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Source: *Asian Survey*, Vol. 24, No. 2, A Survey of Asia in 1983: Part II (Feb., 1984), pp. 149-158

Published by: [University of California Press](#)

Stable URL: <http://www.jstor.org/stable/2644433>

Accessed: 17/06/2014 12:14

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# THE PHILIPPINES IN 1983

## *Authoritarianism Beleaguered*

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G. Sidney Silliman

As 1983 drew to a close, the regime of President Ferdinand Marcos was facing the major test of its rule. Demonstrations of opposition were an almost daily occurrence; the economy was in its worse crisis since the regime came to power in 1965; and Marcos was rarely seen outside the presidential palace. The immediate catalyst was the assassination of Benigno S. Aquino, but earlier events revealed the vulnerability of the Marcos government. The continuation of authoritarianism, cronyism, and the renewal of the bases agreement with the United States provided focal points for the opposition's criticism. The Philippine economy continued the poor performance of 1982 and led to the government's increased dependence on foreign financial institutions. Persistent reports of Marcos' ill health heightened the uncertainty surrounding the future of the regime.

### Authoritarian Rule

In spite of the lifting of martial law, Marcos has initiated measures to consolidate and maintain the powers attained during that period, and 1983 witnessed a continuation of Marcos' exercise of authoritarian powers. In the first six months of the year, the regime continued the crackdown begun in 1982 on social activists, political organizers, and newsmen. Among those detained were Aquilino Pimentel (the mayor of Cagayan de Oro City and organizer of the opposition Pilipino Democratic Party), Karl Gaspar (executive secretary of the Roman Catholic National Secretariat for Social Action), and Antonio Nieva (a former editor of and union leader at *Bulletin Today*). Nieva was the 24th journalist to be interrogated by the military since December 1982.<sup>1</sup>

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1. "Swoops on Mayor, Writer, Activist," *Asiaweek*, April 29, 1983, p. 14.

Such arrests are frequently exercised under a Presidential Commitment Order (PCO); in April the Philippine Supreme Court had reaffirmed the absolute arrest, detention, and release powers of President Marcos by declaring that PCO's issued against people suspected of crimes related to national security are valid and legal and therefore require no judicial review. The court also ruled that bail can be denied to those charged with crimes of rebellion or insurrection.<sup>2</sup> In effect, the two rulings closed the doors of the courts to petitions for habeas corpus brought by persons held for indefinite periods under the PCOs or by relatives of missing persons believed to be held under PCOs.

On August 5, in anticipation of a critical pastoral letter, Marcos abolished the PCO, but, by means of a new decree, still maintained the power to incarcerate anyone overtly critical of his regime through a Preventive Detention Order (PDA). Though detention under a PDA is for one year and is to be channeled through the judiciary, Marcos can continue to detain anyone "who has committed, is committing, or is about to commit insurrection, rebellion, subversion, or conspiracy." Even if an accused person has been acquitted or has served a legal sentence, the authorities can decide that the person will do the same thing as before and order a further period of detention.<sup>3</sup>

With regard to cronyism, in spite of the feeling of some observers that Marcos is shifting away from "crony capitalism," three presidential orders gave economic advantages to businessmen close to the president. In January Marcos signed a presidential decree ordering the lowering of import duties on acetate tow, which directly benefits Herminio Disini's Philippine Tobacco Filters Corporation, the country's largest producer of cigarette filters. Marcos also extended the validity of a letter of instruction permitting Roberto Benedicto's Banahaw Broadcasting to continue to import knocked-down parts for the assembly of television sets. Then in May Marcos signed a presidential decree that expands Eduardo Cojuangco's control over the coconut industry further into cocochemical production and gives his companies a monopoly on the import of petrochemical products. In each instance the decrees not only provided economic benefits to Marcos' cronies but also bypassed the legislative process, cabinet discussion, and Executive Committee preparatory analysis.<sup>4</sup>

In foreign policy the Marcos government entered into a new five-year agreement to allow the United States continued use of military bases in

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2. Sheila Ocampo-Kalfors, "The Rot in the Writ," *Far Eastern Economic Review (FEER)*, June 2, 1983, pp. 38-39.

3. Guy Sacerdoti, "Law of the Jungle," *FEER*, August 25, 1983, p. 14.

4. Guy Sacerdoti, "Favouritism Still in Favour," *FEER*, June 30, 1983, pp. 50-51.

the Philippines. The agreement will compensate the Philippines with \$900 million in security assistance for a five-year period beginning October 1, 1984. This is an increase of \$400 million over that negotiated for and begun in October 1979. Under the new agreement, \$475 million is for an economic support fund to improve conditions around the bases; \$300 million will be in the form of foreign military sales credits to be repaid at low interest rates over thirty years (thus extending the repayment period beyond the 1991 expiration date of the bases treaty); and \$125 million will be in military assistance.<sup>5</sup>

As part of the agreement, Washington consented to "prior consultation" on military combat operations, to Filipino commanders having access to all areas of the U.S. bases "except cryptographic areas and areas where classified equipment or information is located," and to the U.S. informing Manila on current levels of U.S. forces permanently stationed in the Philippines and about their equipment and weapons systems. It was also agreed that members of the U.S. military are to be instructed to respect the laws of the Republic of the Philippines and to abstain from any political activity in the Philippines.<sup>6</sup> Finally, it was agreed that the two governments establish a joint committee to resolve issues involving implementation.

Each of the above policies produced criticism, strained state relations with the Catholic Church, and led to the formation of new opposition organizations. While for economic reasons Filipinos living close to U.S. bases probably support their presence in the Philippines, the issue has provided a focal point for opposition to the regime and its policies. The Filipino Anti-Bases Coalition, formed in February, argues that the American bases in the Philippines represent imperialism, threaten national security, and have led to a brothel economy in adjacent towns.

Issues of human rights, especially arbitrary detention and military abuse of civilians, produce other criticisms of the government. At its January 17, 1983, meeting, the Catholic Bishops Conference of the Philippines (CBCP) decided to withdraw from the Church-Military Liaison Committee. Although the Bishops Conference said that it was not discontinuing its dialogue with the government, it was ending discussions with the military because these had proven useless.<sup>7</sup> In February the CBCP issued a pastoral letter criticizing the government for repression and warned it against torturing and killing political opponents. The

5. "Manila to Get \$900 Million in Accord on Bases," *New York Times* (NYT), June 1, 1983, Part I, p. 6.

6. Sheila Ocampo-Kalfors, "An Acceptable Price," *FEER*, June 16, 1983, pp. 30-31.

7. Sheila Ocampo-Kalfors, "More Sinned Against," *FEER*, February 10, 1983, pp. 10-11.

withdrawal from the Liaison Committee and the pastoral letter marked a low point in church-state relations.<sup>8</sup> In May civil rights lawyers petitioned the Supreme Court for the publication of what they said were more than 1,000 secret decrees and orders issued by President Marcos during the decade under martial law. In June representatives of various opposition groups issued a Declaration of Common Principles calling for the replacement of Marcos with a democratic government based on free elections, free speech, a free press, and the right to organize.

### The Economy

But the government's principal vulnerability was the Philippine economy. Overall, growth in 1983 is expected to be no more than the 2.6% achieved in 1982, marking the economy's second year of negative per capita growth. Foreign debt reached approximately U.S. \$18 billion by mid-year.

One variable in the poor performance of the economy was a decline in the terms of trade. Even with prices for the Philippines' export commodities rising, the country was hit by a drought that significantly reduced production levels, and lower-than-expected exports resulted in the continuation of the problem with balance-of-payments deficits. Another variable in the deteriorating position of the economy has been the drain produced by the government's policy of bailing out distressed firms, particularly those of President Marcos' cronies. In 1983 this problem was compounded by the government's takeover of the Construction and Development Corporation of the Philippines. Government financial institutions paid out an estimated 6.2 billion pesos (\$659.6 million) to cover obligations of CDCP, which amounts to a wholesale write-off of that expenditure.<sup>9</sup>

Part of the government's response to the economic problems was to turn to the International Monetary Fund (IMF) to finance the large balance-of-payments deficit. In February the IMF approved a package of 503 million special drawing rights (\$548 million), \$188 million of this in the form of a Compensatory Financing Facility and \$315 million in standby credit.<sup>10</sup>

But in return for the special drawing rights, the IMF demanded policy changes on the part of the Philippine government. The program, accepted by Manila's technocrats, came under attack from both the opposition United Nationalist Democratic Organization and from Marcos'

8. "Catholic Bishops Assail Marcos Regime," *NYT*, February 17, 1983, Part I, p. 3.

9. Guy Sacerdoti, "A Bailed-Out Case," *FEER*, March 14, 1983, pp. 78-79.

10. Guy Sacerdoti, "Manila Put On Standby," *FEER*, April 7, 1983, pp. 40-43.

Kilusang Bagong Lipunan (KBL) party, prompting Prime Minister Virata to submit his resignation in mid-May.<sup>11</sup> But the President chose not to accept it, and the evidence is that Marcos had veered toward the policies favored by the IMF, the World Bank, and the Philippines' commercial creditors.

In the first week of 1983, the foreign-debt ceiling for the year was reduced from \$2.3 billion to \$2 billion, a 3% ad valorem tax was imposed on all imports, prepayment of customs duties on imports was required, and some impediments on the free flow of agricultural exports were reduced.<sup>12</sup> In a Marcos-backed decision, Virata refused to provide an additional \$2 million needed by Mrs. Imelda Marcos to fund her January film festival. In February Marcos directed top government officials to voluntarily cut their salaries by 10% and urged workers not to demand unreasonable wage increases.

In further pursuance of austerity policies and with an eye on an upcoming Paris meeting of aid donors, the government deferred four of its major industrial projects, cut another project in half, and indicated that two others face the prospect of possible pruning. Marcos also eliminated local fuel subsidies with across-the-board increases for petroleum products and, in July, devalued the peso by 7.3% against the U.S. dollar. Both moves came after the poorer-than-expected performance of the current-account and balance-of-payments deficits during the first five months of the year. The latter decision came at the end of a visit by IMF economists conducting a mid-term review of the Philippines' performance in meeting targets.

In early August the government presented a no-growth budget for 1984. At 59.5 billion pesos, the budget is below the 1982 allocation, is 8.5% under the originally planned 1983 budget of 65 billion pesos, and is designed to meet the IMF target of a deficit of 9.4 billion pesos.<sup>13</sup> While there are significant increases in allocations for local government and the rural-based Kilusang Kabuhayan at Kaunlaran (national livelihood program)—probably as pork barrels for the National Assembly elections in May 1984—the budget appeared to be partly designed with an eye to the Philippines' foreign creditors. Capital expenditures are, for example, to be cut by 11% below the revised 1983 budget.

Such austerity measures appeared to be having a beneficial effect in terms of international financial support for the regime. In July the World Bank-sponsored consultative group of aid donors to the Philippines

11. "Virata's Men: The Pressure Mounts," *Asiaweek*, May 20, 1983, p. 18.

12. Guy Sacerdoti, "Marcos Murmurs 'Cut'," *FEER*, January 20, 1983, pp. 48–49.

13. Guy Sacerdoti, "Cutting the Cloth," *FEER*, August 11, 1983, pp. 49–52 *passim*.

agreed to aim for a higher level of backing for 1984 than the \$1.2 billion that Manila received in 1982 and 1983.

### The Aquino Assassination

But the aftermath of the events of August 21 dramatically demonstrated the government's vulnerability. Returning to the Philippines after three years of exile in the United States, opposition leader Benigno Aquino was slain while in the custody of government guards just after stepping off a plane at Manila International Airport. While Aquino's immediate goal was to organize the opposition for the May 1984 parliamentary elections, his long-term purpose was to persuade President Marcos to loosen the reins of authoritarianism and institute national reforms that would lead to a national reconciliation and a peaceful transition to democracy. It was Aquino's position that Marcos was the key to such a transition and that a return to the Philippines in 1983 was both urgent and timely because of deterioration in the Philippine economy, the declining health of Marcos, and the fragmentation among the opposition.<sup>14</sup>

The government's explanation of the assassination is full of evasions, contradictions, and discrepancies. But the government denies that it had any part in the slaying and claims that Aquino was killed by a professional hit man (who, in turn, was reportedly killed by a fusillade of bullets from the security men surrounding Aquino) under the direction of communist subversives. Many Filipinos are skeptical of the official version, and opposition spokesmen, claiming that there are eyewitnesses who saw government security personnel shoot Aquino, pointedly state that the former senator was killed at the direction of top officials. There is also widespread skepticism that the investigation panel appointed by Marcos will reveal what actually occurred and who ordered the assassination.

The most immediate consequence of the assassination was the unleashing of public opposition to the Marcos regime. The murder was the catalyst for the expression of long-held feelings that it is time for a change, and it marked a waning of the authority of national leadership. An estimated one million people lined the route to the cemetery where Aquino was to be buried, and in the weeks following, there were well-attended and largely peaceful demonstrations almost daily in Manila and in other parts of the country calling for justice for Aquino, national reforms, an end to the role of the United States in the Philippines, and Marcos' resignation. These demonstrations are, by far, the largest and most frequent since the declaration of martial law in 1972.

14. Ken Kashiwahara, "Aquino's Final Journey," *New York Times Magazine*, October 16, 1983, pp. 42-43.



The outburst of anti-Marcos sentiment has spurred new opposition organizations. Justice for Aquino, Justice for All is the umbrella group coordinating many of the demonstrations. The Nationalist Alliance, formed in November, is an organization of small "nationalist" groups that advocate the expulsion of U.S. military bases and curbs on multinational companies.

Criticism has also come from the Catholic hierarchy. Timed to coincide with the birthday of Aquino on November 28, the CBCP issued a pastoral letter urging Marcos to end his repressive decrees that violate human rights: the "heinous" assassination of Aquino, the nation's economic crisis, the "widespread clamor for justice" by protesters, and unexplained killings "have pushed our country closer to the brink of chaos and anarchy."<sup>15</sup> While Cardinal Jaime Sin, the Archbishop of Manila and the head of the Catholic Church, has maintained his role as a constructive channel of communication with the President, he too is calling for change. In September Sin proposed to Marcos a broad-based council of national reconciliation to advise the President and called for "the full restoration of the rights of the people to free elections, free press, independent judiciary," and a "thorough and impartial public investigation" into the murder of Aquino.<sup>16</sup>

The notable difference from the past, however, is that since the assassination of Aquino, the critics of the regime have been joined by members of the Philippine business community. Makati, the financial district of Manila, has been the scene of repeated demonstrations by executives and office workers. The Philippine Chamber of Commerce, rarely critical of the government, sent a letter to Marcos complaining that the climate of "uncertainty" growing out of the Aquino slaying was stifling economic progress.<sup>17</sup> A report to President Marcos from the Philippine Business Conference noted that the country was facing its most critical period in economic history and called for political changes—an independent and honest judiciary, restoration of public constitutional rights, relief from pervasive militarism, and clear legal provisions for a successor to the President—to restore domestic and international confidence in the Philippine economy.<sup>18</sup>

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15. "Bishops Warn Marcos of 'Chaos,' Rights Abuses," *Los Angeles Times*, November 26, 1983, p. 24.

16. "Marcos Says Army Will Use Force to End All Illegal Protest Rallies," *NYT*, September 26, 1983, Part I, p. 8.

17. Bob Sexter, "Life Less of a Party for Marcos—Opposition Growing," *Los Angeles Times*, September 19, 1983, p. 7.

18. Robert Trumbull, "Marcos Criticizes Business Leaders," *NYT*, November 11, 1983, Part I, p. 3.



The key to the actions of Filipino businessmen is that the aftermath of the killing of Aquino produced domestic and international lack of confidence in the ability of the government to cope with its political and economic problems. One index was a flight of capital from the Philippines. In the weeks after August 21, there was an estimated \$700 million capital outflow because of the nonrenewal of short-term revolving credits and exits through the black market.<sup>19</sup> International reserves slumped from \$2.4 billion to just about \$600 million in the eight weeks following the assassination.<sup>20</sup> Subsequently, foreign reserves have become even scarcer, raising the prospect of production cutbacks and massive worker layoffs because of the inability of industry to import raw materials.

Faced with the prospect of not being able to meet its foreign obligations, the Philippines secured from its more than 350 creditors a 90-day moratorium on the payment of foreign debt repayments due between October 17, 1983, and January 16, 1984. The balance-of-payments deficit had soared to \$2 billion by mid-October, more than it had ever been before for an entire year, and under pressure from the International Monetary Fund, the Philippines was forced to devalue the peso from 11 to 14 pesos per dollar. To cushion the 21.4% devaluation, the government announced a freeze on the price of key commodities and a delay in the implementation of the increase in the minimum wage. Yet the average Filipino was hard hit as prices of food stuffs increased, if available. The foreign debt figure was revised upward to \$24 or \$25 billion.<sup>21</sup>

Politically, the most significant consequence of the Aquino assassination is that President Marcos is no longer firmly in control. Marcos' virtual confinement to Malacanán palace since August 21 prompted rumors that he was seriously ill. More concrete symbols of lessened control are reversals in policy toward the opposition. The government's early posture toward the demonstrations was characterized by limited use of force. But Marcos retracted his policy of "tolerance" in late September: Demonstrators were met by canisters of tear gas thrown by club-wielding and gun-carrying antiriot squads; the editor/publisher of *The Philippine Times* was arrested after publishing articles suggesting that the Philippine military was involved in the assassination of Aquino; and Marcos ordered the filing of smuggling and currency violation charges

19. Guy Sacerdoti, "The Crunch Comes," *FEER*, October 20, 1983, p. 66.

20. "Dialogue: Knock on Wood," *Asiaweek*, October 20, 1983, p. 22. A later report in the *Wall Street Journal* (December 19, 1983) says that the Philippines overstated foreign-exchange reserve figures in order to win loans and keep foreign investment, and that capital flight after the Aquino murder totaled only \$400 million.

21. Bob Sectar, "Manila—Workers Feel Crisis Pinch," *Los Angeles Times*, December 2, 1983, p. 19.

against 33 industrialists and businessmen who had met with him to ask for major reforms.<sup>22</sup> Marcos later reversed his tough posture, allowing the Makati district, for example, to police its own demonstrations.

The parameters of decision making have also broadened somewhat. For the first time in eleven years, the Philippine Supreme Court ruled against the Marcos government, granting the opposition permission to stage a demonstration against U.S. military bases. Former Chief Justice Roberto Concepcion, Cardinal Sin, and Assemblyman Arturo Tolentino each refused to serve on the panel of inquiry into the assassination of Aquino, and the members of the original panel resigned under a cloud of doubt as to their independence. At the end of the year, the ruling party and the National Assembly endorsed a proposal, for plebiscite approval in January 1984, to restore the office of vice president and to establish the Speaker of the Assembly as the president's successor should the president die or become incapacitated. The adoption of the proposal to restore the vice presidency, opposed by Marcos, appeared to be a concession to those members of the Philippine business community and of the National Assembly who had advocated the change since Marcos agreed to leave the decision to a caucus of the KBL.<sup>23</sup> Philippine military leaders are now attending Cabinet and Executive meetings, the first time in the history of the regime that the military has formally participated in the decision-making process.

Given the current crisis and the persistent reports of President Marcos' ill health, the key question is whether the regime will survive and, if it does not, who is likely to replace him. Of greatest relevance to the succession scenario is Mrs. Marcos' November resignation from the Executive Committee (a position that made her a potential candidate for the presidency) and her renunciation of any ambition to succeed her ailing husband. The action confirmed her earlier declaration that she would quit politics at the expiration of her legislative term in 1984. Equally important is the decline in power of Defense Minister Juan Ponce Enrile; the Marcos' stalwart lost out in a July power struggle with Armed Forces Chief of Staff General Fabian Ver.<sup>24</sup> Enrile is also reportedly at odds with Eduardo Cojuangco, a Marcos crony, and Enrile's future in the cabinet is now in doubt.

Despite the crises facing the regime, it would be incorrect to conclude that there will be an immediate change in national leadership. President

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22. "Marcos Cracks Down on Business Leaders," *Los Angeles Times*, November 15, 1983, p. 4.

23. Robert Trumbull, "Filipino Anxieties on Leaders Ease," *NYT*, November 22, 1983, p. 6.

24. *FEER*, September 8, 1983, p. 11.

Marcos is unlikely to resign, the moderate opposition lacks the power to force him out of office, and there are no major splits apparent among the ruling elite. Even though President Reagan canceled his scheduled visit to Manila, and the United States is gloomy about the Philippines' prospects and critical of Marcos' handling of the crises, the United States has not withdrawn its support from the regime.<sup>25</sup> The Moslem revolt in the Southern Philippines has ebbed. Although the strength of the New Peoples Army (NPA) has increased (an estimated 6,000 to 10,000 guerrillas are now armed), it is not strategically prepared to lead an immediate mass insurrection.<sup>26</sup> In any succession scenario, the role of the Philippine military will be pivotal. Yet the concession by Marcos on the vice presidency issue, Imelda Marcos' declaration that she will quit politics, and the fact that "differences of policy have never prevented Filipino politicians from working toward a common goal,"<sup>27</sup> may lead to some sharing of power with the moderate opposition. Therefore, although 1983 closed with the Philippines' authoritarian regime beleaguered, it is not yet curtains for President Marcos.

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25. Paul Quinn-Judge, "U.S. Views Marcos With Gloom, Skepticism," *Christian Science Monitor*, November 4, 1983, p. 1.

26. Nancy F. Rocamora, "Days of Rage Rock Manila. 'Is the Revolution Here?'," *Ang Katipunan*, October 1983, p. 7.

27. Carl H. Lande, "A Democratic Alternative to Marcos," *Los Angeles Times*, October 14, 1983, Part II, p. 7.