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## WHAT RONALD REAGAN SHOULD TELL CORY AQUINO

### INTRODUCTION

Philippine President Corazon Aquino arrives in the United States on September 15th for a week-long visit taking her to San Francisco, New York, and Boston. Her most important stop, of course, will be Washington. There she will have extensive talks with Ronald Reagan and will address a joint session of Congress.

Aquino arrives at a time when her government, now in its sixth month, faces growing challenges. Yet Cory Aquino's honeymoon with the Filipino people is not over. As I observed during an eight-day visit to the Philippines in August, she continues to command the respect and loyalty of most Filipinos. Her fellow countrymen, however, could start losing patience if solutions to their nation's problems are not found.

The Reagan Administration must use the Aquino visit to explore means by which the U.S. can help the Philippines solve its problems. This would forge a solid basis for a new era in U.S.-Philippine relations. Filipinos, meanwhile, will be watching this visit closely--as a test of their new President's leadership and as a test of America's friendship.

### WHAT PRESIDENT REAGAN SHOULD TELL PRESIDENT AQUINO

This will be Ronald Reagan's first meeting with Corazon Aquino. It is thus important that good rapport be established between them.

This could help blunt the criticisms by those members of Aquino's cabinet who are anti-American and fault the U.S. for its long support of ousted Philippine President Ferdinand Marcos. Aquino herself blames Marcos for the 1983 assassination of her husband Benigno. Though the U.S. regarded Marcos as a valued friend, Reagan should make clear to Aquino that the U.S. did not approve of the degree to which he allowed corruption to burden the Philippine economy and the degree to which he stifled democracy. He should assure her that, in general, Americans were very pleased that she was able to take office in a relatively peaceful transition following the February 7, 1986, election.

Reagan also should make clear that the U.S. government and people fully support her government. He should pay close attention to her concerns and her plans for tackling the interrelated issues of political reform, economic revitalization, and the communist insurgency.

By moving quickly to establish personal rapport, Reagan will be able to preserve the close relations the U.S. and the Philippines have enjoyed for generations, and particularly since World War II. More important than rapport, however, will be the material assistance and sound advice that Reagan can offer her. Specifically, Reagan should:

- 1) Tell Aquino he will support the early August vote by the House of Representatives to authorize some \$200 million in economic assistance for the Philippines, in addition to the Administration's Fiscal Year 1987 request of \$316 million in economic and military aid. The Administration already has approved a \$150 million supplement to the Philippines' FY 1986 foreign aid appropriation and agreed to expedite \$400 million already committed to Manila. U.S. aid to Manila thus could total \$550 million for FY 1986 and \$516 million for FY 1987, up from \$280 million in FY 1985.
- 2) Urge Aquino to seek, if possible, a peaceful settlement with the communist insurgents that protects the Philippine democracy. Reagan, however, should warn Aquino that U.S. experience since World War II teaches that leaders must negotiate with communists only from a position of strength.
- 3) Warn Aquino to guard against communist infiltration of local governments.
- 4) Tell her that reform and improving the readiness of her armed forces must continue if she is to protect her citizens in the event that negotiations with the communists fail. The U.S., Reagan should explain, is ready to assist armed forces reform that improves its ability to counter the communist insurgency.
- 5) Express appreciation of the path she has taken toward political reform, including writing a new constitution and promising local

elections by next spring. Such elections should vent much of the local political frustration built up during the Marcos regime's last years.

- 6) Endorse fully her commitment to seeking private sector solutions for Philippine economic difficulties. In addition, Reagan should tell that he will urge the State Department and Commerce Department to promote U.S. private investments in the Philippines.
- 7) Tell her that he will support her efforts to seek a less burdensome repayment schedule on the Philippines' \$26 billion foreign debt.
- 8) Warn that increasing Philippine labor unrest and intra-cabinet debate over not paying some portion of the Philippine foreign debt will discourage foreign investors and make debt repayment rescheduling more difficult.
- 9) Tell her that discussions over the future of U.S. military bases in the Philippines can wait until 1988 for the scheduled review. Reagan should state that continued U.S. access to the air base at Clark Air Field and the naval base at Subic Bay are vital for the U.S. to meet its commitments to its allies from Northeast Asia to the Persian Gulf.
- 10) Offer to return the gesture of Aquino's visit by visiting the Philippines in 1987.

## THE CHALLENGE FACING AQUINO

### Political Legitimacy

Aquino is widely acknowledged to have won the February 7th election, though her victory for a time was denied by massive cheating by the Marcos forces. She technically took power after a military putsch against Marcos on February 22nd led by Defense Minister Juan Ponce Enrile and General Fidel Ramos. Since March 25th, her governing legitimacy has been based on an interim "Freedom Constitution," pending the completion this September of a new constitution by a Constitutional Commission. This constitution is to be put to a national plebiscite in December. Elections for local officials and national legislators then would be held in March or April.

Maintaining this schedule is vital for Philippine political stability. Aquino cancelled local elections that had been scheduled for May and used this as an opportunity to dismantle the Marcos political machine in the countryside. She appointed hundreds of local officials, from provincial governors on down, called

Officers-in-Charge (OIC). The trouble is that many OICs have not been accepted as legitimate government officials by their communities. This has led to political polarization. In addition, Minister for Local Government Aquilino Pimentel is widely viewed as having used the process to build the national machine of his left of center PDP-LABAN Party.

The specter of a right-wing coup is fading, especially after former vice-presidential candidate Arturo Tolentino's farcical attempt in late June. But persistent agitation by pro-Marcos loyalists heightens suspicions of Aquino supporters and impedes progress toward national reconciliation even with well-respected members of the former regime.

Other cabinet ministers are now building their political parties to prepare for local elections. Vice President Salvador Laurel is campaigning for his UNIDO Party. Defense Minister Enrile is loosely affiliated with the Nationalista Party, which is attracting a good portion of Marcos's Kilusang Bagong Lipunan (KBL). On the other side of the political spectrum are members of Aquino's cabinet who have an extensive background in leftist human rights groups that were opposed to Marcos. They are suspicious of the right and of the U.S. Increasingly, Aquino finds herself caught between intra-cabinet, left-right squabbles. Local elections, therefore, could allow the contending parties to establish their strengths and curtail potential local instability.

#### Economic Growth

Aquino must promote economic recovery if political stability is to be maintained. In both 1984 and 1985 the Philippine economy contracted nearly 5 percent, in part because of depressed prices for such major agriculture export commodities as sugar and copra. More at fault have been the years of the Marcos-tolerated corruption that stifled competition. A foreign debt of over \$26 billion, meanwhile, requires interest and principal payments that could consume over half of 1986 Philippine export earnings. About 15 percent of the workforce is unemployed, and about 30 percent, underemployed. This strains the underground economy of extended family connections, which traditionally supports Filipinos during hard times.

On both national and local levels the Aquino government is committed to spurring economic growth. Aquino and her Finance Minister Jamie Ongpin are looking to the private sector for most of this. Their program for economic recovery so far includes tax reform and improved tax collection efforts, business deregulation, trade liberalization, financial deregulation, the sale of public

corporations, and the dismantling of the agriculture monopolies formed by Marcos.<sup>1</sup>

To fund an ambitious public works program to counter some of the unemployment, the Aquino government has increased this year's budget 35 percent over last year's.

There is great enthusiasm to promote economic growth on the local level, such as in Negros Occidental, located in the center of the Philippine archipelago. Dominated by the depressed sugar industry, Negros Occidental last year saw starvation in some areas. This economic deterioration has fueled the communist insurgency, which claims southern Negros Occidental as a "liberated zone." To counter this, Negros Occidental Governor Dan Lacson has organized a People's Economic and Social Development Council, which has joined government with private enterprises to seek solutions to local problems. Such councils are being formed in other provinces too. Lacson is formulating a program to promote agriculture diversification to make his province less dependent on its sugar production. He lacks the resources, however, that allow farmers to diversify.

The Aquino government is looking to international lenders and the U.S. to provide economic assistance. A cabinet debate over whether some Marcos-incurred debts should be repudiated has been settled in favor of meeting the international obligations. While in New York City during her visit, Aquino hopes to negotiate easier terms for Philippine debt repayment. She also will encourage U.S. investment in her country. U.S. private investment in the Philippines already totals nearly \$1 billion, mainly in banking, chemicals, food products, petroleum, and electronics. Philippine investment in the U.S. is about \$120 million.

Major measures of the success of her U.S. visit will be how much new investment she can generate, the debt repayment terms she can negotiate and the amount of U.S. foreign aid she receives.

Growing labor unrest, however, is clouding business confidence at home and abroad. Strikes this year so far have exceeded the 371 for all of last year.<sup>2</sup> Most strikes are led by the 600,000-member May First Movement, known as KMU for Kilusang Mayo Uno. The KMU is heavily infiltrated by communists, participated in several Communist Party of the Philippines (CPP)-controlled general strikes in 1985, and is a major member of BAYAN, an umbrella of 500 organizations, which is the

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1. Nayan Chanda, "Hooked on Foreign Aid," Far Eastern Economic Review, June 19, 1986, p. 66; "Waiting for Take-Off," Asiaweek, June 29, 1986, p. 43.

2. Jose Galang, "The Economy Marks Time," Far Eastern Economic Review, August 23, 1986, p. 31.

CPP's most successful "united front" exercise to date. Despite this, Labor Minister Augusto Sanchez refuses to see the KMU as a problem.

### The Continuing Communist Threat

Military activity by the CPP and its 30,000-strong New People's Army (NPA) has decreased slightly in the past year. The communists nonetheless remain committed to their 17-year "people's war" against Philippine democracy. Nearly 1,500 Filipinos have died in insurgency-related violence since February. The CPP controls, or is contesting control of, about 20 percent of the countryside.

The CPP also is following the brutal legacy of the Soviet Union's Josef Stalin and Cambodia's Pol Pot. The Philippine military estimates that since December 1985, more than 300 Philippine communists have been "purged" by their comrades.<sup>3</sup> Mass graves of Philippine communists or suspected government sympathizers within their ranks have been found in the provinces of Misamis Oriental and Davao del Norte, both on the southern island of Mindanao.

Representatives from the CPP's National Democratic Front (NDF) and the Aquino government began talks in early August intended to conclude with a cease-fire. Three meetings have been held so far with little progress. On several occasions NDF and CPP representatives have made extreme demands, including the end of U.S. access to Philippine military bases and the removal of Defense Minister Enrile and General Ramos. At the same time, they refuse to lay down their arms. Aquino is determined to find a peaceful resolution to the fighting and has encouraged local government leaders to pursue individual cease-fire arrangements. So far, the government-CPP/NDF negotiations are supported by the military, but it remains doubtful that the CPP will end its struggle.

Although the CPP suffered a major political setback when it boycotted the February elections, which brought Aquino to power, it is now determined to exploit what it calls the "democratic space" her government provides. CPP fronts openly organize throughout the country and have placed their leaders in many local governments. The CPP's latest move has been to support the establishment of a formal political party, called the Partido ng Bayan, which will field candidates in local elections. Partido ng Bayan is expected to do well in areas where the Communist Party and its New People's Army are strong. The immediate danger is that the CPP will come to control local governments. It would then use its legal powers to constrain the military on the local level. Thus, the CPP would be able to achieve by ballot what it could not through armed struggle.

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3. AFP, Hong Kong, "NPA Kills High-Ranking Commander, 15 Followers," August 12, 1986, in FBIS-Asia, Pacific, August 18, 1986, p. P13.

The Armed Forces of the Philippines (AFP), commanded by Chief of Staff General Fidel Ramos, have been improved substantially since Aquino came to power. The command structure has been revamped to remove officers politically loyal to Marcos but ineffective against the CPP, discipline has been improved, and greater emphasis is placed on training. Results are beginning to show. The AFP has become more willing to challenge the CPP, for instance, by carrying the battle to its "liberated zone" in southern Negros. Local attitudes toward the military have improved. In Davao, civic organizations approached the new regional military commander offering to repair his vehicles--unheard of last year. In the three municipalities outside Manila visited by the author, there is growing popular awareness that communities must band together to defend their freedom.

The military, however, continues to face materiel shortages. Field commanders do not have sufficient communication and transport equipment. Should the NPA escalate its activity--which is within its capability, the AFP would require additional materiel assistance. The AFP also would like to increase soldier pay to reduce petty corruption.

## CONCLUSION

Corazon Aquino will come to the U.S. amid rising expectations among Filipinos that her government make progress in defending freedom and promoting prosperity. Her U.S. visit presents Ronald Reagan the opportunity of expressing on behalf of Americans who watched the drama of Marcos's flight from office last February, that the United States wants Philippine democracy to flourish. Whether the visit is a success will be measured by:

- o The amount of economic assistance the U.S. provides the Philippines.
- o Aquino's willingness to take Reagan's advice.
- o Aquino's success in promoting U.S. private investment in the Philippines.

Filipinos and Americans have a long history of shared sacrifice. Filipinos and Americans fought side by side against a common foe during World War II, and during the 1950s, U.S. assistance was instrumental in helping the Philippine government defeat a communist insurgency. The February elections proved the Filipinos' commitment to a democratic government. By assisting President Corazon Aquino to meet the challenges of her government, the U.S. can insure that the U.S.-Philippine special relationship will continue.

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