

Comment

Yukiho Asano

1. Explanation of Background of Unique Position of the Philippines

This paper devoted a relatively large amount of space to an explanation of the political, economic, and security backgrounds of the Philippines. This reflects the unique position of the Philippines in ASEAN. That is, while the ASEAN countries have in general been hurrying to realign themselves toward the new order in the region after the dramatic changes in the international scene wrought by the end of the Cold War, the Philippines has failed to prepare itself and has been unable to easily accommodate itself to the new realities.

Most of these background factors may be said to be due to the system inherited from the time of independence (1946). The social prominence of vested interest groups (elite families) resulted in an entrenched dominance over the Congress and a protectionist economic system designed to maintain their interests. Even after independence, the long equal treatment accorded to American businesses and the allowance of use of military bases by the American armed forces created a dependence on the United States. In security matters, due in part to the geopolitical position as an insular nation, this created a notable insensitivity toward the Philippines' own security interests. This insensitivity was apparent when nationalism flared up and the Senate refused to extend the lease on U.S. bases in 1991.

Worse than these historical facets among these background factors has been the missed opportunities in the political process since the recent February Revolution (1986). If the Philippines had earlier been able to pull out of economic slump which started in the end years of the Marcos regime, in particular, the turmoil wrought by the external debt crisis which started in 1983, and place its economy on the path of growth, this would have created a beneficial cycle and might have enabled the Philippines to narrowly join in the rapid quantitative and qualitative growth of the ASEAN economies in the late 1980s. In fact, there had been signs of an economic recovery up to 1989. These did not materialize, however, due to the deepening political instability of the country.

Whatever the case, the Philippines has been hit by a series of unfortunate natural disasters and the economy has been deteriorating since the start of the 1990s. This has resulted in the complete failure of the Philippines to keep up with Post-Cold War changes in the region. "Failure to keep up," however, does not only mean a slump in economic activity. It also signifies, more importantly, a failure of the system for rallying the country behind the establishment of a new system to deal with the new situation to operate.

The “lack of sense of national purpose” pointed out by the paper is exactly this. There is no continuity in policy and the country appears to outsiders to be drifting. In this respect, the February revolution which ousted the long Marcos dictatorship rather worked to aggravate this situation in two ways.

First, the political dominance of the elite families which had been suppressed under the Marcos regime was considerably restored by the 1987 Constitution, which strengthened the powers of the Congress over the President. Second, a lasting after-effect of the revolution, sometimes called the “People Power Revolution,” has been the new phenomenon of a populist political culture in the bad sense of the term. These two factors have hindered the implementation of any consistent, timely policy embodying national objectives.

2. Effect on Stance Toward Regional Cooperation

This lack of purpose appears most notably in matters of regional cooperation. While the Philippines may act reactively in response to changes in its surroundings, it takes only a weak stance when determining its own destiny as a nation.

Since 1991, economic leaders have switched gears toward liberalization and opening up of markets due to the sense of crisis over the slow growth of the Philippine economy. When it comes to implementation of policies, however, there is firm opposition to specific measures, though general agreement on principles. Some progress has been seen in easing restrictions on foreign investment and lowering tariffs, but one cannot say that these have been of the desired depth or speed.

In matters of security, which embody the national will, this “drifting” manifests itself in a more tragic form. The vote against extension of the U.S. lease on bases in the Philippines in the Senate in 1991 served nationalist interests when considering the fact that the 1947 Agreement was the framework which defined the dependency of the Philippines on the U.S. This, however, should have been accompanied by alternatives to the naval and air defense capabilities previously provided by the U.S. armed forces and alternative prospects to the equipping and supply of the Philippine armed forces by the U.S. The Philippines had counted on a U.S. compensation package, which would have accompanied continuation of the base treaty, for up to one-third of the funding for “the 10-Year Plan for Modernization of the Armed Forces” to be started in 1991. The Philippines had been covered by the nuclear umbrella of the U.S. under the Cold War and never felt any external security threat. While in search of the new security configuration for the Post-Cold War period, the Philippines, though rejecting to accommodate the U.S. base, still draggles her cogitative and behavioral momentum from the Cold War framework.

It would not be a simple question of whether any impending external threat exists or not that determines one country’s security posture. In so far as the Philippines is lagging behind politically and economically and, further, lacks military forces and independent armaments and logistics comparable to other countries in the region, it is forced into a disadvantageous position in diplomatic negotiations with those countries, as shown by the recent minor disputes with Indonesia and Malaysia. The problem lies there—even before the issue of making a constructive contribution to the establishment of a security framework by the ARF.

3. Possibilities for Philippines in Regional Cooperation

As explained above, due to these background factors of the Philippines, there are only extremely limited opportunities for the Philippines to contribute to regional cooperation as pointed out by the author. The author concludes that the Philippines will only be able to take a passive stance until economic recovery gets on track and the country enjoys some sustainable economic growth.

This may be so overall, but this commentator feels that some opportunities for specific forms of contribution can be found. Overall, isn't the author judging the Philippines and its social and economic structure too rigidly? There is room for further study regarding the background factors themselves as well and it is probably necessary to delve into the possibilities for contribution to regional cooperation more individually.

(a) *Background Factors Reexamined*

(i) Shouldn't consideration also be given to the positive aspects of the social and political factors since the February Revolution, considered to be hampering liberalization and market opening? While elite families are dominating the political scene, the social changes since the Marcos' regime have led to a remarkable shift in power from landed families to commercial-industrial families. The trend toward populism, seen from a different perspective, may be considered a reflection of the growth of the middle class in the cities etc. The large amount of money sent home by growing Filipinos working overseas is helping this along and giving rise to a type of mass consumerism. These factors of course form the basis for liberalization and market opening.

(ii) Recently if not too late, has not the Philippines resumed the process of economic recovery leading to sustainable growth, which is a fundamental condition for regional economic cooperation? Good signs have been seen, such as the end of the shortages in electric power, the agreement with the IMF in negotiations over Extended Fund Facilities, and approval of the Medium-Term Philippine Development Plan, and new investment from both domestic and overseas businesses has been growing. The real growth rate in the GNP for 1994 is expected to be well in the 5 percentile range.

(b) *Possibilities for Regional Cooperation*

(i) In relation to (a)(i), the government of course backed the ratification of the Uruguay round and the implementation of the AFTA as strengthening the constitution of the Philippine economy and raising competitiveness in attracting foreign investment, but recent trip to the Philippines has further given me the impression that even individual businesses are surprisingly shedding protectionism. In particular, exporters and nonmanufacturing firms are aggressive about liberalization and opening of markets. Even manufacturing firms, which had been considered protectionist over the domestic market, seem to be changing their policies with the startup of businesses overseas and the change of generations in managers. Shouldn't these changes have been assessed more highly?

(ii) In the past, only the Philippines out of the ASEAN countries had consistently less than a 10 percent reliance on the region in terms of both import and export markets. It had been heavily reliant on the Japanese and American markets. Won't this be corrected in part, however, by the reinvigorated movement of production bases by Japanese businesses, sparked by the recent appreciation of the yen, and the

accompanying development of inter- and intra-company divisions of labor? Japanese investment in the Philippines, which had peaked in 1988 and then fallen due to deteriorating political situation and the power shortages there, started recovering in 1993 and started showing signs of growth along with the 1994 law liberalizing entry of foreign banks. Of course, a more basic condition was the growth in the regional market caused by progress in the AFTA.

(iii) There is no hope for fast development under the East ASEAN Growth Area (EAGA) concept due to the lack of any industrial center to serve as its nucleus and the lack of other essential conditions, but for the Philippines Mindanao is a strategic spot for regional development and improvement of peace and order. Isn't there a possibility for official development assistance or foreign investment in tourism, resource development, and basic facilities, that is, infrastructure? What would be the requisite conditions for this?

(iv) Even in a regional security framework like the ARF, the presence of American armed forces is an unspoken assumption. The Philippine government is most sensitive to and refuses even to discuss the question of access agreements on repair and resupply enabling an American military presence in Southeast Asia after the withdrawal from the Philippine bases and the recently surfacing controversial concept of floating war depot. Accordingly, the only legal basis for military cooperation between the U.S. and the Philippines is the U.S.-Philippine Mutual Defense Treaty (1952). This being said, however, when considering cool-headedly the security of the Philippines, won't this situation change in the future? Alternatively, what kind of conditions will be required for acceptance of these arrangements?

(v) In relation to (iv), couldn't the fact that the Philippines is the only signatory member of a bi-lateral defense treaty with the U.S. among the ASEAN countries be used as an asset when going forward with the ARF? In the late 1970s, the ASEAN countries were very interested in the U.S. maintaining its bases in the Philippines and reportedly worked behind the scenes so as to make this more palatable for the Philippines. In the same way, couldn't the Philippines play a role in the ARF based on a kind of special relationship with the U.S. in the sense of a "division of labor" in ASEAN? Did the Philippines maintain a "passive" role throughout the first ARF in July 1994? Did it make specific proposals based on its own position? What kind of positive contributions would be possible in the future?