

# || CHAPTER EIGHTEEN

## THE ZAIRE OF ASIA: THE PHILIPPINES

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FOR ALL of America's frustrations with its recent overt wars in Asia, there is one Asian country where we have engaged in *covert* political activity, and sometimes fighting, and where things have gone pretty much our way. Every antiguerrilla campaign has been victorious, and every election, real or rigged, has produced the winner the U.S. government desired. But our victories in the Philippines very closely parallel our victories in Zaire: they have only hurt us.

In the first years after World War II, probably no country in the Third World harbored a greater reserve of popular goodwill toward the United States than did that lovely archipelago. Twice, U.S. military power rescued the Philippines from hated occupiers, first the Spanish, then the Japanese.

The intervening four decades of U.S. colonial rule were often misguided, but our excesses were noticeably less than those of other colonizers, and came mostly at the beginning. The U.S. demonstrated democracy, and granted considerable self-government—enough to leave Filipinos with an abiding respect for the democratic system. Americans tended to be friendlier than European colonizers, and less condescending in the way they went about things. The relatively egalitarian system that worked in the U.S. was admired and gradually imitated. And, with a planned and orderly\* transition beginning

\*Except for time out to beat the Japanese.

in 1935, well before European colonizers were pushed into surrendering their colonies, the U.S. voluntarily delivered to the Philippines the independence that was promised. Or so it seemed.

The resultant Philippine friendship was an asset to be cherished, not only for Philippine resources and markets, but also because the Filipinos willingly provided military bases. These bases play a valid and important part in protecting free commerce in the Western Pacific and East Asia, and (though less so as technology has improved) in maintaining a credible deterrent to the Soviet Union.

But Philippine friendship was squandered in the hysteria over Chinese communism. As a result, the Philippines may now fit the leftist definition of a prerevolutionary state more neatly than any other country on earth.

As Ferdinand Marcos, our man in Manila, nears the end of his second decade as president, his regime is morally bankrupt. And, despite bountiful resources, the country is headed down the World Bank-IMF road to financial bankruptcy as well. Most Filipinos who think about such things—and there are many, thanks to the American-style school system the U.S. established—will tell you that the Marcos family's personal accounts overseas could buy far more gold than could be bought by the Philippine treasury. Marcos, who began life on one of the lower rungs of the upper class, has become the richest man in his country, and one of the richest in Asia.

Instead of stealing this money from the great faceless mass of citizens via the treasury, as Mobutu stole his, Marcos took much of his wealth directly from the people who earned it—businessmen large and small, whose assets have been effectively expropriated. They are the very people one might expect to support an authoritarian U.S. ally. Yet they oppose him.

Marcos says he takes from the rich to help the poor. But more than 90 percent of the Philippines' 50-or-so million people are estimated to live on incomes of less than \$55 a month. Most farmers don't have their own farms. They work as farm laborers for \$1.50 to \$1.85 a day, despite announced minimum wages of about \$2.50 a day. Even so, they find work only half the time. When work comes, at planting or harvest, wives and young children are often sent to the fields to earn extra money.

Manila is pock-marked by shantytowns—temporary hovels covered by corrugated tin or cloth and filled with skinny children just off the farms. These slums are as bad as any in the world. The men of Manila consider themselves lucky to find office or dock work for \$45 a month during the day, and to pick up another \$32 a month moonlighting in other menial work. Streets and bars teem with educated young women from good families offering their bodies for \$20 a night or almost anything men will pay.

Living costs are low, too, but not that low. In 1982, a 5½-pound bag of rice cost 93 cents, and meat cost about \$1.40 a pound. Families of eight or ten children are common. In fact, the annual birthrate in this mostly devoutly Roman Catholic land is 41 per 1,000 people, one of the highest in the world

(in the U.S. it's about 16 per 1,000; in India, 34), and there seems to be little effort to cut it down.\*

Prices of imports rise as the peso loses ground against foreign currency by 10 percent a year. Foreign debt, much of it originating in loans to enterprises owned by Marcos and his family and cronies, has reached \$16 billion. In 1982, the big new export became talent. Newspapers don't offer much local work, but there are plenty of ads for engineers and other skilled people to work in Saudi Arabia and Kuwait. The government encourages this outflow of skill because it keeps 70 percent of the workers' foreign earnings, to pay the Western debt, and compensates the workers by giving them newly printed pesos.

Even the tiny middle class lives in slum conditions in Manila, with open ditches serving for sewers and dead rats rotting along the rutted pavement. Neelo, for example, is a business college graduate who can't find an office job, and so works in his family's overstuffed luncheonette in the Manila business district. His wife sells canned goods through the window of a store in the front room of their three-room apartment.

They live with their five children and a servant, a young girl from one of the out-islands (the Philippines consists of more than 7,000 islands). Neelo and his wife sleep on a bed in the middle room, opposite the TV and the record player. The five youngsters sleep on the floor of that room, and cry at night when the rats brush against them. The servant sleeps on the kitchen table.

Neelo and his wife scrimp to send their children to private school. Like many parents in the Philippines, they think the public schools today send more children home with bloody noses than with good educations. Despite a constitutional mandate requiring free primary education for all, money problems now keep most kids from making it through seventh grade.

YET, ironically, the citizens who seem to have lost the most in the past decade live a few miles from Neelo, in the ghettos for the rich. Private guards inspect cars or pedestrians wishing to enter these fortresslike suburbs. Inside, the houses hide behind concrete walls whose tops are imbedded with jagged glass. Huge German shepherd dogs pace behind the iron gates, growling at strangers.

The residents of these elegantly furnished, fortified homes sit around complaining about Marcos. They used to do it over tumblers of Chivas Regal; now that the corrupt foreign loans have provoked stricter exchange controls,

\*In 1970, I traveled to the Philippines with my wife of two years. The people of many Third World countries were incredulous that she still hadn't become pregnant. But the Philippines was the only place where men insisted on pulling me aside and making sure I knew how it could be accomplished.

there is no more Chivas Regal; the complaining is done over local rum. The intricately woven rugs and fine upholstery are allowed to fray, unreplaced. The rich are as angry as the poor, and more articulate.

Some wealthy families live in the countryside, though fewer now than in former years. Their homes are less and less separated from the envious poor by the dogs, the fences, and the jagged glass. Agriculture isn't so profitable anymore. City and countryside alike, Marcos has made himself such an implacable enemy of business that the relatively wealthy classes are already aiding a budding guerrilla revolution, although they know very well they may lose control of it.

The Marcos government itself has fundamentally stifled free enterprise. Using the power of the state, it has in effect nationalized many large and medium-sized businesses that in other countries live in fear of communism. From the richest to the poorest, Filipinos make clear that they believe this couldn't have happened without the full, active support of the United States.

Marcos was elected in 1965—fairly, by most accounts. He was reelected in 1969 in balloting that many Filipinos assert was rigged. According to official returns, he swept the election by 2 million of the 9 million votes cast, but a year later Filipinos were still complaining that he “won” in districts where almost everyone opposed him. The government committee that administered the elections reported “rampant overspending, fraud, and terrorism.” The committee listed seventy-two political murders during the campaign, although unofficial estimates put the death toll as high as a thousand. *Time* reported that just before the election, Marcos's government paid out \$50 million in “local development funds” to thousands of village leaders, in \$500 packets. In interviews\* with about fifty Filipinos from half a dozen provinces and various walks of life, only one, an international tobacco dealer, said he voted for Marcos. Most of the others completely disbelieved the official election results in their districts.

The constitution prohibited a third term for Marcos in 1973. There was speculation he might run his wife, Imelda, a former Miss Universe contestant who in personality has been variously compared to Lady Macbeth and the cartoon character the Dragon Lady. Instead, though, Marcos did something even more cynical. He seized power under martial law in 1972, ending twenty-six years of Philippine democracy. He lifted martial law in 1981, but only after changing the constitution to allow rule by decree if he has trouble with the national assembly, which opponents say is controlled through rigged elections anyway.

From the beginning, Marcos has received U.S. political, economic, and military support. He did everything he could to ally the Philippines with the U.S. in the Vietnam War (reversing a campaign pledge to stay out), and thereby gained support from the Johnson and Nixon administrations for even his most antidemocratic and anti-free market policies. So long as he stays

\*With the author, in 1970.

in power with U.S. support, he guarantees the U.S. permission to operate the air and naval bases that the Pentagon considers vital. The trouble is, as Marcos's policies drag his country down further, and the U.S. remains inexorably identified with those policies, both Marcos and U.S. interests could be cast off in a single blow.

President Lyndon Johnson helped glamorize the Marcoses early in their tenure. Pictures of the two first couples dancing with each other were widely circulated. That kind of thing was still going on in 1981, when Vice-President George Bush visited Manila and went out of his way to toast Marcos in public. Said the U.S. vice-president, "We stand with you, sir. . . . We love your adherence to democratic principle and to the democratic processes. And we will not leave you in isolation." President Reagan was almost as enthusiastic when Marcos visited the U.S. in the fall of 1982.

How big a commitment it would take to keep Marcos from isolation isn't clear. He continues to outlive persistent rumors that he is suffering from various fatal illnesses. "Huk" guerrillas continue their so-far-futile thirty-year fight against him. But lately another, much more widely accepted guerrilla group has sprung up, the New People's Army, or NPA. The U.S. embassy in Manila spreads word to visitors that Soviet submarines have deposited arms on the coast for the NPA. The embassy won't comment officially.

Prodemocratic Filipino businessmen have begun to talk of guerrilla successes as the main hope for persuading the U.S. to accept a compromise substitute for Marcos. Most people in the Philippines, however, must wonder why the U.S. should have a say in the matter at all.

IN 1981, Marcos decided to hold local elections and permit a carefully restrained opposition. Under the rules Marcos dictated, his candidates were guaranteed to win most contests. But the opposition got a toehold. Its constituency so far is mainly entrepreneurs and executives frustrated by Marcos's exploitative clampdown on the free marketplace. Under the rules, the opposition was splintered into an array of small groups. But early in 1982, representatives from many of these groups met and elected a single leader, Salvador "Doy" Laurel, scion of one of the old-line ruling families.

At the time, the election might have had mostly symbolic importance, because the most popular opposition politician, former senator Benigno Aquino, wasn't around. Fearful for his life, he was living in exile in the United States. But Aquino decided to return in August 1983, to take up true leadership of the opposition. He was murdered a few seconds after leaving the plane in Manila in custody of a Philippine military guard, pretty clearly with their complicity. That left Laurel with more than just a title.

A lawyer with a reputation as a rich playboy, Laurel appears able to get away with saying things about Marcos for which other men have paid with their lives. One reason for Laurel's freedom is his late father, a former

Philippine president under Japanese occupation (who narrowly escaped being tried as a traitor after the war). Back in the 1930s, Marcos, still a student, was caught red-handed in a gunshot murder. The victim was a political opponent of Marcos's father, a provincial politician. Laurel's father, then a justice of the supreme court, arranged for the murder charge to be dropped. Later, during the war, the elder Laurel once again saved young Marcos's life by warning him of an impending Japanese raid.\* There obviously is a debt, and young Laurel is testing it.

In speeches, Laurel sometimes tells supporters that he opposes the mining industry. He reassures them that he has nothing against digging out the Philippines' rich deposits of coal, iron, silver, gold, chromite, manganese, nickel, and copper. What he opposes, he says, is the mining done by President and Mrs. Marcos, and their family and friends. "They are always saying, 'This is mine, this is mine, this is mine'—soon they will own everything," Laurel says.

Few Filipinos would miss the joke. Marcos's family and cronies have effectively expropriated almost everyone's business to one degree or another. As far back as 1970, a visitor to the Philippines could be stunned by frequent chance encounters with entrepreneurs who said they had been forced to give up as much as 50 percent ownership in their operations to a relative of the president's. One night, a traveler stayed with a husband and wife who started and ran a small lumberyard in northern Luzon. The traveler was told that the lumberyard had just been bought by Marcos. The next night he visited a hotel, one of a small chain, and was told by the mom-and-pop operators that a year earlier it had been acquired by a syndicate fronting for Marcos.

A few nights later, in one of the walled Manila suburbs, an executive of a major import and wholesale firm who also dabbled in resort motels sat down with the same traveler. Devaluation of the peso had confounded the firm's international business deals, and the more pesos you had in the bank the more you lost. The executive and his wife, talking contemptuously, accused Marcos of ordering the murder of a prominent politician whose gunshot slaying in a church monopolized local headlines that week.

Even government officials said they thought Marcos's behavior—especially his schemes for self-enrichment—had grown intolerable. All this came at a time when the U.S. press still seemed mesmerized by the glamorous Marcoses. Nowadays the glamor, if not the power, is gone. Only the White House and State Department seem mesmerized, but as long as they continue to provide the money and arms, the Marcoses keep going. The industry "centralization" policy, as the Marcos takeovers are sometimes politely referred to, has spread throughout the economy.

\*The first story has been widely told and printed. The second story, like the first, was related to the author by Laurel himself in an interview and was confirmed by several people who know either Marcos or Laurel.

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THE Philippines' two biggest cash industries, coconut products and sugar, have effectively been nationalized. This has infuriated millions of people who depend on these industries for their living. The anger is consistent, from the mass of tenant farmers and illegally low-paid \$1.88-a-day farm laborers, to the middle class mill operators, and right on up to wealthy plantation owners.

When, in 1982, government forces shot four teenagers to death in the town of San Juan Batangas in the heart of the coconut region on suspicion of being members of the New People's Army, it was not just the poor who mourned them; Horacio Marasigan, the heir of the biggest landholding family in the area, assailed the shootings as "a massacre."

The 62,000 people of San Juan Batangas stand mostly united, rich and poor, against Marcos and his patron—us, the American people; it is not their opposition to freedom that drives them to sympathize with the rebellious youth, but rather their opposition to socialism. Of course, socialism isn't the name they give to the Marcos system, and socialism is certainly not the name the U.S. embassy gives to it; but socialism is a fairly apt term for what Marcos has done to Philippine industry.

The coconut industry has effectively been declared public property and turned over to an old friend and political ally of Marcos, Eduardo Cojuangco (pronounced KoWHANKo), who manages it under a long-term contract from an organization called the Coconut Federation, or Cocofed. Marcos started this organization back in the 1970s, and required all coconut planters to join.

The organization was formed in good times, when the world price of copra (copra is everything in a coconut that yields oil) had soared. Planters were making much more money because of the higher prices, but the rising price of coconut cooking oil in the home market was hurting Filipino families, who traditionally consumed half the national output. Marcos's original proposal was to impose a tax on coconut planters, taking part of their increased incomes to create a fund that would subsidize domestic coconut oil sales.

Of course, as so often happens with taxes, when the original motivator disappeared—when coconut prices fell back to previously low levels—new rationales were found for collecting the money. The coconut tax, it was now declared, would fund scholarships, insurance, and other social benefits for people engaged in the coconut business, from planters down to common farmers. The tax ran from 25 percent to 30 percent of the export price of copra, enough to pay for plenty of benefits. But people in the industry complained that they weren't getting any such benefits.

The hundreds of millions of dollars in coconut taxes go into a special bank created to hold this money, the United Coconut Planters Bank, or Cocobank. The coconut planters have been told that they collectively own

70 percent of the stock of the bank; they paid for this stock through additional taxes. But the holders of the remaining 30 percent of the stock actually control the bank, and they, of course, are Cojuangco and a few other Marcos insiders who were given directorships in the Cocobank at the outset. These insiders were allowed to buy shares in the bank for only 5 percent of the per-share price charged (via taxes) to the planters.

Marcos arranged for defense minister Juan Ponce Enrile, another member of the ruling clique, to be chairman of Cocobank and honorary chairman of Cocofed. Cojuangco became president of the bank, while still managing Cocofed, which imposes the tax that supplies the bank its money. Because Cocobank is supposedly owned by the planters, it doesn't pay interest on the tax funds it receives from them; but it charges market rates when it lends the money back out, and the same planters are often the borrowers.

The Cocobank and Cocofed don't account publicly for the money they get. (Cojuangco, Enrile, and their colleagues avoided strenuous attempts to interview them.) But the money is known to have financed the development and distribution of hybrid coconut tree seedlings by a company privately owned by Cojuangco. Still other funds have been spent hoarding oil, in an unsuccessful experiment to control the world market. (The U.S. Justice Department has charged some related companies based in America with price fixing in connection with this.)

Perhaps most galling of all, proceeds from the levy—the farmers' own funds—were used to buy up almost all of the country's coconut processing mills. This has created a purchasing monopoly, run by Cojuangco's organization. In the style of purchasing monopolies everywhere, the Cojuangco mills began paying lower prices to farmers for their copra. The farmers were deprived of their traditional option to shop around for more generous markets.

The farmers say they now get only about two thirds as much money for their copra as they used to (figured as a percentage of the world market price), while, on the other hand, the mills in the Cojuangco monopoly appear to be earning several times more money than coconut mills used to earn. One could argue that with world coconut prices falling recently, Philippine farmers would hurt anyway. But the farmers say they are willing to take their chances with the market. Horacio Marasigan, the big landowner of San Juan Batangas, put it this way: "We feel that if there was no monopoly, and free enterprise was allowed to work, the price [to the farmers] would be much higher."

Marcos's original plan, at least as he announced it, was to squeeze the landowners a little so that the poor would benefit. But while the landowners have been squeezed a lot, the poor do not seem to have benefited at all; certainly in their eyes, they have suffered.

MUCH the same happened with the sugar industry. In 1974, the world sugar price soared, which should have been a boon to Filipinos. But Marcos

responded by creating the Philippine Sugar Commission—Philsucom. Farmers could no longer take their sugar to the mill of their choice, get a receipt for it, and then sell the receipt to whichever of the many competitive sugar brokers was paying the highest price.

Just as with the minerals of Zaire under Mobutu Sese Seko, Philippine sugar under Philsucom became owned by the state. The farmer still gets a receipt for his sugar when he turns it in at the mill, but the receipt entitles him only to wait until the government decides, much later, what to pay him for it. A lot of farmers no longer think the prices are fair. With copious charts and calculations, they are willing to illustrate for a reporter that the price paid to farmers is now much lower than it used to be, figured as a percentage of the world price of sugar.

The announced aim of Philsucom was to level the fluctuations in world sugar prices, in order to make planning easier for the farmer. But Philsucom arrived just in time to “level” downward the high prices the farmer would have received when sugar hit all-time peaks in 1974. The low-end prices in ensuing years didn’t get leveled upward similarly. The reason, the government announced, was that Philsucom had hoarded sugar as prices soured, part of what it thought was a clever plan to sell at price peaks. But Philsucom misjudged the peaks, got less than it could have for the farmers’ sugar, and took a bath.

In 1979, prices rose again. But then it was announced that the farmers owed Philsucom \$350 million for the losses incurred when prices were down. So a fourth of the money that farmers are to be paid for their sugar nowadays, even by Philsucom’s stingy reckoning, is held back to pay off the \$350 million debt.

It turns out that the farmers owe this money to the government-owned Philippine National Bank, to a consortium of private Western and Japanese banks, to the IMF, and to two private Philippine banks. These private banks are largely owned and run by the same man who is chairman of Philsucom—Robert Benedicto, a schoolmate and lifelong friend of Marcos. Benedicto is also reported to have interests in the export and shipping of sugar, as well as in television and other businesses. He won’t make himself available for questioning. But his two banks lend money not only to Philsucom, the agency he runs, but also to individual sugar farmers. These loans, at high interest rates, are to tide the farmers over between delivery of their sugar and the belated payments made for it by Philsucom—which, of course, is run by Benedicto.

Just as with the coconut industry, the sugar industry has been united against Marcos top to bottom. Wilson P. Gamboa, who audits the books for many of the wealthiest planters on Negros, the main sugar island, says the farmers “have never been in debt before. Now they are paying 21 percent interest on restructured loans. They are losing patience.” As he speaks to a reporter, he is surrounded by big sugar planters. One used to be political party chairman

for Marcos on Negros. Another used to be a good friend of Benedicto's. Today, they have given the reporter a tour of the island's capital, pointing out ubiquitous wall posters and graffiti, which say things like, "Revolution, not Election" and "Long Live the NPA (New People's Army)."

"We only want free enterprise," says one planter. "If the price of the world market is low, we accept it, what can you do? But if the price is high, why can't we take advantage of that?"

He says the reason they can't is that the U.S. has pledged to stand behind a crooked, anti-democratic, anti-free market autocrat.

IT would be hard to find a family that has experienced a stranger political transformation than have the Lopezes. Since Marcos declared martial law in 1972, the Lopezes have gone from ruling aristocracy to alleged radical-leftist bomb terrorists.

The Lopezes may have lost more than any other family in the Marcos nationalizations. In fact, they used to own so much that U.S. law, too, would have forced them to divest a lot of property for anti-monopoly reasons. They owned twenty-one radio and television stations with two thirds of the national audience, the country's only energy pipeline company and lubricating oil refinery, the biggest sugar refinery, some prominent newspapers, and considerable real estate, from cane fields to high-rise office complexes.

One Lopez, Fernando, was elected vice-president on a ticket with Marcos in 1965 and again in 1969. At about 3:00 A.M. on September 21, 1972, however, he received a phone call from the palace announcing that martial law had been declared, and that the Philippines no longer needed a vice-president. He says he never even went back to clean out his desk.

Fernando's nephew, Oscar, then president of Philippine Electric Corporation, says he also was rousted from bed at about 3:00 A.M.—by a call telling him not to come to work that morning. He says he tried anyway, but found that "the entire building was sealed by the army." The building, Lopez-owned, also housed the *Manila Chronicle*, Lopez-owned. The government had shut down all newspapers and broadcast outlets, and only those specially approved by Marcos could reopen.

Two weeks later, Oscar Lopez says, a *Chronicle* editor reported that he had been approached by Benjamin "Kokoy" Romualdez, the brother of Imelda Marcos, the president's wife. "Kokoy wanted to start a newspaper," Lopez says. "He said, 'If you would lease us the [*Chronicle*] building, we could start up.'" Apparently, Kokoy had faith that he could obtain his brother-in-law's permission to publish. The lease was signed, and Romualdez effectively took over the Lopez's newspaper. "We had no choice," Oscar Lopez says.

Since then, Romualdez has acquired holdings in many industries and has been appointed governor of a large province. He wouldn't talk to a reporter.

The Lopezes owned two of Manila's seven TV channels including the most popular. The only channel immediately relicensed after martial law was a smaller one owned by Roberto Benedicto—the same Marcos crony who runs the sugar industry and who was also in the meat business with government financing. A few months later a second channel, owned by an American, Robert Stewart, also was relicensed—after Stewart gave part ownership of the station to what Mr. Stewart's son and partner, Leslie Stewart, calls "some people from the government." (He notes that these people were acting privately, not as public servants.)

In 1973, Benedicto's broadcast center burned down. Oscar Lopez says he was approached to lease his old, delicensed facilities to Benedicto, and agreed. Thus Benedicto effectively took over Lopez's broadcasting network. By this time, Oscar's older brother, Eugenio Lopez, Jr., had been jailed on charges of conspiring to kill Marcos. (No actual attempt was alleged.) The Lopez family considered Eugenio, Jr., a hostage.

So they also signed over their electric company—not only because Eugenio, Jr., son of the head of the company, was a captive, but also because a prolonged refusal by Marcos to grant a rate increase had caused an evaporation of profits.

In 1977, Eugenio, Jr., escaped (some people say he was let out by Marcos as part of a deal; the Lopezes deny that). He went to San Francisco, where his sister Pressy and her husband, Steven Psinakis, had helped start an anti-Marcos movement among Philippine-Americans. For years, the Philippine and U.S. branches of the Lopez family had feuded. The Psinakises disapproved of efforts by the Philippine Lopezes to placate the Marcos government and hold onto the family sugar lands.

But the family joined ranks after the U.S. Justice Department began harassing the Psinakises. (It was after an FBI raid on the Psinakis house in San Francisco that Oscar Lopez agreed to give a reporter the interview quoted above.) Psinakis came under U.S. pressure after his name was given to Philippine authorities by an acquaintance who was captured in a bombing incident in Manila in 1980. The acquaintance told Philippine police that Psinakis had put him up to the bombing; later, on arriving in the U.S., the acquaintance withdrew that statement and said it had been forced from him in Manila.

Just before dawn on December 17, 1981, a stranger carried away the Psinakis family's garbage from the front of their home on a pleasant San Francisco suburban street. Psinakis says witnesses identified the man as a Filipino. Later that day, the FBI says, an unnamable, confidential informant gave them the garbage, which then contained detonating cords, empty packets of explosives, parts of clocks, and other bomb-making equipment.

Despite the improbability that anyone actually making bombs would leave the remnants of a do-it-yourself bomb-making kit on top of the garbage in

front of his house, that night about twenty FBI agents raided the home where the Psinakises live with their three youngest children. The FBI found nothing relating to bombs, but seized letters and files from the dissident movement.

Psinakis says that two dozen Filipinos who had been in touch with him were quickly jailed or otherwise harassed, indicating that the FBI had turned his files over to Philippine authorities. He also says he has sources in the Philippine government who told him the files were turned over. (He declined to give a Manila-bound reporter a list of names for verification, explaining that to do so might further compromise the safety of his correspondents.) Psinakis has renounced terrorism, and claims the bomb material was planted in his garbage as a ruse to get a search warrant for the raid on his files.

Documents from the U.S. Defense Intelligence Agency and other material that became public in 1983 make clear that U.S. authorities have long known Philippine agents were active in this country, and have cooperated with them in suppressing the liberty of expatriate Filipinos. So far, Steven Psinakis hasn't been charged with a crime in the U.S. Whatever the truth about the bomb material, the Lopez family has come a long way in a decade.

THE Marcoses wouldn't discuss these issues, or provide a spokesman who would. There are some Marcos defenders around Manila (most seem to have plush government jobs). They acknowledge that industry has been excessively centralized, but deny that corruption had anything to do with it. They say Marcos wanted to create a Japanese-model economy, built around a few private conglomerates, run by people he could trust to operate them in the national interest. Be that as it may, most Filipinos, and businessmen throughout Asia, say Marcos is mainly lining his own pockets, and those of his family and friends.

Corruption and the unequal treatment of citizens has characterized Philippine administration since Spanish colonial times. In precolonial Philippine society, when fewer than a million people lived on the islands, land was usually owned by the community. Anyone could farm unoccupied plots, of which there were plenty. Came more people, there remained the same amount of land.

The Spanish granted large tracts to the Church, to Spanish nobles, and to favored members of the local aristocracy. Tenant farming began. Corruption in government hiring also started under the Spanish, who literally advertised jobs for sale. In 1732, the post of secretary to the municipal board of Manila was offered for 14,000 pesos.

The first U.S. administration wanted to return land to the people, but wasn't willing to annoy the aristocracy. William Howard Taft, the first colonial governor, actually went to Rome and bought nearly 400,000 acres of productive farmland from the pope for \$7.5 million. The colonial administration then sold the land in small plots to 60,000 tenant farmers. But

powerful landlords living on the islands kept their holdings.

The U.S. granted substantial self-government, but the aristocracy dominated the ruling party. It thwarted U.S. efforts to spread landholdings and insure minimum rights for tenant farmers, and the U.S. let the aristocracy have its way. Tenancy actually increased during the U.S. administration, and quickened its rate of increase after independence. With more tenants, the plots shrank. Now, in many areas, a direct turnover of land to the farmers would result in a plethora of tiny, impractical farms.

Early in his presidency, Marcos preached land redistribution. But he never funded the government agencies that were supposed to finance it. The program fizzled. As he did with the Lopezes, Marcos busted up some of the semimonopolistic empires by which the aristocracy controlled the economy, but he merely replaced them with his own monopolies.

A COUPLE of observations unique to the Philippines ought to be added to any discussion of the nation's prospects, especially considering the tendency of U.S. policymakers to ignore local uniqueness. Although the gulf between rich and poor is wider in the Philippines than in other Asian countries—wider than in most other countries altogether—the Philippine esteem for graciousness infects even the common man. A deep regard for the national tradition of hospitality, geniality, and warmth binds this economically disparate society.

Perhaps even more important, many Filipinos, particularly older ones, have studied U.S. history and government with an emphasis on idealism. To a degree much greater than in other Third World countries, the Philippine people understand the principles of democracy—not in Marxist rhetoric, but in the Jeffersonian-Madisonian spirit. They realize, with considerable sophistication, the falseness of the current government.

The Philippine press was among the freest in the Third World until Marcos subdued it with his overnight decrees. While tempered somewhat by publishers who were rich politicians, the newspapers had usually managed to get the facts to the people in a lively way; there were enough rich political publishers that they exposed each other, and left the system open to criticism as well.

Perhaps the most poignant complaint heard during a trip to the Philippines in 1982 was that of a middle-aged career journalist, the mother of several children, who used to work for vigorous newspapers and now writes for a sappy life-style magazine. She observed that her youngest children had gone through school learning from new textbooks that praised martial law and condemned dissent. She lamented the whole generation that is being brought up this way. "They don't even know that there's something wrong with what's happening," she said.

Filipinos value the election process in a way that, say, the inexperienced

Congolese might not. Most postcolonial peoples talk about elections as a foreign idea, a means to the end of setting up a modern state. Filipinos talk about the democratic process more as Americans would, as an end in itself.

Back in 1970, for example, the Philippines was preoccupied with an election for delegates to a constitutional convention. The country's original constitution, adopted under U.S. tutelage in 1935, required a review of itself by a new convention in thirty-six years. Filipinos from all economic stations talked about this convention as the last great hope for emerging from the autocratic centralization Marcos was imposing. Marcos saw the convention as a means of obtaining permission to run for a third term in office. Debate over the views of the candidates surged through the islands.

The convention didn't grant Marcos the new powers he wanted. It preserved democracy. So—clearly with U.S. approval if not actual U.S. instigation—Marcos kicked the constitution out the window and took over with the army.