalist world economy doing during this period of mounting crisis? How did the US respond to the impending collapse of its Philippine strongman defender of the transnational accumulation strategy? How did it propose to deal with the rising power of the New People's Army (NPA), the threat to its strategic bases, to the radicalization of the urban opposition movement, to the gathering together of much of the opposition around anti-Americanism and Philippine nationalism, to the very TNC-led capitalist development model that the US under Reagan, had come to rely on with near religious fervor to save the Third World?<sup>18</sup> And how did the "new" aggressiveness, the "reassertionist" approach as an establishment publication terms it,<sup>19</sup> of the Reagan years work out in the Philippines?

Although the State Department and the intelligence community maintained discrete contact with a few moderate opposition leaders even in the 1970s, the cascading events of the 1980s brought an abrupt end to such

leisurely behavior, especially after the assassination. Meetings between visiting US officials and opposition leaders became *de rigueur* during this period, made public knowledge, and became forms of pressure on Marcos. Direct pressure from the Embassy was stepped up, as for example that applied in the permission to hold relatively honest elections to take place for the *Batasang Pambansa* polls in May 1984. This followed Reagan's decision not to stop over in Manila in November 1983 on his grand tour of the Far East in view of the strong anti-Marcos sentiment in Congress resulting from the events in the Philippines triggered by the assassination. He did, however, reassure Marcos of his loyalty in a letter assuring him of continued US financial and military support and praising him for "working with all Filipinos of moderate political views to revitalize and strengthen your democratic institutions," a letter delivered to Marcos by a high ranking official in the State Department.<sup>20</sup>

Despite the 1984 elections that would have easily met Washington's flexible standards for its client states under normal conditions, congressional opposition to the Reagan position continued to grow, reflecting the gains being made by the opposition in the Philippines and its definition of the source of the Philippine crisis: Marcos. By October, the Senate came out with a staff study on the Philippines charging that the "corruption, cronyism and economic disparity in the Philippines — which Filipinos blame on the family of President Ferdinand Marcos and his wife — are being exploited by the radical left and the growing Marxist NPA." At the same time Representative Stephen Solarz, chairman of the parallel House committee, backed up these charges and further indicted the Marcos clique for having "taken billions of dollars out of the Philippine economy, sent much of it permanently out of the country and ruined the economy in the process through mismanagement."<sup>21</sup>

What is important to note is that by this time the congressional definition of reality had been set in place: Marcos was identified as the central causal agent in producing the package of problems besetting the Philippines, a position that was also emerging in the State Department but differing with it in not casting Marcos as also central to the resolution of the crisis. Moreover, this "agency" explanation of reality directly made Marcos a threat to the basic interests of the US in the Philippines the prime goal of political stability, the assurance of no challenge to the American military bases, and the continued loyal support of the transnational capitalist development model. In addition, the congressional opposition had placed itself contrary to the views of the White House, a difference that hardened and was never really resolved until the events of February 1986 finally overwhelmed Reagan.<sup>22</sup> Finally, Solarz had emerged as the most articulate public figure to oppose Marcos. He clearly had close links with those in the State Department who were voicing many of the same charges and he did so with a deep



commitment to an active interventionist policy for the US, that ultimately rests on a military defense of American interests, all the while defending such a stance in the name of protecting democracy in the Philippines. What had emerged, but not yet with all the loose ends tied up as events in the revolution rushed past the American planners, was a broad definition of what was happening that would exculpate the US from any responsibility in the crisis, insulate the transnational development community and its strategies for managing the Third World from criticism, shift all the blame to Marcos and his rapidly shrinking circle of cohorts for the debacle, and set forth an agenda on which a post-Marcos transnational power bloc could be constituted.

Certainly, the frequency of US official visits to the Philippines and the intensity with which "reforms" were pushed with Marcos accelerated over the months but the broad consensus outlined remained in place. A spokesperson for the Pentagon periodically issued dire warnings about the growing strength of the NPA and the threat it posed to the "pro-American government of President Marcos."<sup>23</sup> More importantly, news began to leak to the press that there had emerged within the Philippine military a "reform" group with close ties with the US. This group, known as the Reform the Armed Forces of the Philippines Movement (RAM), reportedly had the blessings of Enrile and Ramos,<sup>24</sup> suggesting that other agencies of the US penetrative network were pushing for a more rapid and direct method for removing Marcos. Even if true, this does not, however, alter the basic consensus outlined above.

Other major evaluative reports done on behalf of US agencies continued to surface. The most important was the National Security Study Directive (NSSD) done by the State Department and submitted to the White House in November 1984. This document became the basis of a national security directive signed by Reagan in January. Portions were leaked to the press at the time, and the complete document made public by Walden Bello of the Philippines Support Committee who was able to secure a copy of the secret report.<sup>25</sup> The remarkable document, chilling in its Machiavellian detachment, sets forth the irreducible US interests<sup>26</sup> in the Philippines and outlines the steps already being taken and those proposed to accelerate the Marcos acceptance of the American definition of the causes of the crisis and how to deal with it. All of the proposals called for greater and more detailed control over the uses of economic aid, the supply and uses of foreign loans, both public and private, and their direct employment to bring pressure on Marcos from "the public, opposition, business leaders, and even from his own close associates"<sup>27</sup> reacting to "deteriorating conditions" brought on by withholding foreign financial resources. The NSSD took as self-evident that the US "must and should be activists" in forcing the Philippines to capitulate to the plan for foreign management of its economy,

although the "multi-lateral banks . . . should have the lead" while the day-to-day monitoring of its execution would be left in the hands of an "upgraded International Bank for Reconstruction and Development (IBRD) consultative group" or of a streamlined version built around the multilateral development banks and the "major donor" nations. Similar cavalier treatment was accorded the Philippine military and Marcos himself. The president was to be subjected to more frequent and "regular one-on-one meetings" with the American ambassador and visits from US administration "officials," with some carrying "an occasional presidential letter."<sup>28</sup> Discussion was directed, furthermore, at how the American and Philippine publics could be manipulated more effectively and the US congress brought into cooperative support for the program. Throughout the document several references were made to US contacts with the opposition.

The string of "administration officials" promised in the NSSD immediately materialized in the early months of 1985, continued until the end of the Marcos era and into the post-Marcos era with the same intensity. During the first half of the year, at least six strategically important US spokespeople made the journey to Malacañang to keep up the pressure on Marcos. The pilgrimage was led by William Casey of the Central Intelligence Agency, and included Richard Armitage from Defense, Stephen Solarz from the House, Paul Wolfowitz from State Department to be followed later by his superior, Michael Armacost, and William Crowe, head of the U.S. Seventh Fleet and therefore one of the most powerful individuals in the whole U.S. military establishment.<sup>29</sup>

The pressure, of course, did not work. Marcos continued stonewalling the demands for change or promised concessions that were never implemented. It would appear that Marcos, long schooled in the use of anti-communism as a political weapon at home and in dealings with the US, took Reagan's definition of the options open to the US in the Philippines—Marcos or communism — as ultimately determining US policy. If only this Manichaeian choice existed, then he was safe from any serious threat from the US, assuming that Reagan could speak for the US as Marcos assumed he could for the Philippines. Unfortunately for him, however, such was not the case: his legalistic and constitutionalistic construction of political reality could not deal with a situation in which government officials, including many in the executive branch who were supported by an emerging anti-Marcos public opinion, steadily undermined Reagan's position and ultimately forced him in an embarrassing about face, to accept the overthrow of Marcos.

In the final months leading to the announcement of the presidential election in November 3, US pressure had been intensified. In October yet another secret study by the government had surfaced, this one conclud-

ing that Marcos failed to deal effectively with the insurgency problem and that within three to five years the NPA would be able to fight the Armed Forces of the Philippines (AFP) to a stalemate. A top administration official claimed that "most working-level US officials involved in Philippine affairs have come to see Marcos as no longer capable of coping, especially with the insurgency." This intelligence report, coupled with an obvious shift in the administration's dealing with Marcos, provided the basis for a letter to Marcos from Reagan delivered by his close friend, Senator Paul Laxalt that spelled out the usual US demands, adding a special warning not to reinstate General Fabian Ver, a move which Marcos subsequently did. The mission was viewed in the press as aimed as much at establishing a position distancing the US from Marcos with the opposition as with trying to change Marcos' behavior.<sup>30</sup> From that point until the denouncement in February, the US worked frantically to manipulate events in the Philippines, as seen in the open pressure to persuade Laurel and Aquino to join in a single opposition slate, for example, so that the US would not be held accountable for having been the prime defender of Marcos during his domination of the Philippines and so that it would have a guaranteed, central position in the post-Marcos ruling power bloc.

#### **The Philippine Opposition, the Revolution and the Re-Emerging Transnational Power Bloc**

The reactions of the various components of the transnational bourgeois order centering in the Marcos dictatorship to the deepening crisis of the Philippine political economy would not in themselves have produced a revolution to overthrow the regime, although they might well have produced a coup to replace their men in Manila who had permitted the vast rewards of the position to convince him of his indispensability to the order and even to have illusions of independence. The transnational members of the global bourgeois order in the Philippines — the WB/IMF, the TNCs, and the US — moved with varying degrees of speed to distance themselves from Marcos when it became clear that he had become a liability for the continued efficacious working of the transnational power bloc and that the types of changes they were demanding from him would never be accepted. As this harsh truth worked its way through the agencies most concerned with managing the relationships with the Philippines, attempts to establish working relationships with those groups in the opposition with whom they knew they could work in a post-Marcos Philippines quickened. These relationships were most elaborately developed by the various agencies of the US government long accustomed to working in the Philippines and having for the most part institutionalized avenues for reaching a wide variety of sectors of society.

This essay focuses its discussion on the transnational power bloc's developmental strategy in the Philippines and its direct consequences for the great mass of Filipinos. It has not been possible, however, to devote careful attention to the organization of resistance by Philippine opposition groups, the struggle against the use of state terrorism, the expansion of the Left's nationwide organizing capabilities both in rural and urban areas, the stunning turnabout by the Church as it became deeply involved in helping lead the opposition, and finally, the burst of organizing activities by the middle class in the final stages of the regime's decay.

Marcos left one memorable positive legacy to the country he so disloyally betrayed: he provided the reasons for a vast expansion of the opposition through the crisis-creating policies he presided over, and the target for that opposition by his near pathological drive to appear to be the absolute center of power in the Philippines. This legacy has given the Philippines a level of popular mobilization for political action it has never had before. Moreover, with the politicization of the expanded middle class, there is a new potential for creating a politics in the Philippines that does not revolve around the rotation in office of representatives from the "elite" parties with their rigid defense of the interests of dying classes and obstruction of any meaningful change. But that potential will be structured by the several poles that dominated the opposition forces at the time of the revolution and by the other central legacy of the Marcos era, as well as the deepened and further encasement of the Philippines in the capitalist world economy. The two conditions are, of course, symbiotically interrelated. As leader of the transnational community, the US can be expected, judging from its relentless pressure on those Third World states that have dared to challenge its global development strategies, to push on the Philippines a set of policies that back a military solution to the demands of one major pole of the opposition movement — the NPA and, by implication, the National Democratic Front (NDF) — as follows from its role as leader of the global counter-revolution. It can be expected to exert tremendous pressure to make sure that the Philippines remains loyal to the modified WB/IMF/US development strategy and its anti-nationalist demands. It can further be expected to try to coopt whatever leadership emerges from the revolution, using its control over much of the world's available development funds and other sources of investment to assure both a central role in the continuing — or reconstituted — transnational power bloc in its Manila manifestation and the full cooperation of its Philippine organizers.<sup>31</sup> Its close relationships with Enrile, Ramos and the RAM officers of the AFP as well as its institutionalized access to command and field levels in the military and working ties with countless government agencies, further its chances of being successful. Finally, and possibly most importantly, its ability to establish the political discourse and thereby the agenda for government in many Third World nations constitutes its ultimate power to cut off options, to curtail

creative solutions to national problems, and to define the future of another people. Specifically, by defining as the acceptable dimensions of the political only those constituted in formal elections assures a continuation of "elite" dominance and the denial of any possible use of "people power" to bring about rapid change to overcome the conditions of their repression. By defining "communism" as the single most threatening danger faced domestically and internationally by "democratic" nations and then to link that heavily freighted term to those who would organize the poor in a struggle to change the way the powers of government are employed, beyond the mildest domestic reforms acceptable to those in power, is to consign the majority of people in those nations to a grim future.

Such hardline policy positions are, of course, muted in the public discourse taking place between the US and the Aquino government, but enough surfaces to make clear the accuracy of this analysis. These hardline policies make it extremely unlikely that any compromise can be reached between the government and the NPA since they sow further suspicion among the parties relative to what will be permitted and establish the thinly disguised urge to rush to a full-scale military "solution."<sup>32</sup> Similarly, the US policies challenge the very stability of the government by encouraging dissent among the already unsteady coalition that constitutes the Aquino government. That instability flows not from any immediate US acts in a direct interventionist sense but from the deep divisions among the major ideological positions represented among the many opposition groups by the time of the February revolution. Despite heroic efforts on the part of some, the gulf could not be bridged between the Left, represented by the umbrella organization Bagong Alyansang Makabayan (BAYAN), and those groups backing Cory. The Left adopted a hardline stance and boycotted the election and in so doing cut itself out of any significant role in the triumphant victory over Marcos, even though it had historically led in organizing against the dictatorship since 1972. Simultaneously, members of the "middle class" moved into positions of leadership around an emerging "project" that eminently suited their sense of praxis: work to assure the integrity of the electoral process (or establish that condition) as was done through the organization of a 500,000 person strong network of poll watchers and volunteers of the National Citizens Movement for Free Elections; make Marcos the single cause of the multiple crises tearing the nation apart; propose their solution *not* through a massive set of new government program or any restructuring of society or of its relationships with the capitalist world economy but through the creation of a government which upholds truth and justice, morality and decency, freedom and democracy," as Aquino summarized in her acceptance speech when she was sworn in as president,<sup>33</sup> all of which were tied around that most remarkable political figure, Corazon Aquino. At the height of the electoral campaign and into the confrontation

in the post election struggle, the project was reduced to chants of "Co-ry, Co-ry, Co-ry" at the huge rallies.

This has led to a near uniform view that the Aquino-led forces did not have a national project, a view that I believe is mistaken. While, as has been argued above, the US had relatively little direct influence over the intra-opposition struggles during the last months of the Marcos regime, its historic success in defining what were the acceptable parameters of the political for the Philippines had structured political space even for the opposition. From this definition of the political came the basis for the split between the two opposition camps,<sup>34</sup> since it placed the might of the US behind those who would play by the transnational political rules. Acceptance has always meant immense rewards for the classes and class factions making that choice. Together with the massive culture-modifying support provided by the American communications/media/consumerist-producing industries, these Filipino "elites" have continued to reproduce a political culture that rests on acceptance of American political priorities, thereby denying the nation opportunities to seek alternatives more suited to the needs of the mass of Filipinos. Those who seek meaningful change tend, therefore, to be forced out of any "normal" political discourse, and, lacking access, encouraged to employ violent means to achieve change, thereby becoming, in keeping with the definition of politics promulgated by the US, "insurgents" to be dealt with primarily by military means.<sup>35</sup>

Aquino has worked within this transnational political framework in building a new Philippine project from which to constitute a chance at a better future for the country. She and her economic advisors have, from the beginning, made it clear that they would work within the transnational capitalist model, modified in line with the Reagan administration's mystical faith in the power of "free markets" and, in the area of development, to soften somewhat the emphasis on export-oriented industrialization in favor of greater attention to agriculture and the urgent needs of the peasants and to face head-on the massively destructive effects of the long existing support of policies producing ever greater concentration of wealth in the hands of the few at the expense of the many. It is within these latter areas that her project overlaps with the central concerns of the Church-affiliated activist groups, those seeking to further the empowerment of the rural and urban poor so that structural changes can be brought about. Aquino's project remained throughout the campaign and remains today one close to current papal injunctions against permitting any Marxist-Leninist influences to infiltrate into liberation theology-generated political programs. Her strategy, in complete alignment with that of the church, rests on a populist "one nation" approach to a hegemonic project and as such, with its promise of incorporating the rural and urban poor in the benefits that flow from national development, marks a distinct and revolutionary break with the past,

thereby assuring a confrontational future vis-a-vis the US should the regime move to implement the promise.

The other major component of her national project remains the high moral plane that she projects as a leader and holds forth for the rejuvenation of the Philippines. This, as does her "one nation" strategy, has deep roots in the church today and has its powerful support. Both major components of her national project speak for transformations that she almost singlehandedly held forth as the political, intellectual, and moral leader of the revolution's hegemonic project. Apparently, both were designed, whether by forethought or by accident, to accentuate the positive areas of congruence between the transnational participants in the Philippine political struggle and her vision of the future — the need to end corruption and crony capitalism, to rely more heavily on the "new orthodoxy" of the Reagan-inspired economic development strategies, etc.<sup>36</sup> and to shy away from those that would directly challenge the well-publicized "interests" of the transnational community, particularly those of the US. Where there had been some hint of conflict between the two camps during the campaign — as over how to handle the issues of the debt and the bases — by the time the Aquino administration was in place, each had been redefined in a way to defuse them for a time at least: the debt issue by proceeding with negotiations with the IMF along conventional lines,<sup>37</sup> and the bases by deep-freezing the confrontation until the terminal date of the existing treaty (1991) is approached. The implicit assumption; moreover, about the "one nation" project is that the satisfaction of the expectations it raises can, since it constitutes a domestic problem, be carried out without undue intervention by the transnational members of the emerging power bloc because their interests have been amply cared for through the strategies just reviewed. In a real sense, however, the Aquino national hegemonic project, because of its promise for a reduction in the vast gaps between the rich and the poor and for economic policies that would directly address the needs of the great mass of Filipinos, seems in conflict with those economic development policies so far adopted by the government, or at least as articulated by its chief spokespersons.<sup>38</sup>

Underlying these contradictions in the emerging transnational power bloc are several conditions and the responses they generated deriving from the Marcos dictatorship. First is the argument that the worsening economic and social conditions of the majority of people in the Philippines under that regime were not centrally due to the personal venality of the President but rather to his policies of attempting to destroy Philippine nationalism and of turning the life and death decisions of a national development strategy to the transnational development community. The difficulty today is that this legacy lives on, with the emerging accumulation strategy of the Aquino government which is basically the same transnationalized version of the Marcos era, merely updated to reflect the new thinking going on in the

transnational development community. The assumption is that its earlier failure was due entirely to the pathologies Marcos imposed on it and since he is gone, the enormous generative powers of the development model as demonstrated in South Korea and Taiwan can be unleashed. The analysis advanced here is that a deeply flawed transnational development model resting on a misunderstanding of the political economy dimensions of the NICs' miracles can scarcely be expected to replicate those successes today in the Philippines.

Secondly, there seems to have been something of a coming together of the major fractions of the bourgeoisie between the time of the assassination and the revolution so that the erstwhile excluded "national bourgeoisie" found common ground with the fraction previously in the Marcos camp as defenders of a transnational (and TNC-led) industrialization strategy. It appears today that a more united bourgeoisie exists, one which uses some nationalistic rhetoric but still firmly committed to work as partners in a transnational bourgeois order. As argued previously, this ideological stance vitiates any chance of employing the mobilizing forces of nationalism, at least as far as that class is concerned, for the massive changes required if meaningful national development is to be achieved.

Finally, there is the lurking presence of an overarching moral dimension to the development message in the Aquino hegemonic project that, while it can elicit warm affirmation from all those seeking an escape from the current injustices of the economic system, rests on a religious view of the economy that is profoundly at odds, at least at the philosophical level, with the basic postulates of mainstream transnational (or national) capitalism. While Catholic encyclicals have for nearly a century been critical of some of the consequences of capitalism, it is only in the past two decades that the Church has advanced strong arguments against the evils of both communism and capitalism, calling for a middle ground that does not dehumanize life in the interests, in the case of capitalism, of profit. These powerful moral arguments for an alternative economics to that of free market capitalism have, unfortunately, not had much success to date in any national context.<sup>39</sup> The brilliant Philippine achievement of a Church-related and -backed movement in overthrowing an entrenched dictator must be seen as an unprecedented event both ideologically and organizationally.<sup>40</sup> A revolution, even one as inspiring as the world watched unfold on their TV screens in the February "People Power" Revolution, is but an episode — even if it is of monumental importance — in contesting the terrain of a nation's developmental trajectory, of its accumulation strategy and hegemonic project.<sup>41</sup> Many have likened the February revolution to a "miracle." To reproduce those revolutionary victories, this time in the reconstruction of a ravaged economy, would seem to call for some sort of divine intervention. But, as Aquino told a meeting of the ADB as she out-



lined her plans "to alleviate poverty, increase employment and provide for the 'just and equitable sharing of the fruits of development' . . . I am not embarrassed to tell you that I believe in 'miracles'."<sup>4 2</sup> While her discourse may differ considerably from that employed in this essay, one can only conclude that since she did it once, she may just be the person who can pull it off again.

### Summing Up

Others may have quite a different view of the Marcos legacy to the Philippines than the one advanced here. What has been sketched out proposes that Marcos opted to cooperate with a fraction of the Philippine bourgeoisie and a rising professional class to work cooperatively, through a cadre of technocrats he had assembled, with the transnational developmentalists as represented by the multilateral banks and monetary institutions, the TNCs including the rapidly expanding network of private transnational banks, and, most importantly, with the many agencies of the US government involved with "development," some of which already had built-in institutional penetrative linkages with the Philippine government. In so choosing, he fought against a rising tide of nationalism resting on a radically different vision of national development. His choice turned the country over to the ever stronger influences of the transnational developmentalists so that today the Philippines must stand as one of the most completely transnationalized political economies in the Third World. This constitutes the primary legacy from the Marcos dictatorship.

Closely related to this is the legacy of mass opposition to Marcos that erupted between the assassination and the revolution. Feeding on the multiple crises and the mounting injustices of the repressive dictatorship, the opposition marched under differing understandings of the causes of their woes. At the time of the revolution, consensus was reached among the different opposition groups (without the boycotting Left) for a vision of a morally transformed Philippines, and a commitment to radically attack the problems of poverty which revolved around the charisma of "Cory." The consensus *did not* touch the transnational development model, did not adduce any of the blame for the conditions being rebelled against to the transnational members of the Marcos power bloc. This was even more remarkable since the very severity of the final economic crisis was largely induced by the IMF policies designed to force Marcos to obey its injunctions for the final surrender of his personal sphere of authority. Let it be noted that Marcos had long used the political space he had inherited from the earlier Philippine nationalist victories to advance his clan and crony interests, an option not at first resisted by the realists in charge of the transnational accumulation strategy in Washington. Over time, however, as the development model ran into trouble in the Philippines — most of which was

inherent in its flawed assumptions — mounting pressure was directed by the non-Filipino (and ultimately from the Filipino) members of the bloc to sacrifice his cronies and clan clients. His refusal further concentrated everybody's wrath on himself, to the great relief of those with a deep vested interest in remaining loyal to the transnational developmentalists.

Consequently, the second vital legacy from the Marcos dictatorship — creating the conditions within which it was possible to organize the greatest mass mobilization for change in Philippine history — may quite possibly turn out to be relatively short-lived. Because the unity achieved during the revolution rested on a negative and personalistic understanding of the causes of the crises, his elimination has consequently destroyed the cement holding together the “People Power” movement. This is, of course, well understood: much is being done to build more permanent organizations to institutionalize the driving force of the movement and to continue its creative restructuring of the public discourse. But when, as seems extremely probable, the transnational accumulation strategy continues to produce the same types of consequences (possibly minus the extreme crisis of the past several years), then the issue of the transnational development strategy and its Filipino defenders will have to be faced all over again.

It is to this postponed struggle that Marcos has left his greatest impact. His primary legacy leaves the Philippines more penetrated, linked, and guided transnationally than it may ever have been, even during the long period of direct colonial control. The transnational developmentalists are in place, have the power to “stay the course,” as Reagan would put it, and have planned yet more assaults on nations like the Philippines.<sup>43</sup> Moreover, the failure of the Philippine bourgeoisie to develop an alternative to the transnational accumulation strategy — to remain loyal to that model for Third World development — and to advance a popular national hegemonic project in its absence, puts the fate of the revolution in question. It seems that to be successful, the Left, with its long record in organizing the opposition around a national project that rests on a challenge to the transnational developmentalists, must ultimately be brought back into the national discourse over the future of the reconstruction and transformation of the Philippine political economy. The success of the February “People Power” Revolution in overthrowing Marcos gives confidence to all those who have faith that Filipinos, having accomplished so much, will be able to complete the revolution by creating a stronger national project resting partly on an alternative to the primary Marcos legacy, the more institutionalized structures of neo-colonialism he helped set in place.

## Endnotes

<sup>1</sup>Guy Sacerdoti and Jose Galand, "The Seeds of Change," *Far Eastern Economic Review*, October 31, 1985, p. 103. The vendetta was softened somewhat by couching the demands as a needed "reform" so that the agricultural sector could begin to see a recovery from its crisis. At about the same time the Bank and Fund were reported as deeply involved in "restructuring of the government banks" (the Philippine National Bank and the Development Bank of the Philippines) as "part of the economic overhaul of the Philippines" that the economic crisis made "mandatory." See Guy Sacerdoti, "An Unwanted Legacy," *Far Eastern Economic Review*, October 3, 1985, pp. 49-51.

<sup>2</sup>"Shift in Policy Preference, From Foreign Loans to Foreign Investments," *Business Journal* (January 1984), p. 40.

<sup>3</sup>Ambassador John Bohn, Jr. revealed, in a speech to the ACCP in early 1984, that in his position as US Executive Director at the ADB he had worked for two years to force the ADB to respond to the critiques from the Reagan administration about its lending policies. He took credit for having been successful in convincing the Japanese (with whom the US holds parity voting rights in the ADB) to support a shift in policy from "strictly the public sector to the private sector," and to have "each project examined to determine how the private sector . . . might be used in the implementation process." Loans were to be co-financed with private banks in the future as far as possible. "Undercurrents and Crosscurrents at the Asian Development Bank," *Business Journal* (March 1984), p. 30. "See also how the ADB was brought into the Reagan administration's proposed strategy for dealing with Third World debt, in the so-called Baker plan, first advanced at the annual WB and IMF meeting in 1985 in Seoul. New advances from rich country donors to the ADB were made conditional on the ADB's acceptance of a commitment to "work harder to help the private sector." *The Economist*, May 10, 1986, p. 86.

<sup>4</sup>In a speech to a Rotary Club in 1984, ACCP President Burrige drew heavily from one of the source of right wing economic ideology, the Heritage Foundation. He used one of its reports to call for the early halt in the growth of state enterprises, for an end to protectionism, and for policies similar to those of Taiwan. He especially warned against "inward-turned nationalism that . . . would permanently destroy hopes for economic growth comparable to that of your Asian neighbors." "Recovery from Crisis," *Business Journal* (April 1984), p. 37.

<sup>5</sup>J. March Thomson, "AMCHAM and the Current Economic Scene in the Philippines," *Business Journal* (October 1984), p. 44.

<sup>6</sup>"Shift in Policy Preference," *op. cit.*, p. 40.

<sup>7</sup>*Ibid.*, pp. 40-41.

<sup>8</sup>"The Multinationals Start Turning Away from Marcos," *Business Week*, February 3, 1986, p. 40.

<sup>9</sup>"The 9th Business Conference," *Business Journal* (January 1984), p. 2.

<sup>10</sup>*Ibid.*, p. 37.

<sup>11</sup>"Marcos Angrily Rejects Pleas from Businessmen," *Honolulu Star Bulletin*, November 10, 1983.

<sup>12</sup>"The 9th Business Conference," *op. cit.*, p. 37.

<sup>13</sup>Rodney Tasker, "The Power and Direction from Makati," *Far Eastern Economic Review*, April 4, 1985, p. 30.

<sup>14</sup>Edberto M. Villegas, "Foreign Investment and the Multinational Corporations in the Philippines," *The Makati Yearbook and Business Directory, 1981* (Mandaluyong: Makati Trade Times Publishing Company, 1981).

<sup>15</sup>Merlin M. Magallona, long identified as a radical nationalist (associated with the Law Center of the University of the Philippines) wrote the piece on the US. Alejandro Lichauco, long a spokesperson for the "national bourgeoisie," contributed a nationalist interpretation of the economic crisis, and Rene E. Ofreneo a major attack on the agrarian policies of the Marcos regime and the transnational bourgeois development model upon which they rested. All in *The Makati Yearbook and Business Directory, 1982* (Mandaluyong: Makati Trade Times Publishing Company, 1982).

<sup>16</sup>"The Economics of Assassination: A Nation Goes Broke," *The Makati Yearbook and Business Directory, 1983* (Mandaluyong: Makati Trade Times Publishing Company, 1983), p. 3. Other critically nationalist articles included, among others, those by Renato Constantino on a post-Marcos scenario and by Merlin M. Magallona on the strategy of economic integration as a tool for reproducing neo-colonialism in the Philippines.

<sup>17</sup>The major direct critique of the IMF agreement was written by Rene E. Ofreneo who had by that year joined the Yearbook as co-editor. Ofreneo is a faculty member of the Asian Labor Education Center of the University of the Philippines. Other articles provided a critical perspective on the debt, a statement from the government on its plans for dealing with the crisis, and two articles from US government officials (Marjorie Nichaus, Congressional Research Service, and Paul Wolfowitz, Assistant Secretary of State for Asia and Pacific Affairs at the time) who then can be considered to be representing those calling for "reforms" in the Marcos regime.

<sup>18</sup>One of the earliest Reagan developmental policies to be launched was the Caribbean Basin Initiative (CBI), with its call on direct investment, backed up with tariff concessions and minimal government funding, to bring about a miracle of economic growth to the nations of the region. As is well recognized, the CBI has been a near total failure.

<sup>19</sup>See "Testing US Reassertionism: The Reagan Approach to the Third World," in John W. Sewell, Richard E. Feinberg, and Valeriana Kallab (eds.), *U.S. Foreign Policy and the Third World Agenda 1985-1986* (Washington, D.C.: Overseas Development Council, 1985).

<sup>20</sup>"Reagan Offers Marcos Support," *Honolulu Advertiser*, January 17, 1984. On his trip to Asia, Reagan along with Secretary of State George Shultz met two ACCP officials in Seoul to discuss the Philippine crisis. The AmCham representatives reported that the central problem as seen in Washington was the threat of political instability. Reagan was reportedly concerned about the "normalization of the electoral process," and Shultz with the problem of presidential succession. "Focus on Asia and the Philippines," *Business Journal* (January 1984), p. 36.

<sup>21</sup>"Congressional Report Hits Leaders' 'Plunder' of the Philippines," *Honolulu Star Bulletin*, October 6, 1984, p. A-4.

<sup>22</sup>Even in defeat, Reagan occasionally let his pro-Marcos sympathies show in public. After waiting more than two months to telephone President Aquino (and talking for only three minutes), he then called Marcos while in Honolulu on his way to the Tokyo economic summit, and talked for 45 minutes. Without telling Reagan, Marcos had permitted a TV news crew to videotape part of the call, leading one White House official to charge that "Marcos Use the President," *Honolulu Advertiser*, April 29, 1986, p. A-4. Reagan had earlier built a "friendship" for Marcos and had come to view him as all that stood between "democracy" and "communism" in the Philippines, a position he made explicit in his foreign policy presidential campaign debate with Walter Mondale in 1984.

<sup>23</sup>"Rebels Could Topple Marcos, US Warns," *Honolulu Advertiser*, March 13, 1985.

<sup>24</sup>"Armed Forces Reform Group Making Waves in the Philippines," *Honolulu Advertiser*, June 10, 1985. Also in Rodney Tasker, "A Military Reform Movement Takes Hold: The Hidden Hand," *Far Eastern Economic Review*, August 1, 1985.

<sup>25</sup>"NSSD: US Policy Towards the Philippines. Executive Summary." Released by the Philippine Support Committee, March 12, 1985. Also see summary in Nayan Chanda, "Power to the Palace," *Far Eastern Economic Review*, March 21, 1985, pp. 16-17.

<sup>26</sup>These interests are unilaterally stated and clearly above any discussion with Filipinos. The interests include: "... politically ... the Philippines *must* be a stable, democratically oriented ally. A radicalized Philippines would destabilize the whole region. Strategically, continued unhampered access to our bases at Subic and Clark is of prime importance. . . A strong ASEAN that includes a healthy Philippines allied to the U.S. is a buffer to communist presence in Southeast Asia. . . economically, we benefit from a strong investment and trade position." *Ibid.*, p. 1. Italics added.

<sup>27</sup>*Ibid.*, p. 12.

<sup>28</sup>*Ibid.*, p. 9.

<sup>29</sup>Guy Sacerdoti discusses their missions in "Marcos Observed," *Far Eastern Economic Review*, June 13, 1985, pp. 50-51. In the overview he notes that "one senior official" said that the visits were designed "to corner Marcos into making the right choices."

<sup>30</sup>Nayan Chanda, "Dear Mr. President," *Far Eastern Economic Review*, October 31, 1985, p. 16.

<sup>31</sup>At the time of writing, which coincides with Secretary of State Shultz' trip to Manila to attend the meeting of ASEAN, various messages were sent the public that seemed to indicate that the US felt it was achieving its goals in the Philippines with the Aquino government. Shultz heaped praise on the new government for what it was "doing about political reform, economic reform and reform of the military." (*Honolulu Star Bulletin*, June 24, 1986, p. A-4). The aid promised earlier (\$200 million) was released at the same time with some fanfare about how the US was making good its promises of economic assistance to the new government. Joker Arroyo, Aquino's executive secretary, commented that "Before we react with joy like jumping chimpanzees, we should know what Secretary Shultz is bringing is rental money in payment for use of the two bases. It is important for the US to know that we know that the money they are giving is in payment for an outstanding debt." (*Honolulu Advertiser*, June 25, 1986, p. B-3.) It is encouraging to see that the cooptation process is still being resisted, at least rhetorically.

<sup>32</sup>While in Manila, Shultz had a luncheon meeting with Aquino at which he praised her "strategy for handling the communist insurgents," namely through negotiations and a determination to use military force should the negotiations fail. Enrile made clear that he believes there is no chance that they will succeed, and Aquino apparently holds a position not too far from that. Shultz likened the Aquino government's strategy as similar to that supported by the US in Central America and especially in El Salvador. His definition of the ideal solution is to have the NPA abandon its goal of power sharing and to have its "people return to the normal stream of life and an ability to take part in the political process if they want to." (*Ibid.*, June 25, 1986, p. A-1) He elaborated by praising the statements of Enrile, Ramos and "other military leaders" that they had the "ability to deal with this militarily if we must" and in general supporting the hard line the AFP has adopted against any "power sharing" with the government. This is still reportedly advocated by some members of the cabinet, although Aquino had come to agree with the military approach should the talks with the NPA fail. *Honolulu Advertiser*, June 26, 1986, p. A-13.

<sup>33</sup>Arthur Zich, "Hope and Danger in the Philippines," *National Geographic* (July 1986), p. 84.

<sup>34</sup>See Randolph S. David, "Marcos, Cronies, and the IMF: Viewpoints on the Current Crisis" for an analysis of the two ideological positions. (Ernesto Sibal Professorial Chair in Sociology Lecture, September 9, 1985.) Also see the excellent collection of essays on the revolution in the special issue of *Kasarinlan* on "The Post-Marcos Philippines," Vol. 1, No. 4 (1986). Although there have been many attempts in the past to create an alternative to this polarization, they have not been successful. In the current juncture, although Aquino had to run under the UNIDO ticket to gain Laurel's acceptance of the number two position, she had the support of groups within a third political space represented by cause-oriented organizations, social democrats, and socialists—*Lakas ng Sambayanan* (People's Power) — and more recently from groups such as the *Bukluran sa Ikaunlad ng Sosyalistang Isip at Gawa* (BISIG), a newly formed socialist party.

<sup>35</sup>The only acts of the Aquino administration that in any way challenge this American-set definition of political reality relate to how the NPA should be treated. Aquino's determination to release political prisoners including top CPP leaders in defiance of advice from Enrile and her insistence on pushing ahead with negotiations with the NPA in the hope of achieving a ceasefire and ultimately a political solution that would open up the Philippine political discourse in a way it has never yet experienced. These acts must, of course, be seen against the limits, already discussed, that she has placed on the negotiations. Parenthetically, the MNLF is largely ignored in American thinking since it does not challenge US interests. In fact, its anti-Manila position could be of great service at some later date to Americans seeking to combat a Philippine regime viewed as hostile.

<sup>36</sup>After attending the Manila meeting of the Association of Southeast Asian Nations, Secretary of State George Shultz reportedly had these thoughts on the Aquino cabinet: "Aquino has put together a cabinet of by and large very talented people who are very much aware of their problems and show a refreshing candor in dealing with them. They were bright people and spoke Reaganomics, something that Shultz could really appreciate," an administration source said." Nayan Chanda, "Some Hope, Some Fear; US Looks at Aquino's State with Mixed Feelings," *Far Eastern Economic Review*, June 12, 1986, p. 46.

<sup>37</sup>Joel Rocamora notes, however, that as late as May 1986, there was still a majority in the cabinet, led by Solita Monsod, head of the National Economic and Development Authority, that opposed the IMF austerity program and called for "selective repudiation of Marcos's loans and placing a percentage ceiling on the amount of export receipts to be used to service the foreign debt." ["Economy Confronts New Government," *Philippine Report* (May 1986), p. 5.] It seems evident that this was a majority that did not make policy. The government has clearly indicated it does not intend to repudiate "any of the foreign debt" (Jaime Ongpin in a talk with the IMF in Washington, as quoted in the *Honolulu Star Bulletin*, April 7, 1986, p. A-1), has accepted IMF "monitors" of its compliance with IMF-set fiscal targets (*Asian Wall Street Journal*, April 16, 1986), p. 5), and has openly pleaded with the multilateral development banks for financial help, as Aquino did at the meeting of the Asian Development Bank in Manila (*Asian Wall Street Journal*, May 1, 1986, p. 5).

<sup>38</sup>The most complete outline of policies was provided by Finance Minister Jaime V. Ongpin in an *Asian Wall Street Journal* interview (March 5, 1986, p. 1, and a follow-up, in the same publication's Weekly, March 10, 1986, p. 1). A new five year economic development plan is due soon and may mark some modest changes, primarily on how to handle the debt. Reportedly, the plan will call for "rekindling economic growth" first, then renegotiate debt management. Cf. Jose Galang, "Retreat from Austerity," *Far Eastern Economic Review*, June 12, 1986, p. 107.

<sup>39</sup>The remarkable achievements of the Mondragon cooperatives in the Basque region of Spain may represent an exception to this although they were actually organized considerably earlier than the period covered by the new position held by the Church, and draw much of their inspiration from

syndicalist philosophy. Unfortunately, the Church has yet to produce the "organic intellectuals" to forge a counter-hegemonic economic ideology from which to contest the ground with the mainstream. In the US, the business press typically writes off any attempt to do so as "Catholic economics" which it dismisses with contempt. Lacking a base in a broadly shared, professionally argued set of economic principles, the task of defining such a Christian alternative within the new Catholic perspective has, in the US, been left to the bishops who have been working for nearly three years on a proposed pastoral letter, "Economic Justice for All," scheduled for final debate in November 1986. Its thrust challenges head-on the Reagan view of capitalism and calls for massive government intervention to compensate and control the destructive effects of capitalism.

<sup>40</sup>The obvious parallels – and differences – between the Philippine and Iranian revolutions need to be studied. Each was a religiously-based, mass attack on a transnationally backed dictator seemingly firmly in charge of the forces of repression requisite for continued despotic rule.

<sup>41</sup>See Ernesto Laclau and Chantal Mouffe for an argument in support of an interpretation of hegemony as an ongoing struggle having no end and no privileged base or class content. *Hegemony and Socialist Strategy. Towards A Radical Democratic Politics* (London: Verso, 1985), especially pp. 188ff.

<sup>42</sup>"Aquino Seeks Assistance of International Bankers," *Asian Wall Street Journal*, May 1, 1986, p. 5.

<sup>43</sup>Horbart Rowen notes that the Philippines is on the "Baker initiative list," a list of some 15 nations presented at the IMF/WB meeting in Seoul that were slated to receive increased and accelerated flows of new loans but only on the condition that they change their economic policies to make even more "in line with those of democratic, market-oriented nations." The Philippines is one of the nations on Secretary of Treasury Baker's list. "Aquino's Chilling Challenge," *Honolulu Advertiser*, February 28, 1986, p. A-22.