Alfred J. McCoy

The Marcos Regime is in deep political crisis with a constant barrage of demonstrations in the cities and guerilla war in the islands and the countryside. His opponents can now be found in the villages and in the office blocks of the cities as the economic policies imposed by the U.S. through the I.M.F. and the World Bank grind down the living standards of a growing number of Filipino workers and smaller capitalists. The days of the regime are numbered as the ailing Marcos clings to power while his army cronies brawl over his successor.

The circumstances of my interview with Gerry de la Cruz in a provincial prison on Negros Island, 300 km. south of Manila, were trying. Just a few feet from the table where I sat, the guards were beating a slight prisoner about the torso and legs with a heavy table leg. But Gerry's story was more remarkable than the circumstances of its telling and it held my attention.

Gerry related the events which led up to his murder of Mr. Pereche, the manager of the sugar plantation where Gerry had lived and worked for much of his life.
Now 22, he grew up in the cluster of tiny workers' cottages crowded inside the plantation compound, and spent his school holidays doing light work in the cane fields alongside his parents. Gerry's aspirations for a high school diploma and a technical degree ended in 1977 when the manager, Mr. Pereche, announced an end to educational loans. Gerry, then 17, joined a crowd of a dozen ex-students who worked in the fields several days a week during the six months milling season, and spent the rest of the year just “standing by” in the compound. In 1980, management purchased several John Deere tractors and two sets of mechanical cane cultivation implements from Hodge Industries in Queensland. The new machinery rendered most casual labour redundant and, by 1981, Gerry's family, like many others, was feeling the pinch. Gerry's father, an ordinary field hand, reduced the family's food to an uncomfortable level and began asking for loans and second-hand clothes from neighbours.

One afternoon, Gerry and four unemployed sugar workers waited in the high cane along the road to the compound. As Mr. Pereche's Toyota
Like laborers across the archipelago, the sugar workers of Negros are thus double pressed. Massive capital investment in all industries has rationalized production and reduced employment. Since the declaration of Martial Law in 1972, the Philippines has accumulated a foreign debt of $16 billion, with some 2.6 billion of that total from the World Bank. Local banks, in turn, have made loans to large corporations and investors for major development projects. In Mindanao, extensive banana, palm oil and pineapple plantations have forced Christian and tribal small-holders into poorly paid wage labour or unemployment. The sailcraft fisherfolk who inhabit the strand about the archipelago's thousands of islands have recently found their catch dwindling in the face of competition from sonar-guided trawler fleets. Manila's legions of petty entrepeneurs, jeepney drivers and market vendors are losing out to palatial, airconditioned shopping malls and government-financed bus companies. But as the job market shrinks, the country's post-war population explosion has spawned a vast reserve of unskilled labourers who are just now flooding into the workforce. Well over half the Philippines population is under 19. In the past five years, unemployment has doubled nationwide to 15 percent and reached 26 percent in Manila, and these figures probably conceal the true extent of the problem.

President Ferdinand Marcos' decade of dictatorship has seen a dramatic decline in living standards from a base that was already dangerously low. Economic indicators show a 30 percent decline in real wages between 1972 and 1978. The slide continues today. In 1982, there was a 16 percent increase in consumer prices and little wage increase for most workers.

It is not a simple matter of just feeling hungry. Most of the poor can still fill their stomachs with banana, rice and fish sauce. But such nutrition cannot resist the heat and disease of the tropics. A pediatrician working in a mining town in southern Negros told me that over 90 percent of the children in her area were infected with intestinal worms up to 20 cm. long and the thickness of a fat earthworm. The first time she dewormed the village children, the average number of worms per child was 60 and one child had 251. While most developed nations have an infant mortality rate below 25 per 1,000 live births, the Philippines has an average of 65. In poor areas like Samar Island, the rate is 80, and in Manila's Tondo slum district the infant death rate reaches 130 per 1,000.

Adults do not escape health problems. One factory physician told me that 75 percent of the 1,200 workers under his care had some degree of TB infection. "Most of my patients," said one rural doctor from Central Luzon, "carry TB in their lungs, amoebas in their intestines and inadequate nutrition in their stomachs — a situation that makes them exceptionally vulnerable to infectious diseases such as influenza, cholera and hepatitis." Five years ago the Asian Development Bank reported that average daily food consumption in the Philippines had declined to the lowest level in Asia.

After a decade of such unrelenting pressures, the country's workers and peasants now feel a very strong sense of anger and injustice. When Marcos declared Martial Law a decade ago, most were inclined to believe his promises of a revolution from above for the common man. Marcos promised land reform, social justice, the destruction of the old, corrupt oligarchy, and a new society. Ten years later, people have seen injustice from an abusive military, the creation of a rapacious new oligarchy of presidential cronies, massive land alienation, and a society more tawdry than the one it replaced. Perhaps more important, the constant erosion of working conditions and living standards has pushed most people into a grinding poverty that offends their fundamental sense of dignity.

Listening to this outpouring of anger from workers over the past two years, I was reminded of the inscription by the writer Nick Joaquin at the base of a massive bronze water buffalo in Manila's Luneta Park. I misquote from memory. "Like the Filipino (peasant), the carabao (water buffalo) is patient and long-suffering, but when finally aroused rampages in an uncontrollable rage."

I had a chance to witness this anger last year during a month long strike at the La Carlota Sugar Mill in Negros Island. All the 1,500 workers supported the strike with an unprecedented militancy. Over the past 30 years, most sugar industry unions have operated with a corruption and opportunism which alienated workers and reduced their strikes to two or three day rituals. Led by the National Federation of Sugar Workers, a union founded by radical Catholic priests in the early 1970s, the La Carlota strike surprised both mill management and the military. Instead
of collapsing within a week, picketing continued night and day for four weeks, despite a dwindling strike fund and an escalating military presence.

When the Supreme Court declared the strike illegal on technical grounds, the authorities needed fire hoses and 200 soldiers to break up the picket lines. Although strike funds were exhausted, most workers refused to return to the mill until hunger left them no alternative. A year later, there are still 100 to 200 militants who prefer penury to capitulation. Through conversations with several of these die-hards, I gained the impression that their anger was over something more than just hours and wages. They were bitter about the government, the military who broke the strike, and the misery of their lives.

Although longer than most, the La Carlota strike is not exceptional. To attract export processing industries, the Marcos government banned strikes and held down wages until 1975. Between 1975 and 1979 there were 400 strikes led by a radical underground labour movement. In defiance of the government’s own trade union confederation, these wildcat unions coalesced, on May Day 1980, into the “May 1st Movement”, a million-member confederation with undefined ties with the underground Communist Party.

The most dramatic evidence of this growing anger is the sudden growth of the New People’s Army in the past three years. Founded in 1968 by student leaders from the University of the Philippines, the Communist Party of the Philippines broke definitively with the old Moscow-line party and organised the New People’s Army (NPA) to wage Maoist-style guerrilla warfare. The new party spent its early years in bitter internecine warfare with the old party — warfare which involved a number of assassinations in Manila and mutual betrayals to the Philippine Army’s intelligence service. Once Martial Law was declared in 1972, the new party’s student membership fled to the hills and joined the NPA. This early attempt at guerrilla warfare was rather like a children’s crusade. Raised in the cities and indulged by their middle class parents, most NPA guerrillas stumbled hopelessly about the mountains falling victim to disease, insects, peasant informers or military ambush. Betrayals were common in these early years. In the mid-1970s, the NPA’s ambitious expansion in the Bikol region of southern Luzon collapsed when the zone’s number two commander bartered the names of his followers to the Philippine Army for amnesty and money.

When I came back to Negros in 1982 the change was remarkable. Supported by embittered workers and peasants, the local NPA organisation had grown into an effective guerrilla unit of 100 to 200 troops that controlled a sprawling liberated zone in the southern part of the island. After hearing Gerry’s story and learning of growing NPA influence from workers on his plantation, I decided to spend a week looking into the face of this revolution.

Two hours’ drive south from the provincial capital, Negros’ broad coastal plain of sugar plantations rises into a vast, undulating plateau of forest and small farms. The plateau was not settled until the 1950s when pioneer families from the sugar districts began clearing small farms of five to ten hectares. A quarter of a century later, on the eve of the NPA’s penetration, the plateau was still very much a frontier. Isolated farming families suffered raids from bandits, and women walking to and from remote fields were sometimes raped. Cattle rustling and random violence were endemic. Much of the land had been corruptly titled or claimed by wealthy urbanites, and land-grabbing threatened the future of many small farmers. Roads are bad, schools worse, and other services non-existent. There are virtually no doctors, hospitals or clinics. Only the Catholic Church seemed at all concerned. In 1969, the province’s Bishop Antonio Fortich installed an antiquated sugar mill from Puerto Rico to provide additional income for the plateau’s struggling farmers. The Columban Church seemed at all concerned. In 1969, the province’s Bishop Antonio Fortich installed an antiquated sugar mill from Puerto Rico to provide
The NPA established its base on the southern plateau in the mid-1970s. During a week of intensive interviewing, hiking, and driving about the plateau, I met nobody who had anything but praise for the NPA which has created an effective government apparatus welcomed by frontier farmers. Rapists have been shot or buried alive. Stolen water buffalo, a farmer's most valuable asset, are recovered and returned. NPA officers mediate local disputes and prevent conflict from becoming vendetta. Several land-grabbers have been executed as a warning. When a lumber company security officer returned to work the 1,000 ha. he had stolen from small farmers, the NPA raided his camp, killing both him and his wife.

One afternoon I came across a remote hamlet where eight NPA troopers, armed with M-16s, were conducting a "seminar" for the young men of the area. The lectures were something of a morals lesson — respect your parents, work hard, don't fight with your mates and don't sleep with a woman before marriage. The NPA imposes no taxes and survives by raising crops in remote mountain fields or by buying their food from villagers.

As the NPA strength in the area grew, the local Philippines Army command sent in regular and irregular forces to suppress the revolt. Army task forces swept the plateau repeatedly — raping women, torturing civilians, executing suspected NPA supporters, stealing pigs and demanding bribes. For several years in the late 1970s, the Army unleashed a ten-man death squad led by a notorious killer. In the end, his reign of rapine became an embarrassment and he was gunned down, many suspect by the army itself. Since the NPA faded away as the army approached, neither tactic caused the guerrillas any serious difficulties. Quite the contrary. Military excesses strengthened civilian support for the NPA and angered the Church. After each military operation, the people complained to the Columban priests who demanded that their Bishop file a formal protest. Once a military patrol pack-raped a suspected NPA courier and confined her in a distant military hospital. The Columbans learned of the incident and forced her release. Late last year, the Army arrested Fr. Gore and Fr. O'Brien and charged them with subversion.

Last month, the NPA demonstrated its strength by marching 100 well-armed guerrillas into Candoni, the plateau's only major settlement. The troops executed two local militia, seized weapons, and occupied the municipal hall for several hours. Candoni is not much — a few shops and wooden houses dotting a concrete road grid. But it is the first time that NPA forces have seized a town in Negros.

It is in the remote areas like southern Negros that the NPA has built its mass base over the past five years. The Marcos government has filled Manila and the secondary cities with spies and informers who regularly deliver NPA cadre for lavish rewards, while the lowland plains suit the Philippine Army's conventional search-and-destroy operations.

But, in the remote areas, the NPA has grown into a guerrilla force of 12,000. It conducts operations across the archipelago, and can claim liberated zones in the mountains of northern Luzon, the Bikol Peninsula in southern Luzon, Samar Island, Negros, Panay Island, and Mindanao in the far south. Mindanao, the Philippines second-largest island, will probably be the site of the first major NPA victories.

The NPA has built up an extensive mass base and strong forces in the Christian areas of the island's eastern half. Recent NPA offensives have punished the army's Southern Command, and the regime responded last month with a heavily publicised airlift of Marine reinforcements, hosted by First Lady Imelda Marcos. The March 24 edition of The Bulletin Today, Manila's leading daily, headlined an army intelligence report claiming that the NPA plans to blunt the army's offensive by overrunning the army's main Mindanao bases. If these reports are accurate, the Mindanao NPA may be approaching main force strength.

By any standard, the NPA growth is impressive. But the guerrillas are still years away from their final march on Manila. In an archipelago like the Philippines, a long march becomes a long swim. As long as Marcos holds the loyalty of his 150,000 troops, he can maintain strategic control over the sea lanes and contain the NPA in their remote islands. Cut off from Manila by a natural sea barrier, the NPA cannot concentrate its scattered forces for an assault on Manila, a final offensive like Mao's drive for Shanghai in 1949, or the Vietnamese Army's push for Saigon in 1975. Given the current balance of forces, the NPA can only take power if the Marcos regime self-destructs. And even if the regime does collapse, the Communist Party will still have to form a broader coalition with elements of the old Manila oligarchy, the urban middle class and the military before the guerrillas can march into power.
downtown Manila. Even the most optimistic NPA supporters talk of a 10-year revolution.

The Marcos regime is indeed rotting from within. After 18 years in power, Marcos' cronies have become corrupt beyond imagination, the bureaucracy has ossified, and an entourage of sycophants isolates the regime from the news of its decline. In its early years the regime showed some promise. Marcos declared a massive land reform to endow the nation's poor tenant farmers. He closed Congress, bastion of the provincial warlords, and wiped out several vast financial empires in the name of social reform.

Five years after the declaration of Martial Law, it became apparent that Marcos had created a new oligarchy of relatives, in-laws, cronies and allies. As $16 billion in foreign loans poured into Manila's banks, only those deemed "reliable" had access to credit. While the old elite stagnated, the new oligarchs scaled the financial heights. With the help of a call from Malacanang Palace, an inconsequential crony could gain access to, let's say, a $60 million loan for a sugar mill.

Since Japanese contractors pay a minimum 10 percent kickback on their machinery, new sugar mills began popping up in unpromising locations in the late 1970s. Most have since gone bankrupt. The object of the exercise was, after all, a ten percent kickback, not a ten percent profit.

Much of the $16 billion in foreign loans has gone to massive construction projects — irrigation, dams, hospitals, hotels, government offices, highways, and great monuments like the Manila Film Center or the Folk Arts Theatre. The kickback starts at the top when a senior official demands that a 20 percent kickback be padded into the contract. As the inflated bid works its way down the system from general contractor, to sub-contractor, to supplier — each adding a modest ten percent for himself — the total for kickbacks grows to as high as 80 percent of the overall contract cost.

Such systematic corruption also damages the environment. The survival of the 48 millions crowded into these narrow islands depends on a fragile balance between forest, water table and agriculture. Illegal logging of the forest watershed along the island spines has been a problem for some 30 years, but in the past five it has become a plague. Senior officials in the Ministry of Natural Resources take cash bribes for logging licences across the desk. Although Luzon's watershed is at great risk and the floods rise with each monsoon, the cutting continues unabated.

There was political method in this economic madness. Seeing a precise equation between political and economic power, the Marcos regime was trying to secure a permanent hold over the nation by crippling its potential enemies and strengthening its most loyal allies. By concentrating media, finance, manufacturing, commerce, primary industry, and transport in the hands of a few allies, the regime blocked any move against it from the centre of society. No conventional politician could ever hope to challenge such an enormous combination of political and economic power. The centre disappeared and politics has become a choice between Marcos and the NPA.

Reeling from these body blows, the Philippines economy stumbled towards collapse in 1981. The crisis began in January when a Chinese textile magnate named Dewey Dee fled the country, taking an estimated $100 million in stolen funds. Other leading financial figures followed, leaving heaps of bad financial paper that cost Philippine banks between $600 and $950 million. The Governor of the Philippines Central Bank later resigned quietly when it was discovered that his office had been accepting "commissions" from borrowers after approving their loans.

Once the panic set in, the whole fragile edifice began to collapse. Most of the 25 luxury hotels, built at a cost of $200 million, to house the IMF conference in 1976, went into receivership. Several new financial empires were taken over by government banks on very generous terms, and Marcos had to authorise a government bail-out package of several hundred million dollars to avert a total collapse.

Even the World Bank, which had previously supported Marcos with massive credits, began to have its doubts. Bank consultants soon discovered that his office had been accepting "commissions" from borrowers after approving their loans.

And, in between, there has been a steady succession of costly "prestige" projects. In the wake of these financial scandals, Marcos moved to repair the damage with a bit of political cosmetic. For six months, elections and political ritual heralded the end of martial law and the advent of parliamentary democracy, the "New Republic". Once Marcos was elected president under the new French-style constitution in

• NPA rifle practice.
• Catholic banner depicting state brutality.

John Edgar
June 1981, the Reagan administration jettisoned Carter’s criticisms of the regime’s human rights record and despatched Vice-President Bush to toast Marcos at his inauguration. The Marcos-Reagan courtship was consummated last September with a triumphal state visit by Marcos to the White House, a clear signal to the Filipino opposition that it can expect no more help from mother America.

Most observers argue that the changes mean little, and Marcos is still a dictator in all but name. Clearly, the new parliament is a sham. Housed in a massive new building with an assembly hall the size of Sydney Opera House, the parliament meets only two hours a day, four days a week, a few months a year. The session I attended was devoted entirely to a routine debate over three clauses in a bill on registration of licensed professionals, lawyers and the like. But the new cabinet does represent a significant departure from Martial Law.

Reportedly, in response to pressure by the World Bank, Marcos appointed a prime minister, Cesar Virata, and five key ministers from the ranks of the country’s economic “technocrats” closely identified with the World Bank. The tensions between the technocrats and cronies have, for the first time in a decade, spawned serious political conflict at the centre of power. These tensions broke into open political warfare in late 1981 over the so-called “coconut levy”. If the humble coconut does not seem the stuff of historic controversy, then remember that the Philippines is the Saudi Arabia of coconut oil. It supplies 85 percent of the global trade in vegetable oils. Grown on 432,000 farms across the archipelago, usually by poor tenant families, coconuts are the country’s major export and the main livelihood for some 15 million Filipinos.

In 1974, President Marcos decreed that farmers would pay a 100 peso levy (approx. $10) on every 100 kilos of coconut. A year later, two key cronies, Defence Minister Juan Ponce Enrile and Ambassador Eduardo Cojuango formed the United Coconut Planters Bank, and the government ordered that coconut levy collections be deposited there interest-free for the “development” of the industry. Coconut farmers could then borrow back their own money at 10 percent interest. By 1982, levy collections had reached $900 million, a considerable capital by any standard, and one that has never been audited. With this financial backing, Enrile and Cojuango bought up the private coconut mills to form United Coconut Mills, or Unicom, and then forged an international marketing strategy with several major American vegetable oil traders.

In 1981, Unicom and its American allies moved aggressively into the US market, buying up oil stocks to corner the market and force already high prices even higher. Instead of paying these inflated coconut prices, American trades took advantage of a drop in soy bean prices and boycotted coconut oil. Prices nose-dived and Unicom was forced to sell its stocks at a $10 million loss. Seizing the advantage, the major U.S. vegetable oil firms launched a global offensive against Unicom. The U.S. Justice Department filed a price-fixing suit against Unicom, and its U.S.-based agents had to flee to Manila to avoid arrest. The U.S. companies then moved against Unicom in Manila by funding several Philippine political figures for a political attack on the coconut levy. Some sources claim that Benjamin Romualdez, Imelda’s brother, was the key figure in the attacks on the Enrile-Cojuango coconut empire.

Whatever the cause, the coco-controversy was the first serious political debate since 1972. For several months, Assembly member Emmanuel Pelaez launched stinging attacks on the levy from the floor of parliament. Prime Minister Virata, a man of great integrity, intervened in late 1981 and persuaded Marcos to suspend the levy. Several weeks later when Virata was abroad, Marcos responded to even greater pressure from cronies Cojuango and Enrile and restored it, a decision that humiliated Virata. The restoration sparked another round of divisive debate until Marcos called the main contenders to Malacanang Palace and banned further public discussion.

The coco-controversy served as a test of strength for the courtiers who would succeed Marcos. Although they hold the nominal seats of power, technocrats like Virata, whose personal honesty assures his political impotence, lack the political and economic strength to survive. Imelda’s faction is an obvious contender and she a likely candidate once Marcos is gone. Both Imelda and her daughter Imee are members of the 15-person executive committee that Marcos has chosen to oversee the transition in case of his death or incapacity.

The Enrile-Cojuango team are also front runners in the race for power. Despite his relative obscurity, Cojuango has become enormously wealthy and powerful. Now the Philippines’ top taxpayer, he holds assets that include 18,000 ha. of prime sugarland, vast real estate holdings, and one of the largest stud farms and horse-racing operations in New South Wales.

As I was getting ready to leave Manila recently, I had some long conversations with several Filipino friends. The first was a greyling matriarch, a descendant of one of the country’s oldest and richest families. We dined at her mansion and, as the servants brought course after course, she launched into the usual litany of criticisms of the regime — Marcos was corrupt, Imelda had wasted the national patrimony, the economy was in a steep plunge. As we moved on to sweets, she moved on to the NPA. “This may seem rather odd for a 70 year old lady, but I am convinced that armed struggle is the only salvation for our nation”. Were there others of the old oligarchy who thought the same way? “Recently, some have. If Marcos stays in power they may lose everything, but with the NPA they might salvage something.”

But the problem remains the NPA itself. “Their current line relies on the peasants and workers, and offers no opening to the old elite,” one management consultant friend told me.

Over coffee in a downtown hotel, a professor at the University of the Philippines who is active in the National Democratic Front (the
Communist Party's mass organisation) told me that "There is a debate now in the party over our long term political strategy. Right now the line is to fight the two enemies — U.S. imperialism and the bourgeoisie. Frankly, I think it's stupid. Until the U.S. becomes neutral like it was in Cuba, the NPA can never win. The U.S. will do anything to keep its bases here. And until the NPA forms an alliance with the Manila bourgeoisie, like the Sandinistas did in Nicaragua, they will have to spend another 10 years in the jungle. This country just can't stand this kind of plunder much longer. Once we get power we are going to need all the capital we can get to repair the damage done to the land and the economy, to prevent this country from winding up a basket case like Ethiopia."

Such an alliance between urban oligarchs and jungle guerrillas at first struck me as improbable. Manila's high society shimmers with a sophistication bordering on the degenerate. But, despite the dazzle, the men tend towards passionate nationalism and the women towards Catholic moralism. Marcos offends on both counts. The business community bitterly resents his partiality towards cronies and multinationals; and for the moralists, Manila seems a Sodom standing as a testimony to the regime's corruption. Catholic social workers estimate that there are 200,000 prostitutes serving a foreign and domestic clientele in Manila; 16,000 for the U.S. Navy at Subic Bay; 10,000 for the U.S. Air Force at Clark Field, and lesser populations for tourists in the provincial centres.

The regime has promoted tourism as a main source of foreign exchange and ignored protests by the Catholic Women's League. Morality aside, the city's incredible pollution, intolerable congestion, growing violence and festering squalor have made life in the capital painful for everyone.

Its supporters point out that the NPA is already something of a coalition. Over the past decade, it has attracted an international beauty queen, a top graduate of the Philippine Military Academy, a brace of Catholic priests, and the deputy director of the Development Academy of the Philippines, the regime's own think-tank. The latter recruit, Horatio Morales, announced his defection at a banquet honoring him as one of the nation's Ten Outstanding Men of the Year. The Light-a-Fire Movement, which set off bombs in Manila hotels in 1980, was led by the Dean of the Asian Institute of Management, the country's prestige business school.

The Philippines has suffered two failed revolutions during the past century. Their fate was, in the end, determined by conflict between the Manila oligarchs and the mass of peasants and workers. During the Philippine national revolution of 1896, the Manila elite dallied with the new republic before deciding that independence in the imperial age was impossible. They eventually sided with the American colonial regime which crushed the infant republic, a decision which, unjustly perhaps, earned them the stigma among later generations as traitors.

A half-century later, the old Communist Party launched the Huk peasant revolt against the newly independent republic. Threatened by the party's promise of land reform, the oligarchs sided with the government and the CIA against the peasants. By 1954 the Huk revolt was crushed and the old party in disarray. If history and circumstances are any guide, the fate of the NPA's revolution may ultimately revolve about the same dynamic. Convinced that the old oligarchy is tainted by the original sin of their grandfathers' turn-of-the-century treason, the NPA has so far refused to broaden its coalition.

But, whatever their decision and the outcome of this revolution, the NPA guerrillas have already become a major feature on the political landscape of Southeast Asia.

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