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# WITHDRAWAL SHEET

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MEMORANDUM

NATIONAL SECURITY COUNCIL

August 14, 1982

*FG006-12*

CONFIDENTIAL

MEMORANDUM FOR CRAIG FULLER

FROM: CHARLES TYSON *CPT*

SUBJECT: Proposed Issues and Objectives for Visit of Philippine President Ferdinand Marcos

The attached issues and objectives statement being distributed to appropriate Cabinet heads for comment is forwarded for your information.

Attachment: D/S Paper on Marcos Visit

*NSC #8205644*

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ISSUES AND OBJECTIVES FOR VISIT OF PRESIDENT MARCOS

The Department recommends that the following issues be addressed during the President's September meeting with Philippine President Ferdinand Marcos. U.S. objectives for each issue are listed.

1. Issue: U.S.-Philippine relationship

Objective: Strengthen the U.S.-Philippine relationship.

The visit should symbolically reaffirm and highlight the strong ties and excellent cooperation between the U.S. and the Philippines in defense, foreign policy, and other areas.

President Marcos has not had a state or official visit to the U.S. in 16 years, and he rankled under human rights criticism by the Carter Administration. The United States should use the visit to demonstrate that it will treat Marcos in a proper and cordial manner befitting the leader of a closely allied country. Marcos' cooperation with the U.S. on bilateral issues will largely depend on how he personally feels he has been welcomed by the Administration. While according Marcos a warm welcome, we want him to be aware of our continuing concern about human rights developments in the Philippines.

2. Issue: Military Bases Agreement Review

Objective: Create a good atmosphere for the 1983 review of the Military Bases Agreement.

U.S. military facilities at Clark Air Base and Subic Bay Navy Base are essential to the U.S. defense posture in the Western Pacific and give us added capability to respond to military contingencies in Southwest Asia and the Middle East. The Marcos visit should set the stage for a review which will maintain unhampered U.S. operations at the bases and keep the associated compensation package at a reasonable level. Accordingly, we want to reinforce the Philippine government belief that the bases serve Philippine security and economic interests. We should reassure Marcos that the U.S. is a reliable ally, stress the global Soviet threat, and explain that the U.S. military umbrella deters attack and relieves the Philippines of a big defense burden. If the GOP raises the issue of compensation levels, we should indicate our willingness to discuss the issue during the bases review. It would be useful to reach agreement with the Philippines on a starting date for the MBA review and announce it during the visit.

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BY *dh* NARA DATE 9/15/2022

3. Issue: Defense Consultations

Objective: Meet the GOP wish for a continuing defense dialogue on strategic questions.

We should welcome President Marcos' desire to review strategic questions, specifically where the Philippines fits into the U.S. strategic posture. We should use the visit to announce the visit of Defense Minister Enrile during the last quarter of 1982 as part of ongoing defense consultations.

4. Issue: Philippine Economic Problems.

Objective: Highlight the positive aspects of our bilateral economic relationship and recognize current difficult GOP economic circumstances.

We should avoid GOP efforts to use the visit to deal with long-standing intractable bilateral economic problems, e.g., the GOP request for waiver of the GSP competitive need limitation, favorable revised Eximbank financing of the Philippine nuclear reactor, and GOP textile exports. Among the positive events that could be arranged for the visit are exchange of instruments of ratification of our bilateral tax treaty, signing or announcement of our civil aviation agreement and of \$50 million in AID ESF agreements, and signing of an agricultural cooperation agreement.

5. Issue: ASEAN

Objective: Express our strong support for ASEAN and our determination to play a continuing role in the key area of East and Southeast Asia.

Marcos rightly sees himself as a major regional figure with broad policy interests. We should accommodate his desire to exchange views on regional and global issues such as Kampuchea, China, the Soviet Union, the international economy, and the Middle East.

6. Issue: Human Rights

Objective: Demonstrate continuing U.S. interest in human rights as an integral part of our foreign policy, without detracting from our other objectives.

We should make Marcos aware that Philippine behavior in the

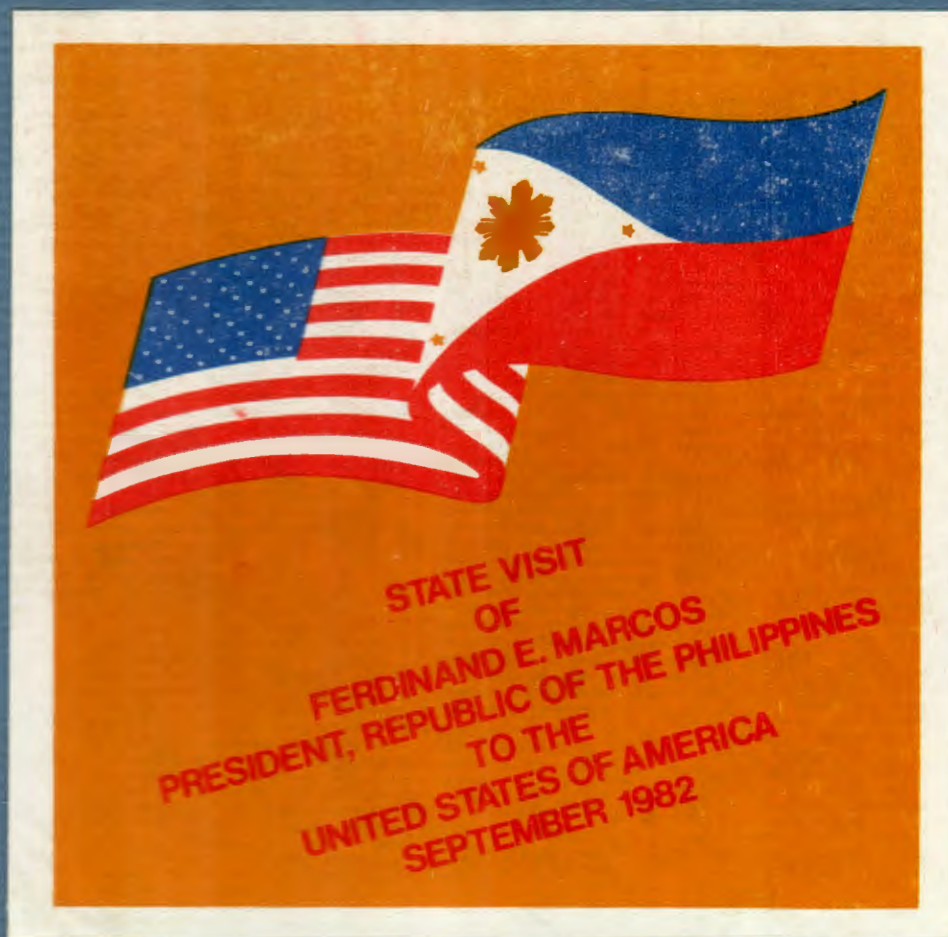
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human rights area affects U.S. Congressional and public attitudes. In addition, we want him to be aware of the administration's concern about human rights developments and of our support for Marcos' declared intention to continue political normalization, but assure him of our policy of keeping human rights discussions in diplomatic channels.

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Office of Media Affairs, Republic of the Philippines







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FERDINAND E. MARCOS' rise to the Philippine Presidency has been the very stuff of legend. Born on September 11, 1917, into a family of schoolteachers in the rugged northwestern coast of Luzon island, he early excelled at school and sports. During the Pacific War he won 33 American and Philippine medals. On one frontline mission, he led a three-man commando raid on massed Japanese artillery that delayed by weeks the unavoidable fall of the American fortress of Bataan.

Soon after the Philippine Republic was proclaimed on July 4, 1946, the young war-hero won a congressional seat in his home province of Ilocos Norte. From then on, his political rise was swift. He was overwhelmingly elected President in November 1965 and in 1969 returned to a second term--the first Filipino President to be reelected.

After an interval of rule by decree, to arrest a downward spiral of national anarchy, Mr. Marcos, was elected President of a New Philippine Republic in June 1981.



IMELDA ROMUALDEZ MARCOS, the wife of Philippine President Ferdinand E. Marcos, comes from a prominent family in Leyte. Politics and art ran through the family. Her father was a scholarly lawyer who liked music, art and books. Her mother sang and played the piano. An uncle became Mayor of Manila, another a Supreme Court justice and a cousin was a Speaker of the House of Representatives.

She earned a bachelor's degree in education and underwent special training in music.

In April 1954 she met Ferdinand Marcos, who was, at 37, one of the country's most eligible bachelors. After a whirlwind courtship of 11 days, their wedding on May 1, 1954, made front-page news. Three children were born to the couple: Imee, Ferdinand Jr. and Irene.

The First Lady has devoted her public life to the cultural and social development of her people. She fulfills multiple roles as Governor of Metropolitan Manila, Presidential Envoy Plenipotentiary, member of the National Assembly and of the Executive Committee, and Minister of Human Settlements.



President Marcos and his family. Imee (right), 27, Ferdinand Jr. (Bongbong), 24, and Irene, 22, are pursuing their studies. Imee is a third-year law student at the University of the Philippines. She is also National President of the Kabataang Barangay and Director-General of the Experimental Cinema of the Philippines. Bongbong is working for his Master's degree at the Wharton School of Business and Finance in Pennsylvania. Irene is a music and anthropology student at the University of the Philippines. The young girl with President Marcos is his niece, Aimee.





### LAND REFORM

Since President Marcos declared the entire Philippines a land reform area on September 26, 1972, over 525,153 Certificates of Land Transfer had been issued throughout the country covering over 600,000 hectares. The Government had also started several support programs and services. Feliciano Adato (above), a farmer of San Jose, Bulacan Province, and a beneficiary of land reform, shows seedlings to be planted in his farm.



Decision-making at the village level in the Philippines has been institutionalized through the barangay, or village unit. The barangay is a socio-political institution which existed before the coming of the Spaniards, and has been revived and adapted to modern times. National barangay elections like the one shown above are effective in threshing out local problems and as a means of consulting popular opinion on national issues.



Filipino children take their meals at a feeding center in Lungsod ng Kabataan (Children's City), a hospital for the youth in suburban Quezon City, Metropolitan Manila. Similar feeding centers have been put up in thousands of communities in the Philippines to ensure that the young get enough calories. This national program has reduced malnutrition.



#### THE MAKILING-BANAHAW GEOTHERMAL POWER PLANT

Faced with the world oil crisis, the Philippines has turned to alternative sources of energy like geothermal power. The Makiling-Banahaw geothermal power plant in Bay, Laguna Province, the fourth of its kind in the country, is capable of generating 60 million kilowatt-hours a month. It has a 110-megawatt capacity, equivalent to a crude-oil production of 90,000 barrels a month, or 1,080,000 barrels a year, or 21.6 million dollars annually in terms of foreign exchange.





#### ELECTRONIC AND ELECTRICAL EQUIPMENT

Electronic and electrical equipment made up the number-one Philippine export in 1981. Out of a total export of US\$5,722 million in 1981, they contributed US\$837.7 million. Shown above is the assembly plant of Dynetics Incorporated, a Philippine semi-conductor manufacturing firm exporting to the US, Japan, Canada, and Europe and producing an annual average of 150,000,000 components worth some US\$24 million.



# Press Material

OFFICE OF MEDIA AFFAIRS  
REPUBLIC OF THE PHILIPPINES

## THE PHILIPPINES: Land and People

### The land

THE Philippine Archipelago is a cluster of 7,107 islands breaking off the northern portions of Borneo and scattering below the island of Taiwan. Warm and shallow seas cover the land bridges that once linked the southern islands to mainland Southeast Asia. By the Late Neolithic, some 10,000 years ago, the archipelago had formed into its present shape; an emerald arc between the Pacific Ocean and the South China Sea.

Its land area makes the Philippines a medium-sized country a little larger than the British Isles, or the equivalent of New England and New York State together, and about two-thirds the size of Spain. Conventionally the archipelago is divided into three island groups: Luzon and Mindoro to the north, the eight central islands called the Visayas, and the southern group of Mindanao and the Sulu Archipelago.

### The people

By race and language, the people of the archipelago are Malayo-Polynesians, closely related to the Southern Chinese, the Thais, some Burmese and the Malays and Indonesians. A pygmy Negro is generally believed to have been the first man on the islands. But present-day Filipinos are relatively recent migrants, their ancestors voyaging in huge boats from Sumatra and Borneo as late as the sixteenth century. Traders and invaders added a sprinkling of

Chinese, Indian, Arabian and Caucasian blood to the Filipinos, whose basic culture remains characteristically Southeast Asian.

Population in mid-1982 is placed at 50 million, the seventeenth largest in the world. More than half of all Filipinos are below 20 years old. The country's literacy rate of 85.7 percent is among the highest in Asia. Most Filipinos are Roman Catholics (85 percent).

### Economic upsurge

By restoring social order, President Marcos focused a once-distracted nation's attention on development. All the customary indicators have been rising appreciably since early 1973. Per-capita income in 1981, placed at US\$780, put the Philippines in the World Bank category of middle-income countries.

Land reform is benefiting one million farmers who till but do not own the land. A related effort to socialize corporate wealth has begun by broadening the ownership of public utilities.

Rationalization of investment laws is attracting foreign capital and technology. Tourism has benefited most dramatically from political stability. Over a million visitors came in 1980. A new Convention Center has hosted international meetings, including the IBRD-IMF conference of 1976 and the fifth UNCTAD of 1979.

### **Industry**

Philippine planners see the balanced growth of the economy as the key to the country's development. It has recently achieved self-sufficiency in the staple cereal, rice. There has also been a rapid buildup of overhead capital; and energy development is being accelerated. Efforts are now focusing on industrialization, through 11 major industries and a village-livelihood program called the KKK. Both will use to the fullest the country's comparative advantage in resources, skills, geography and labor.

Heavy industry will enable the Philippines to process its raw-material exports—copper, copra, iron ore and so forth—for both the home and world markets.

The United States and Japan still are the biggest customers for Philippine products, taking well over half of all its exports.

### **Lively culture**

Manila's art community is the liveliest and most vigorous between Tokyo and Sydney. A monumental Cultural Center beside Manila Bay is the constant scene of theatrical events, from the traditional *zarzuela*, or musical comedy, to modern ballet and drama. Some of the finest international artists have played the Center, which has a companion Folk Arts Theater, and a training center and summer

camp for young musicians on Mount Makiling southeast of the city, overlooking lovely Laguna de Bay. A yearly Manila International Film Festival was inaugurated in early 1982.

The stress is on creating original works of art, preserving the best from the past, and enriching the local subcultures. Throughout history the indigenous Malay culture has assimilated influences from both East and West, while remaining uniquely Filipino.

### **Sightseeing**

Manila is one of the most vibrant cities of Asia. The entire metropolis is a gigantic prism that reflects the country's culture. Founded by the Spaniards in 1571 on the ruins of a Muslim Malay settlement, Manila long ago burst its colonial confines. Today it is a city of seven million. The Metropolitan Manila Commission is renewing the city and its suburbs, locating parks and cultural complexes where the people of the metropolis can enjoy them.

Manila's attractions are so many and so varied that the traveler may well spend his entire visit in the primate city. Yet some of the country's loveliest regions lie outside it—in the rice terraces of Banaue, the lush country around Mayon Volcano in Southern Luzon, the languid Visayan Islands and the pioneer region of exotic Mindanao.



# Press Material

OFFICE OF MEDIA AFFAIRS  
REPUBLIC OF THE PHILIPPINES

## PRESIDENT MARCOS: A POLITICAL PROFILE

FERDINAND E. MARCOS by now has dominated Philippine politics for 16 years. This is a record matched by no other Filipino leader—not even by Manuel L. Quezon of the American colonial period. Factionalism has been the climate of Philippine public life; and it had reduced the Presidency to a game of musical chairs. Until 1969, when Marcos won an unprecedented second term, the opportunistic coalitions on which Presidential victories were built had unfailingly thrown out an incumbent every four years.

For other Presidents, the killing burden of the office had done the job. Until Marcos, the Presidency was the quickest wasting that Filipinos knew of a man's energy and nerve. (Three of his seven predecessors died in office). By contrast, Marcos has kept himself remarkably fit.

At sixty-five (he was born on September 11, 1917), Marcos has the physique that a man half his age might envy. He had come through a war that left him wounded in body and spirit. He has survived decades of political intrigue, several attempts on his life, subversion, conspiracies, rebellions. He has broken oligarchs and their private armies—and himself known humiliation, sorrow and defeat. Yet his casual visitor—even one forewarned about the uniqueness of the dignitary he is about to meet—would not think so. For he comes on a lithe brown man, cool in his barong Pilipino and quick to laugh, self-con-

fident, casual, alert, totally in control of the situation and of himself.

We Filipinos are a people whose flamboyant self-indulgence is legendary. Most of us live by the day, and *bahala na* ("God will take care") for tomorrow. Among such a people, Marcos is remarkable. From his youth he willed himself to excel. He was unsurpassed both in the classroom and in the athletic field. Even his sensational trial for an eventual acquittal of a political murder case at age twenty-one set him apart from his fellows, invested him with mystery and romance. And his war record was the very stuff of the legend. From the beginning of his political career in 1949, Marcos aimed unerringly at the Presidency. Even now, the prize won, his self-discipline has not slackened. He still leads an austere life amid the trappings of the office.

This seeming paradox of a man who demands so much of himself, born of a people so easy-living, resolves itself in Marcos' keen sense of place. That he is truly Malay—one tempered with more steel than most—is proved by his high cheekboned face, his bronze skin, his compact figure. Even his virtues are "old-fashioned" Filipino. Marcos is fiercely loyal to his friends, and punctilious about repaying debts of honor. A professional politician in the best sense of the term, he would rather, conciliate adversaries than destroy them.

The Asian steeped in the modern, in-

ternational culture may still dominate business and the professions, set the tone of city life in most of the former colonial countries. Yet the politicized masses of people in much of the Third World respond most passionately to leaders who keep their grasp of the traditional ways. Marcos is one such leader. Though he has mastered the Western learning, his roots remain firm in the Filipino earth. His sense of place gives Marcos his serenity and his grace.

Marcos comes from the Ilocos region in northwestern Luzon. This is a strip of dry, sandy lowland between the China Sea and the Cordillera Mountain. Survival in this hard land made the Ilocano an intensely practical man. He is typically frugal, hardworking, guileless and solemn. Most Manilans have small-town beginnings. Few keep up these early ties, especially after making good in the big city. Marcos has not migrated in spirit; he returns home whenever he can.

From September 1972 until January 1981, when he lifted martial law, Marcos in theory held near absolute powers in the Philippines. Yet he was restrained by his lawyer's faith in due process and his politician's trust in the healing power of compromise. He still extracts obedience from the generals and the politicians not so much by the power he can deploy, as Commander in Chief and President, as from his expertise at their own profession. He was the country's most decorated soldier (32 medals, including the Medal for Valor) in the Pacific War, which he fought as a combat intelligence officer and later as a guerrilla. And then he pulled himself to the political ladder the hard way, making it from neophyte Congressman to Senator, Senate President and then to President in 16 years.

Many Filipinos regarded Marcos' assumption of the Presidency, on December 1965, as opening a period of national greatness. Since then he has towered above potential adversaries as a giant among dwarfs. By the time his first term was over, he so overshadowed the field of possible candidates that the only opponent the minority party could pit against

him was a flawed politician, whom he easily defeated to become the first Filipino President to win re-election.

As one might expect, Marcos is an exceptionally strong President, even for a personalistic political culture such as the Philippines'. He exerts a decisive and personal influence on nearly all aspects of Government policy. He himself initiated the successive changes in Philippine foreign policy these past eight years, which have brought the country from out of the American shadow into a position of near-equidistance to the great powers.

Since 1975, when he made that historic trip to the People's Republic of China, Marcos has opened diplomatic ties with other countries, including Communist and Socialist countries. His most recent state visit was to the oil-rich Kingdom of Saudi Arabia, where 150,000 Filipinos are working. This year, Marcos plans to visit the United States.

Marcos' role in economic policy-making has also been more direct than any of his predecessors. As early as his first term, he brought into the Cabinet men with expertise, if not political power. Soon after martial law, he pulled together economic decision-making in a National Economic and Development Authority, which he himself heads. He steered NEDA into the crucial decision to meet the international recession that began in 1974 not by retrenching, but by foreign borrowings and so keeping up the momentum and vigor of the national economy.

In proclaiming martial law, of course, this most historic-minded of Filipino Presidents has already influenced his country's course in the most dramatic way. Marcos himself is fully aware of how far-reaching his decision was. He writes of himself as "a man who . . . has touched by a single act the very nerve of history." Yet Filipinos themselves are only now beginning to realize the full implications of September 21, 1972; after that day Philippine politics could never be the same. For martial law closed the books on a phase of national politics whose liberties—and excesses—middle-aged Filipinos are not likely to see again. Normalcy as it reappears will bring

new patterns for sharing political power—forms that will institutionalize the transformation in the old balance between legislature and Presidency, between civilian and military.

How history will judge Marcos depends on how the sequence of events that began on September 21, 1972 will end. He will be remembered either as the hero who broke out of the political orthodoxy that had locked the Philippine state into a bankrupt, borrowed system or as the villain who, from arrogant ambition, led his country into an age of authoritarianism, army politicization and civil conflict.

Understandably, Marcos has been careful to describe his actions and motives, even in the heat of crisis. He has become the chief ideologist of the regime Filipinos call the "New Society," at every occasion elaborating on his idea of "revolution from the center." This concept Marcos found time in 1972-73 to put down in two books, *Today's Revolution: Democracy* and *Notes on the New Society of the Philippines*.

Marcos justifies his recourse to martial law as morally and politically necessary, given the Philippine situation in late 1972. He argues not only the uniqueness of Philippine martial law. He offers it as an example for the Third World. As he wrote in 1973:

"I believe that we in the Philippines have developed the new idea of a reform government under martial law. We are using martial law not only to restore civil order. We are using it as the legal means to bring about badly needed and drastic reforms in our country. I believe that other democracies—(especially in the poor countries) can use martial law in the same way."

Since the middle 1970s, Marcos has both been writing Philippine history and supporting its research by young Filipino scholars. His own project is a four-volume national history *Tadhana* (Destiny), beginning from the foundations of Filipino culture some 250,000 years ago to the present.

His other books are *Third World in an Age of Crisis* and *Marcos Notes for the Cancun*

*Summit 1981*. The latter Marcos wrote for the North-South Dialogue in Cancun, Mexico, where he was the informal spokesman of 250 million Asians belonging to the ASEAN bloc.

On January 17, 1981, President Marcos lifted martial law, beginning a four-year transition to the full restoration of representative processes. This period will end with the election of a permanent National Assembly in 1984. In 1973 the electorate had approved the change-over from the presidential to the parliamentary system. This system was modified by a referendum in April, 1981, which adopted a Constitution similar to the French one—under which Parliament interacts with a strong President directly elected by the people.

During the historic elections of June 16, 1981, President Marcos garnered 88.2 percent of all votes cast, to become the first President of the New Republic under the amended Constitution.

In his inaugural address on June 30, 1981, President Marcos proclaimed "the birth of a New Republic, new in structure and character and ordained to preside over a new time of ferment and change in our national life."

Through his support and encouragement, the *barangay* (or Citizen's Assembly) has become the operational level of most Government programs. He has instructed all Government agencies and officials to support the *barangay* as the basic political unit. Through the *barangays*, Marcos has been able to galvanize the citizens to socio-political action. Last May 17, *barangay* elections were held, the first at the grassroots level. People in the 45,454 *barangays* throughout the country voted for a *barangay* captain and six councilmen who shall serve for six years.

Filipino nationalism has had a later and more complex blooming than those of neighboring countries. Marcos "New Republic" looks back self-consciously on Asia's first free state, proclaimed by General Emilio Aguinaldo's revolutionists in 1808; and the task he has set for himself is to complete the Filipino's liberation from his colonial past,

"in so far as its opportunism and mendicancy have left their mark on us."

In the broadest sense, Marcos is the classical Third World leader, using nationalism as his rallying cry. He had once dreamt of following the scholar's quickest life. Characteristically, he uses scholarship, as much as rhetoric, to inspire his countrymen to recover their past greatness. His natural inclination, his view of where his duty lies and his acute awareness of the turmoil that a strongman's withdrawal from the scene could

create have impelled Marcos to set up a learning school for Filipino leaders, in the Executive Committee that the new political form institutionalizes.

His fifteen-man Committee, headed by the Prime Minister, assists the President in exercising his powers and functions. From its membership should rise the next generation of leaders, as Marcos progressively disengages himself from the day-to-day bustle of government, to chart new courses for the emerging Filipino nation.



# Press Material

OFFICE OF MEDIA AFFAIRS  
REPUBLIC OF THE PHILIPPINES

## Profile

### MADAME IMELDA ROMUALDEZ MARCOS

OVER the past 16 years, Imelda Romualdez Marcos, wife of Philippine President Ferdinand E. Marcos, has initiated a large number of projects to enhance the quality of Filipino life, mainly in the arts, social services, trade, human settlements, medicine and education. A perfect complement to President Marcos' introspective, deliberate and tightly controlled personality, the Philippine First Lady has also been active in politics and diplomacy. In fact, she fulfills multiple public roles as First Lady, Governor of Metropolitan Manila, Presidential Envoy Plenipotentiary, member of the *Batasang Pambansa* (National Assembly) and of the Executive Committee, and Minister of Human Settlements.

When President Marcos launched the *Kilusang Kabuhayan at Kaunlaran* (National Livelihood Program) in late 1981 to stimulate national economic development, he appointed the First Lady the program's secretary-general. In that role, Mrs. Marcos directs the program, which will strengthen the New Republic's economic base.

As a public servant, Mrs. Marcos is a unique and unorthodox project executive. A project may claim her attention for weeks on end. She checks on its progress and encourages workers to greater efforts every day, at all hours. She built the Folk Arts Theater by Manila Bay in 77 days.

As Metro Manila Governor, Mrs. Marcos decided first to provide Manilans with a city they would like to keep clean. The Metro Manila Commission recruited and fielded more than 4,000 men and women to keep Manila's major streets clean. These are the ubiquitous "Metro Aides" in bright red-yellow uniforms and with white street sweeping gear.

She directed the Commission to start a zonal improvement program (ZIP) to upgrade sites and services in the slums of the metropolis. ZIP takes off from the experience gained in Manila's first major urban renewal program to provide for the 27,250 families in the Tondo foreshore area, which had become notorious as a slum. The rising cost of health care has prompted Mrs. Marcos to urge a more rational delivery system that will reach those who need medical care most but can least afford it, at the least possible cost.

Born into a prominent family, Mrs. Marcos spent the first nine years of her life in Manila, almost in the very shadow of Malacañang Palace, official residence of the Philippine head of state. Politics and art ran through the family. Her father was a scholarly lawyer who liked music, art and books. Her mother sang and played the piano. When Imelda was a child, an uncle became Mayor



of Manila, another a Supreme Court Justice.

After her mother died, her father took his family to his home province, Leyte. Imelda grew to womanhood in the simple, carefree surroundings of the countryside. Possessing a sweet soprano and exceptional beauty, she was the belle of Leyte. She was unspoiled and knew responsibility early, in a household with ten brothers and sisters under the eye of a firm-principled father.

After getting a bachelor's degree in education, Imelda returned to Manila. Gradually introduced to Manila society by her cousins, she was chosen Muse of Manila for the Philippine International Fair of 1953. By then, she was one of the country's acclaimed beauties.

In April 1954 she met Ferdinand Marcos, who was, at 37, one of the country's most eligible bachelors. War hero and brilliant lawyer, he was one of the most distinguished members of the House of Representatives. After a whirlwind courtship of 11 days, their wedding on May 1, 1954, made front-page news. Three children were born to the couple: Imee, Ferdinand Jr. and Irene.

At the beginning of his Presidency, Marcos told his wife that her role would be to inspire the nation while he governed. She began with two tasks she considered essential. First, a nationwide drive for cleanliness and beautification in every community to make it more livable. Second, a cultural development program to establish the Filipino identity and instill national pride. For the first time a Philippine President's wife was more than just an official hostess and social patron.

Against political opposition and great odds, she established the Cultural Center of the Philippines, under whose auspices she has elevated the state of art and culture in the country to a point where Manila has become Asia's most vibrant center of the contemporary arts.

She was the prime mover of the Ministry of Human Settlements' work-program to try and "bring simultaneously to all Filipinos the 11 basic needs of human settlements," which was to be established in the poor areas within each administrative region, province, city or

town of the country.

She is Chairman of the Southern Philippine Development Authority (SPDA), which coordinates all development projects in the Southern Philippines especially in the Filipino Muslim areas.

As the President's special diplomatic representative, Mrs. Marcos has, since 1972, done much of the delicate work of placing the Philippines in a position of near-equidistance to the great powers—a process she describes as "increasing our options." She broke the Cold War ice for the Filipinos with the Chinese and the Russians, and carried out face-to-face negotiations with Colonel Muammar Qadhafi of Libya, the Saudi Arabian monarchy, the late President Anwar Sadat of Egypt, and the other Islamic countries which enabled the Philippines to contain a Muslim rebellion in the South. She has also been active in the country's oil diplomacy. In July 1979 she persuaded the Chinese to increase the amount of crude they had been selling the Philippines at "friendship prices"—a deal she first arranged in September 1974. In world councils Mrs. Marcos has spoken for children, women, the disabled and the human environment—causes that statesmen have all too often neglected.

Mrs. Marcos was responsible for launching the Manila International Film Festival in January—the first to be held in Asia. Citing the potential of film for mankind, she initiated and guided the festival to its fulfillment. Jack Valenti, head of the American Motion Pictures Producers' Association, in his congratulatory speech noted the First Lady's "remarkable genius and resolve" and welcomed "someone of this drive and vigor" in America.

In April 1982 she went to New York to attend the opening of the Philippine products exhibit in Bloomingdale's department store at the Knoxville International Fair in Tennessee. She was the keynote speaker at the four-day Symposium on Energy, which was attended by some 700 experts on energy. This international symposium has been held in Knoxville since 1980.

In June this year Mrs. Marcos visited China to strengthen relations and extend greater cooperation with that country. She met with Premier Zhao Ziyang, Party Chairman Hu Yaobang and Vice-Chairman Deng Ziaoping about furthering bilateral trade relations. Said

Premier Zhao in a speech: "I am convinced that the current visit to China by the First Lady will make new contributions to the further strengthening of friendly ties and cooperation between China and the Philippines." The visit was her fourth since 1974.



# Press Material

OFFICE OF MEDIA AFFAIRS  
REPUBLIC OF THE PHILIPPINES

## PHILIPPINE-AMERICAN RELATIONS

WELL before the outbreak of war with Spain, American policymakers were acutely aware of Manila's importance as an "American Hongkong." American trading houses had helped the British open up the Philippines to the world economy. By early 1898, Washington was in an expansionist mood—"Manifest Destiny"—and an Asiatic squadron poised in Hongkong had secret orders "in the event of. . . war with Spain" to mount offensive operations in the Philippine Islands.

Though he easily destroyed the Spanish fleet in Manila Bay, Admiral George Dewey lacked ground troops to field against the 15,000 Spanish troops in Manila. He therefore found it easy to collaborate with Filipino revolutionists, who had by then been fighting against the Spaniards for two years.

The unlikely alliance soon deteriorated, particularly after the arrival of Dewey's reinforcements. The Americans excluded the Filipino forces from the occupation of Manila—which the Spaniards surrendered to them after a mock battle meant to save Castilian honor. The unavoidable war between the Filipinos and the Americans broke out in early 1899.

## HISTORICAL BACKGROUND

THOUGH they began in bitterness, the relations between the two countries soon developed into friendship. On the part of the Americans,

commercial and military motives for their incursion into the archipelago intermingled with a messianic and "civilizing" sense as keen as that of the early Spaniards. The Filipinos avidly took to the system of mass education in English that the conquerors initiated, and the individual freedoms they gradually allowed. Politically, the regime broadened self-government and popular representation step by step. A generation after the Filipino-American War (1899-1902), the Filipinos were running their own affairs under a Commonwealth. The American pledge of restoring independence was redeemed on July 4, 1946, despite the intervening Pacific War.

Behind today's self-assertive and questioning attitude toward "special relations" evident in Manila lingers a deep affection for the old mother country that most Filipinos feel. Unlike the three centuries of comparatively repressive and inward-looking Spanish domination, the half-century of American colonization is generally regarded by Filipinos as an education rather than a period of servitude.

## Education

Barely a month after the American Occupation of Manila, a Catholic Army chaplain named William P. McKinnon opened the first seven public schools in Manila. Soldiers from the newly arrived US forces served as teachers; books and supplies were sent over from the United States by the Army Command. In 1901

the first batch of 1,000 American teachers arrived on the transport *Thomas*; these "Thomasites" laid the basis for mass education in English. Filipinos took avidly to the new learning. A State University was founded in 1908.

By 1927, 99 percent of the 26,200 public schools were constituted. School population had increased by 500 percent in one generation. In 1929 the school population reached 1.2 million, when all Filipinos numbered only 13.5 million.

### Public health

The American Army organized a Board of Health for Manila and its suburbs soon after occupying the city. The Chief Surgeon of the US Volunteers, Dr. F.S. Bournes, co-opted the leading Manila doctors into this Board. Smallpox vaccination became compulsory in 1901. A Philippine Health Service extended public health services throughout the country. It was supplemented by private organizations devoted to aspects of public health.

New hospitals were added to those founded by the Spaniards; the best-known of these is the Philippine General Hospital (1910). Soon a Bureau of Health was running some 50 hospitals all over the archipelago and public health services were beginning to make an impact on communicable and parasitic diseases—like cholera and malaria—long endemic in the islands.

### Political development

The idea of an imperial American Republic did not long prevail. By 1907 a Philippine Assembly had been elected. By 1913 the central government was made up of an American Governor-General, a Philippine Commission made up of five Americans and four Filipinos, and an all-Filipino National Assembly. These political institutions of self-government allowed the rise of new Filipino leaders like Sergio Osmeña and Manuel L. Quezon, who became the key figures of the later American period.

The Jones Bill of 1916 promised independence as soon as stable government was established; it transformed the Philippine Commission into a 24-man Senate. In 1934 the Tydings-McDuffie Act set the period for free-

dom: on July 4, 1946, after a ten-year transition period under a Commonwealth Government. Quezon was elected President and Osmeña Vice-President of this Commonwealth in 1935; American control receded somewhat, in the office of a High Commissioner established in Manila. The Commonwealth Government functioned out of Washington, D.C., during the Pacific War (1941-45). Quezon died in exile, but Osmeña returned with the American forces to oversee the transition to full independence. Coming on schedule, it began the great wave of decolonization that broke against the Western empires in the postwar period.

### ECONOMIC AND TRADE RELATIONS

WHILE American political policy worked toward increasing self-government for its Philippine colony, American economic policy worked paradoxically to tie the archipelago's economy increasingly to that of the United States.

Preferential tariff arrangements between the United States and the Philippines were imposed as soon as the restrictive provisions of the Treaty of Paris expired. From the very beginning, Philippine objections to free trade centered on the impact of American imports on Philippine industries, and the liability that too close economic associations would prove an obstacle to political independence.

Nevertheless, free trade did result in some economic prosperity for the archipelago. Government revenues were buoyed up by increases in the volume and value of trade with the imperial power. Exports to the United States expanded. Free trade encouraged Philippine producers to concentrate on a few specialized export crops like sugar, copra, hemp and tobacco and ironically resulted in an agricultural country's being unable to feed itself.

As early as 1937, Filipino and American leaders had agreed that after independence in 1946, free trade would be extended up to 1960. In 1939 a system of gradually decreasing quotas was provided for sugar, tobacco and pearl or shell buttons (continuous exemption from export duties was assured for copra and abaca). Within the Commonwealth Government, cen-

tral economic planning was introduced, which attempted to stimulate industry, infrastructure-building and expansion of credit facilities for national entrepreneurs. These, and a vigorous effort to organize a network of Government-financed and operated corporations, were set back by the Pacific War, which began on December 8, 1941.

By the time Manila was liberated on February 3, 1945, the economy was largely ruined. The Bell Trade Relations Act—which contains the controversial provision on “parity rights”—was passed in April 1946 to complement the Tydings Rehabilitation Act, which sought in various ways to compensate the Philippines for war damage and to resuscitate its devastated economy. “Parity rights” gave American citizens and American-owned corporations the right to exploit, dispose of and use the natural resources of the Philippines—rights constitutionally reserved for nationals and for corporations with at least 60-percent Filipino ownership.

The Laurel-Langley Agreement, signed in December 1954, accelerated the application of Philippine duties on imports from the US, while decelerating the application of US duties on Philippine imports during the period January 1, 1956, to July 3, 1974. The Agreement unpegged the peso from its two-to-one ratio to the dollar. It also broadened the concept of parity rights, enabling Americans to engage as equals in all business activities in the Philippines.

## ECONOMIC RELATIONS TODAY

TWO-WAY trade reached \$3.5 billion in 1981, compared with \$2 billion in 1970. For several years now the United States and Japan have between them taken roughly one-half of all Philippine exports. In 1977 the United States was the country's number-one trading partner, taking 26.9 percent of its total exports.

In 1981 the Philippines suffered a deficit of \$44.12 million in its trade with the US—a slight one compared with the 1980 deficit of over \$206 million. The country also had a small deficit in 1979; however, these deficits

were more than offset by favorable balances over the three years from 1976 to 1978. Semiconductor devices, electronic microcircuits, and electrical machinery and equipment have joined the raw-material exports shipped to American markets since the colonial period. Traditionals in the 1981 list of top ten exports to the US include centrifugal sugar, desiccated coconut, copper concentrates and gold. Plywood, pineapple syrup and nickel alloys are more recent export items.

Principal imports over the same year were wheat, unmanufactured fertilizer, non-electrical parts, specialized machinery and equipment, unmilled corn, unmanufactured tobacco, telecommunications equipment and electronic parts.

Since the days of absolute quotas and preferential trade arrangements, the Philippines has diversified both its exports and its markets. The expiration of the Laurel-Langley Agreement in 1974 stimulated this Philippine effort to lessen its dependence on its American trading partner. The Agreement has not been replaced by a specific treaty. Trade and investment are being conducted on the basis of general laws and practices in the two countries.

Transitional problems have been dealt with by Presidential act. One such decree permitted Americans to continue owning residential land up to one-and-a-quarter acres on titles acquired during the Laurel-Langley period. Expiration of the Agreement has also enabled the Philippines to accede to the General Agreement on Tariffs and Trade and to liberalize its foreign-trade policies. The last eight years have seen a tremendous expansion of Philippine trade with Southeast Asia, the European Economic Community and the Socialist countries.

## American investments

Americans continue to be the major foreign investors in the Philippines. The Philippine Board of Investments placed new American investments in 1981 at around \$66 million. American investors still contribute roughly half of all new foreign investments in the Philippines. Over 1,000 companies in the *Fortune* magazine

list of the 500 largest US industrials are represented in the country. More and more American regional operations in Southeast Asia are moving to Manila—pushed by rising overhead costs in Hongkong and Singapore and drawn by opportunities opening up in the Philippines.

American involvement in the Philippine industrial and agricultural development continues to be extensive. Oil exploration in the country is dominated by the American oil majors. Plantations and cattle ranches in the southern main island of Mindanao are being opened up by American corporations. Texas Instruments recently started manufacturing in an export zone in the mountain resort of Baguio. In all, some 1,400 American corporations are operating in the Philippines.

#### American economic aid

American economic aid to the Philippines has changed in concept since the postwar period. Where it was primarily intended to help rehabilitate the Philippine economy, it is now programmed mainly to help along the country's modernization. Thus, American aid has diversified into support of such social projects as population moderation and family planning, agrarian reform, community development, rural electrification and agricultural production.

US aid to the Philippines for 1982 represented almost 1.3 percent of total aid given by Washington D.C., to developing countries. In FY 1980, \$20 million Economic Support Funds supplemented the regular development assistance program. Total assistance from the United States Agency for International Development to the Philippines amounted to approximately \$86 million. This year's Economic Assistance Program will total about \$105 million.

The United States also contributes to the multilateral loans given by the Asian Development Bank, which is based in Manila. The Peace Corps program in Asia, started in 1971, still is the largest American voluntary organization in the Philippines. The US Catholic Relief Services, the Cooperative for American Remittance Everywhere (CARE) and the International Executive Service Corps are also active

in the Philippines.

#### MILITARY RELATIONS

UNDER the Military Bases Agreement and two subsidiary treaties signed between the Philippines and the United States in 1947, the United States was allowed to maintain 23 bases and reservations in the archipelago after Independence. Of the 23 original US bases and reservations existing in Philippine territory at Independence, seven military reservations remain today, the rest having been restored to Philippine jurisdiction. (Four other bases are used jointly by Filipino and American forces). The bases cover a total area of approximately 71,000 hectares. Only two are major installations—Clark and Subic—the others being extensions of these two. Of the five minor bases, John Hay Air Base in Baguio City is a leave-and-recreation center, which also has a Voice of America communications station. The four other small reservations, strung along the west coast of Luzon Island, contain radio transmitting and receiving stations and air-navigational aids.

The circumstances under which the American bases were established, easily enabled Washington, D.C., to obtain from Manila the best possible terms for their use. Their almost complete economic and military dependence on the United States at the time of Independence severely handicapped the Filipino leaders in negotiating with the Americans. Understandably the agreement later became a source of irritants between the two countries, as the Philippine Republic began to develop a measure of economic, military and political self-confidence.

The major issue is the *de facto* extraterritoriality that the bases agreement gave the Americans. Particularly, the question of which Government should have jurisdiction over American personnel involved in crimes inside and outside the base areas was a major irritant. Under the bases agreement, the Philippines has *no* jurisdiction over an American serviceman who commits an offense while performing his military duty.

Another point of dispute between the two Governments is the quality of assistance that the United States is treaty-bound to give the Philippines in case of an attack by a foreign power. In the absence of a specific provision in the Philippine-American agreement for an automatic declaration of war or immediate retaliation by the United States in case the Philippines is attacked by a third power, the extent of the American commitment is subject to varying interpretations, depending on the mood of the American Congress.

The American bases in the country are technically an export market for Philippine goods and services. Employment generated by the bases is substantial if unstable (in 1981 Clark and Subic employed, directly and contractually, a total of 44,868 Filipinos). Base employment also is an effective channel for skills transfer. In 1981 the actual inflow into the Philippine income stream from base-spending totalled \$235 million, probably just a portion of the total annual figure.

The demand for services from the US bases has spawned tertiary industries in nearby areas, the most important of which are Olongapo City, near Subic and Angeles City, near Clark. In both cities, trading services and recreational facilities dependent on the US bases loom unusually large in the local economy. This unusual dependence has occasionally led to severe local crises, like the collapse of the Angeles housing industry in the wake of the Vietnam War. Another grave economic problem that arises from the bases is the outflow of luxury consumer goods from the Post Commissary system into the national market, bypassing customs barriers.

## **MILITARY RELATIONS TODAY**

**AMENDMENTS** to the Military Bases Agreement were incorporated in a new treaty in 1979. The amendments reaffirmed Philippine sovereignty over the bases; placed each base under the command of a Filipino officer; reduced the area of the major bases; and gave to Filipino soldiers responsibility for perimeter

security. In return, the Philippine Government assured the United States of effective command and control over American personnel, equipment, facilities and operations involving its own forces.

The amendments also provided for review of the agreement every five years, and committed the United States to "paying" the Philippines \$500 million over the period 1979-83 in military aid, foreign military aid, foreign military sales credits and security support.

Most important, the 1979 agreement stabilizes the American presence in the Philippines, and so reassures the Asian countries of the US ability to meet its military commitments in the region.

The Marcos Government has a standby program for developing both Clark and Subic bases into commercial-military complexes, should control and administration of them return to the Philippines. Clark Air Base would be turned into a passenger-cargo air terminal and transshipment point for both domestic and international traffic; a major aircraft manufacturing, repair and maintenance facility; a center for other industrial activity; and a site for corporate farming projects.

Subic Naval Base would become a major ship-repair service complex; an offshore supply base, particularly for oil exploration in the archipelago; an anchorage for laid-up tankers; and a site for related industries. Camp John Hay in Baguio City would become a tourist resort for both foreign and national travelers.

Militarily, the Government has set out on a program to strengthen and modernize its armed forces. Their manpower will be increased to a peak of 260,000 men from the present-day level of about 120,000. Modernization will maximize their mobility and firepower. The \$500 million that the Philippines is receiving in "rent" for the bases from 1979 until 1983 will be spent on this modernization program. The country is gaining self-sufficiency in the basic tactical weapons. It already makes M-16 rifles, mortars, grenades and bombs; patrol boats and other light seacraft; helicopters and trainer-jets.

## CULTURAL RELATIONS

MANILA easily gives the impression of being the most westernized city of Southeast Asia.

English continues to be the language of Philippine Government, business and education. Most Filipino postgraduates finish as a matter of course in American universities. The country is one of the major markets for Hollywood films. Filipino manners, fashion, eating habits strongly reflect the worldwide spread of American popular culture. These diffused ties are strengthened by Filipino migration. Today there are close to a million ethnic Filipinos in the United States, the first wave of migrants having gone to Hawaii and the West Coast as farm-workers in the 1920s. The recent wave of migration is made up largely of professionals—like doctors, nurses, engineers—who have established increasingly influential Filipino-American communities in Hawaii, California, Illinois and New York State.

The American Embassy in Manila processes the largest number of visas to visit the United States in the world. In 1981 it issued 83,000 nonimmigrant and 35,000 immigrant visas.

Normally the Philippines is allowed a quota of 20,000 immigrants a year. The two countries maintain embassies in each other's capitals. The American Ambassador is Michael H. Armacost; the new Philippine Ambassador to Washington, D.C., is Benjamin Romualdez. The Philippines has consulates in New York, Chicago, San Francisco, Honolulu, Los Angeles and New Orleans. American consulates outside Manila are located in Cebu City in the Visayas and Davao City in Mindanao.

Since 1948 the Fulbright and Fulbright-Hayes scholarships have sponsored learning-and-travel programs for 1,298 Filipino scholars and professionals to the United States. The Smith-Mundt Grants are for graduate work in American colleges. An exchange-professors' program allows lecturers and academics from each country to teach in each other's universities. These programs are complemented by cultural exchanges initiated by civic organizations like Rotary, the American Friends Service Committee and the various American churches.





# Press Material

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## THE PHILIPPINE ECONOMY: PROSPECTS FOR THE EIGHTIES

SINCE the late 1970s and the early 1980s the Philippine economy has readjusted, in trade, industry, energy and finance, to overcome structural rigidities and to make its exports more competitive in the world market.

In the coming years manufactured content in total exports is expected to increase, imported oil to fill one half of the country's total energy requirements and domestic finance to provide more long-term funds for investment programs.

Despite balance-of-payments constraints occasioned by unfavorable world trade and financial conditions in the early seventies, the Philippine economy will pursue an outward-looking strategy, prompted by the need to purchase imports to achieve its industrialization program.

Large industrial projects are being pushed along with small industries, the former providing downstream support for the latter aside from earning more foreign exchange. With the foreseen improvement in industrial structure, plus the downtrend in imported oil dependence resulting from stepped-up development of domestic energy sources and the moderation of world inflation, import payments for investment activities in the 1980s are expected to be manageable.

Economic growth in the eighties will approximate the performance in the seventies. This projection assumes that domestic adjust-

ments will be carried out successfully and that the world economy will recover by the middle of the decade. Growth is expected to be much slower in the first half of the eighties but to pick up beyond this period. The goal for this decade is to strengthen and expand the base of the industrial structure while sustaining past economic performance so that a groundwork can be set for sustained growth as the country approaches the year 2000.

Development planning in the 1980s will embody this goal and outline policies and programs consistent with improved economic performance amid difficult and uncertain external conditions. Adjustments are expected to take place without necessarily sacrificing growth and equity. The Five-Year Philippine Development Plan for 1983-87 outlines the country's permanent national goals, which are 1) sustaining economic growth, 2) equitable distribution of the benefits of development and 3) the total development of every Filipino.

### Economic growth

POLICIES will continue to stress to economic growth as a catalyst for transforming idle capacities and untapped potentials into productive units. Similarly, sustained growth will enhance the equity objective through its direct impact on employment generation and other programs directed toward countryside development.

Like the trend projected for the world economy, Philippine growth for the eighties, expressed in real gross domestic product, is expected to approximate the annual average of 6.2 percent experienced in the seventies.

Domestic adjustments will sustain this expansion as continued worsening of the net terms of trade and slower expansion of export volume will combine with the restrictive cost of foreign borrowings to bear hard on nondevelopment imports.

In the early eighties, recession in the industrial countries will be reflected in slowed-down expansion, but onward, growth is foreseen to pick up.

The Five-Year Plan expects an average growth rate of 6.5 percent a year for 1983-87. This projection assumes moderate world economic recovery, modest inflation and a stable two to three percent growth in real oil prices, better competitiveness of the country's manufactured exports, and more productive use of increasing domestic financial resources and limited funds obtained from abroad.

Beyond the 1980s a higher growth rate of seven to eight percent is likely to be achieved with present reforms designed to strengthen and diversify the country's industrial base, including greater attention being placed on technology development in industry and agriculture.

**Investments.** Sustained economic growth will be pushed by continued investment expansion. The Five-Year Plan projects real gross capital to grow at a healthy 6.9 percent a year between 1983 and 1987, although its growth will be much slower before that period owing to improved capacity use and completion of large-scale projects, notably infrastructure facilities for energy, water resources and transport.

The major investment components will include the 11 basic industrial projects, outlays for infrastructure and energy development and livelihood activities. The balance will consist of opportunities in the countryside, aside from training the average man to become a manager of enterprise.

Private investments will be encouraged in

areas where the country will have comparative advantage in the world market. Further expansion of private enterprise will be provided by an improved world economic conditions, which will be translated to increased domestic consumer spending, the fruition of domestic income-generating activities particularly from the livelihood and small-industry programs, and the Government's efforts at deregulation.

The country is committed to private enterprise—the private sector made up 64.6 percent of total investments in 1980—such that Government involvement will remain confined to providing policy signals for initiatives to be directed toward profitable activities and not in any way to be competitive.

The foreseen expansion of investments in the 1980s will require sizable financing. Domestic resources are expected to cover 96 percent of financing requirements, foreign capital to finance the rest.

**External trade.** Philippine exports will grow more slowly in the first half of the 1980s as a result of a slack in world demand, but will increase faster with the foreseen recovery in commodity prices and the economies of the industrial world.

Between 1983 and 1987 the Five-Year Plan projects an average annual increase of 17 percent in export receipts, much lower than the record in the 1970s but consistent with expectations in world trade in the eighties.

With the shift of the more advanced developing countries like South Korea and Singapore to capital- and technology-intensive industries and the rapid rise in their labor costs, Philippine manufactured exports will experience a windfall; but with more countries including China, going into labor-intensive manufacturing, the growth of manufacturing will slow down.

A gradual shift in market destination favoring other developing countries for Philippine products may be possible, with trade most likely to occur between the country and the newly industrializing (Korea, Taiwan, etc.), oil-importing and other ASEAN (Singapore, Malaysia, Indonesia and Thailand) countries.

A constrained 14.0 percent growth in the

import bill is possible for 1983-87, consistent with export earnings and external borrowings, but will be enough to cover the modest requirements of investment expansion. Oil payments are expected to decline in relation to other import components.

Current accounts will continue to have deficits, but the gap will narrow down to US\$2,178 million, or around 2.6 percent GNP by 1987, as against US\$2,051 million, or 5.8 percent, in 1980. Remittances from overseas workers in the same year, plus tourist receipts and manageable levels of debt amortization and interest payments, will reduce the shortfall in current accounts.

**Energy.** Ever since the oil shocks disrupted the Philippine economy, the Government has adopted energy conservation and substitution policies. The oil crisis in the late 1970s, however, prompted authorities to step up the energy development program from ten to five years (1981-85). By 1985 the program is expected to reduce the country's dependence on imported oil to 50 percent.

Over the five-year period, the program will cost P38 billion and take up about 30 percent of the Government's total infrastructure outlay at its peak in 1984. The domestic oil program, however, will be financed by the private sector, especially foreign interests, through

service-contract arrangements.

With the reduced dependence on imported oil as well as restrained increases in oil prices, imports of mineral fuels and lubricants will be growing at 6.3 percent between 1983 and 1987, much slower than the 44.0 percent annual average in the 1970s.

**Inflation.** The stabilization of world prices will exert a positive influence on domestic consumer prices. From a 14.8 percent average in the 1970s, inflation is foreseen to settle down to not more than ten percent in the 1980s. The projection assumes a mild oil-price increase of eight to ten percent annually and liquidity growth just about enough to cover the Five-Year Plan's goals for growth.

**Equity.** The way of pursuing economic growth in the 1980s will have its desired implications on equity. One of the basic reasons for industrial restructuring is to increase the capability of industry to absorb additional employment as well as improve labor productivity so that workers will get higher income. This will be accompanied with aggressive and responsible participation in the overseas labor market, by directly engaging in construction and industrial work abroad. Jobs through the KKK national livelihood program also promise to ease unemployment and underemployment.



# Press Material

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## SOCIAL DEVELOPMENT

### Now the poor comes first

SINCE LATE 1972 development priority in the Philippines has turned toward the small towns and villages where 67 per cent of the 50 million Filipinos still live.

Structural reforms and good management have enabled GNP to increase at well above the average for developing countries in a time of world crisis.

Thus, there is new money for imaginative programs in social development. Public investment as a whole has increased from two percent of GNP in 1973 to six percent in 1980.

As a result, deaths have declined; children are better-nourished; today's young Filipinos may reasonably expect to live longer (an average 12.5 years) than their grandparents did. Population growth too has been moderated.

The Philippines has not miraculously solved all its problems and banished all its ills. Poverty, for one, is so deeply rooted in the country's history and geography that all of development so far has affected it only slightly. What is important is that, as the World Bank observes, "the Government has (become) increasingly conscious of the serious poverty problem in the country and has made determined efforts to deal with it."

### Industrial workers

OVER THE LAST 11 YEARS a number of laws and enabling legislation have significantly improved wages and working conditions. Notable

among these laws are the Labor Code of the Philippines, the Social Security Law, the Medicare Act and various wage and wage-related decrees.

The Labor Code reoriented labor laws toward promoting development, employment, enforceability of labor standards and industrial peace. Among others, it removed the built-in leverages for graft that enabled unscrupulous law enforcers and fly-by-night labor leaders to operate; eliminated the permit system and some archaic and unworkable provisions of law.

It created the National Labor Regulations Commission, the Overseas Employment Development Board and the National Seamen Board—all of which have proved effective institutions for promoting speedy labor justice and generating employment.

Where women's compensation used to be an employer's liability, it became a social-security scheme integrated into the Social Security System for the private sector and the Government Service Insurance System for the public sector. Maternity benefits were also integrated into social security.

The Social Security and the Medicare Act provide against the hazards of disability, sickness, old age and death. Perhaps the most tangible proof of the Administration's concern for the welfare of workers is the periodic legislation of wage and wage benefits to enable

them to cope with inflation.

Industrial workers in Metro Manila receive between P28.46 and P29.85 in effective daily minimum wage, while their counterparts outside Metro Manila receive between P27.37 and P28.46. Plantation workers have an effective minimum wage of P23.32 to P24.70 daily, while nonplantation workers effectively get from P17.28 to P18.67.

Even allowing for inflation, the present real wages of Filipino workers remain significantly higher than the reference levels of P8 (for industrial workers) and P4.75 (for agricultural workers) in 1972.

On another plane, the Ministry of Labor also undertakes an assistance program for overseas workers, whose numbers have grown considerably in the last six years. Over 500,000 Filipino workers now work in 107 countries; 25 percent of this total are stationed in Middle East countries. The boom in overseas employment has spawned its own ills, including reports of contract irregularities, unsatisfactory working conditions and similar complaints aired by Filipino overseas workers. For this, an Overseas Welfare Fund has been established to help ease the plight of overseas workers.

The Government has also encouraged workers' participation in a nationwide program called PAG-IBIG ("Love"), which allows housing loans to employees of up to P160,000 on the basis of a joint-contribution scheme between workers and employers.

Other agencies have programs for self-employment among those who are marginally employed or openly unemployed; skills development programs for those who seek entrance to the labor market; and aid to small and medium-scale entrepreneurs who wish to start employment-generating ventures.

### **Agricultural workers**

THE LAND the peasant once tilled as a serf is being given him to possess and to cultivate, in what is accepted as one of the best programs anywhere for redistributing land. By the time martial law ended in January 1981, Certificates of Land Transfer had been issued to 523,153 tenant farmers. Eventually the pro-

gram will cover one million farmers. Already, it has more than doubled rural incomes since 1973.

The land-reform strategy has also gone a long way to help farmers with credit, technology and marketing. Under *Masagana 99* ("Bountiful"), a program that has enabled the country to become a net exporter of rice, farmers have so far been given loans in excess of US\$500 million. The package loans are supplemented by a technical-aid program, price-support schemes, plus storage and postharvest care of crops.

The setting up of farmers' cooperatives has been equally innovative, allowing the peasant to add economic scale to his production. In addition, small farmers have been given a voice in political affairs.

Agricultural and nonagricultural workers in the rural areas are now covered by the Labor Code and Rural Workers' Office (RWO) run by the Ministry of Labor and Employment. The RWO gives special aid to rural workers, to raise their productivity and to link them to the mainstream of national development. Agricultural workers are also protected by the "Bill of Rights of Agricultural Labor," which is a part of the Code of Agrarian Reforms. The Bill recognizes basic rights of wage earners in the agricultural sector, bringing them on a par with industrial workers in economic and social rights.

A HISTORIC Philippine social problem has been that of the migratory rural workers, called *sacadas*, in the sugar industry centered in the Western Visayan island-group. Many of them are subsistence farmers whom professional recruiters hire out to the sugar plantations, mostly in Negros Occidental Province, during the harvest season. Most *sacadas* come from the other, poorer Visayan provinces. They have suffered the common fate of seasonal workers all over the world—low wages, exploitation by recruiters and employers, poor living conditions on the plantations.

In June 1971, responding to appeals from President Marcos, sugar-industry leaders—spurred on by Government officials and

Church leaders on the spot—drew up a Social Amelioration Program, which would allow all workers in the sugar industry, including the migratory *sacadas*, to share in industry profits.

It started off as a *voluntary* contribution from sugar producers of one peso per picul (at that time representing 1.5 percent of the gross income per bag of sugar) for the benefit of sugar workers. Of this amount, 90 centavos was given to the workers as direct bonus in June (when school opens) and at Christmas. The remaining 10 centavos went to a Sugar Industry Foundation, Inc., to finance social-development projects.

In 1972 President Marcos institutionalized the Program by making it *compulsory* for all sugar producers. He also levied an additional 10 centavos per picul of sugar produced, to finance income-generating projects of organized unions.

At the same time, the Ministry of Labor drew up stricter measures to protect *sacadas* against exploitation. One of the first steps was to regulate the activities of labor recruiters, who, studies showed, exploited the migrant workers.

Since 1971 the Social Amelioration Program has paid out P400 million in bonuses to sugar-industry workers. The Sugar Industry Foundation's program now covers 41 milling districts in 17 sugar-producing provinces, reaching 37,160 plantations that employ close to half a million workers. The Foundation's most successful project is a swine-dispersal program. Its major program is to help the children of sugar workers through school. So far it has helped 10,000 students, spending over three million pesos on tuition fees alone.

Private planters' associations have followed the Sugar Foundation's lead. Most active is the Binalbagan-Isabela Planters' Association. Its Farm Workers' Foundation has sent to school more than 5,000 plantation children. Its garment center alone directly employs 3,000 dependents of workers; other wives and daughters do piecework at home.

The La Carlota plantation donates 2.5 percent of its gross income to its own Foundation, which runs a technical school. The Vic-

torias Milling Company has set up a Don Bosco Institute, some of whose graduates are already ranking officials at the mill. Victorias also pioneered in building housing for workers.

THE SUCCESS of *Masagana 99*, the Government's rice-production program, has spurred a fish-production program called *Biyayang Dagat*. Also dubbed "Blue Revolution," *Biyayang Dagat* is a nationwide fisheries credit program aimed at increasing fish production while improving the lot of Filipino fishermen.

Drawn up in 1979 by the Ministry of Natural Resources and its various implementing agencies, *Biyayang Dagat* enables the smallest fishermen to use loans through their community rural bank. With an initial budget of P850 million for the first five years, the program seeks to serve about 600,000 of the estimated 2.2 million Filipinos who depend on fishing for a livelihood. Municipal (small-scale) fishermen, who contribute 60 percent of the country's total fish production, have first priority in securing the loans.

Area marketing cooperatives made up of fishermen's cooperatives have been set up in various fish-landing areas. The cooperatives buy the fishermen's catch at the prevailing market price. In other places, rural banks appoint brokers, who buy the catch also at prevailing prices. In both cases *Biyayang Dagat* borrowers have to sign a marketing agreement with the rural bank pledging to sell their catch to the marketing cooperatives or rural-bank brokers.

Under way are other projects in the Government's eight-year development plan for the fishing industry, including research and extension work, stocking and development of fish estates, and the setting up of processing and refrigeration plants and marketing facilities.

#### Health care and nutrition

HEALTH and nutrition programs have been concentrated on the people of the small towns and villages, as well as the poor districts of the cities. Investment has matched the intensity with which these programs have been carried out, moving up from P682 million in 1975 to P1.4 billion in 1979.

The Philippine Nutrition Program beginning in 1974 set up the infrastructure of a nationwide nutrition effort. A manpower recruitment and deployment scheme saw the training of village workers to provide basic health and nutrition services. Called *Barangay Nutrition Scholars*, these workers now number 7,500, covering the 13 administrative regions, 64 provinces, 48 cities, 930 towns and 6,881 *barangays*.

A primary health-care program to make communities self-reliant in solving their health problems has also begun. Rural health workers and midwives are undergoing intensive training under the program.

The Ministry of Health operates 353 hospitals with 32,255 hospital beds, 1,991 rural health units, 4,555 *barangay* health stations, mobile hospitals and other peripheral health units. The number of hospitals alone grew by 69.1 percent during 1974-79. As a result, the new system of delivering health care now covers 70 percent of all Filipinos, compared with the 25 percent it reached in 1971.

Programs to moderate the growth of population and to avert malnutrition, especially among babies and nursing mothers, have been particularly successful. The Filipino birthrate, once one of the highest in the world, has been brought down from 32 per thousand to 27. The crude deathrate declined considerably, most notably in malnutrition-related deaths.

In nutrition, a program that reaches down to the villages was developed in less than three years after the Government became alarmed at the high rate of malnutrition among children—an endemic problem of the poor countries.

The program began with a systematic campaign to weigh physically nearly every Filipino child aged one to six years, to test for variations from age-weight norms. For babies needing intensive care, malnutrition wards were set up in some 160 hospitals. Areas with no hospitals were supplied by "Nutri-huts" staffed by paramedics. An imaginative supplementary-feeding program was developed, using indigenous foodstuff like mung beans and powdered dried shrimps, packed by small factories run by the towns and villages themselves. The

production of Nutri-pak, a food-supplement package for malnourished children, was prompted in all the 13 administrative regions. Millions of Nutri-pak packets have been produced and distributed by 131 Nutri-pak plants all over the country.

A Nutri-bus has also been built, to travel around the country to carry the message of nutrition. It carries a self-contained TV playback system that shows behaviorally designed nutrition information and education television programs in the local dialects. The Nutri-bus is also loaded with supplies, from Nutri-paks to drug kits and seeds and seedlings of vegetables for distribution to rural people. By October 1979 six Nutri-buses were reaching 507 *barangays* and serving 101,400 preschoolers, 72,713 schoolers and 76,050 mothers.

No wonder that the Philippine Nutrition Program has become a model for other developing countries. The Nutrition Center of the Philippines (established in July 1974) has been designated a College of the United Nations World University, based in Tokyo, Japan.

### Housing

MATCHING agrarian reform in its scale and dimension is the Human Settlements program, which follows the broad new concept of national development based on ecologically sound communities. In June 1978 President Marcos set up the Ministry of Human Settlements (MHS) to take over the tasks of earlier ad hoc agencies dealing with the same problems, appointing his own activist lady, Imelda Romualdez Marcos, to run it.

The MHS's work-program is built on the experience Mrs. Marcos and her managers gained from working in Metropolitan Manila, which became one administrative unit of 4 large cities and 13 nearby towns in middle 1975. Six years ago she had come on a dying metropolis and restored it to health. Rid of floods, garbage and traffic jams, Manila has again become a livable city: one with some leisure plan beyond the immediate.

Resuscitating Metro Manila *alone* would gain the Philippines almost nothing. The only answer was to try and "bring *simultaneously*

to all Filipinos the 11 basic needs of a human settlement." These are water, power, food, clothing, livelihood or productive employment, health care, education, culture and technology, ecological balance, sports and recreation, shelter and mobility.

A program called BLISS is carrying out this basic-needs strategy. BLISS is the felicitous acronym for the multilevel *Bagong Lipunan* ("New Society") Improvement of Sites and Services program. It has chosen the most depressed areas within each region, province, city or town to serve as models for diffusing innovations. These model communities are classified into three levels, varying by size and by the extent of the applicable program.

A Level-I BLISS program focuses on a neighborhood group of 50 to 500 families (six persons to an average family) living in an area of at least 2.5 hectares (six acres). BLISS upgrades or completely renews the houses within this area, re-laying them out to achieve a logical allocation of land for community facilities (like schools, health centers, chapels, meeting houses and sports grounds), as well as for home lots. Over the five years from 1979 to 1983, BLISS is developing 1,500 Level-I communities—one for each of the 1,464 towns and cities of the country.

By the end of 1979 the National Housing Program under the Multiyear Human Settlements Plan reported the completion of 7,616 Level I units at a cost of P93.065 million.

Level-II communities are larger, of 100 to 500 families, living in an area of 50 to 200 hectares (125 to 495 acres) and having resources and potentials for agro-industrial development. A total 330 of these units at a cost of P18 million were completed in 1979.

Level-III communities consist of 500 or more families, situated in a watershed area of at least 500 hectares (1,235 acres).

BLISS will develop 77 Level-II communities, one for each of the country's 77 provinces, and 13 Level-III communities, one for each of its 13 administrative regions, over a period of five years. Overall the program will cost P4,500 million (some \$600 million) and di-

rectly benefit 80,000 Filipino families

THE MINISTRY of Human Settlements has also achieved an impressive record in slum improvement, through the upgrading of sites and services.

In the regional cities like Baguio, Cebu and Davao, the program is called Slum Improvement and Resettlement (SIR). In the cities of Cagayan de Oro, Cebu and Davao alone, SIR generated 829 lots for approximately 1,050 families out of 7,055 hectares of land. In the rural setting, the program is exemplified by the upgrading projects such as those in *Triangulo Uno* in Leyte, Barrios Suba and Nanguyudan in Paoay, Ilocos Norte, and Tadalac in Los Baños, Laguna.

In Manila the program is called Zonal Improvement Program (ZIP), covering a total of 638 hectares where 236 slum areas have been identified.

Development of the Tondo foreshore is the first comprehensive ZIP project in Manila. Tondo is the Philippines' largest slum colony, packing 27,250 families in an area covering 137 hectares. The project is being undertaken with help from the World Bank. In 1979 President Marcos awarded 300 lot titles to beneficiary families living in the project site.

Two other major slum-improvement projects are going on in Metro Manila. These are the Bagong Barrio Project in Caloocan City and the Tatalon Estate Project in Quezon City. Both projects, housing physical and social facilities like roads, buildings and small industries, were recently inaugurated.

Families displaced from slum areas are relocated to prepared resettlement sites that are fairly close to the urban centers and linked by a transport network. Four such projects are under way around Metro Manila: the Sapang Palay Resettlement Project, the Dasmariñas Bagong Bayan, the Carmona-San Pedro Resettlement Project, and the Dagat-Dagatan Development Project. The largest of these is the Carmona-San Pedro Resettlement Project, covering a 461-hectare area south of Metro Manila. Its population is estimated at 62,000.

CSG 82682





# Press Material

OFFICE OF MEDIA AFFAIRS  
REPUBLIC OF THE PHILIPPINES

## **KKK: The National Livelihood Program**

THE New Republic ushered in the implementation of the *Kilusang Kabuhayan at Kaunlaran* (KKK) as the national livelihood program.

President Ferdinand E. Marcos called the KKK "the centerpiece project in the development thrust of the New Republic." In his words, "Just as the *Kilusang Bagong Lipunan* [New Society Movement] is the political party of the New Republic, so shall the KKK be the basic concept and platform of national development."

The KKK was formally launched on *Barangay* Day, September 11, 1981. Since then it has transformed hundreds of the Philippines' smallest political units—the *barangays*—into self-reliant communities.

### **Concept**

The KKK was conceived to give proper balance to regional growth. It would spur economic and social development throughout the country by transforming its 42,000 *barangays* into self-reliant communities through the establishment of various livelihood projects to be owned and managed by local residents themselves.

The grassroots thus becomes the primary scene of productivity, with the Government acting as catalyst or agent of change.

### **Target beneficiaries**

The KKK addresses itself to the poorest of the poor. To this end it has identified its priority

beneficiaries as the landless workers, *kaingine-ros* (slash-and-burn farmers), subsistence fishermen, urban slum dwellers, the cultural minorities, out-of-school youths, and the disabled. These beneficiaries are given preference in project approval and release of funds. They may borrow without interest or collateral.

However, KKK funds may not be released solely because the recipient is poor. The KKK national secretariat, headed by the First Lady, Mrs. Imelda R. Marcos, has decreed that the projects must be viable and have a ready market. The other requirements are that the needed technology should be available in the locality, that the needed raw materials should be in ample supply and that the proponent should have the skills for managing the enterprise.

In other words, the KKK Fund is not given willy-nilly. As President Marcos has said, the Government will safeguard the KKK Fund. KKK Funds are no dole-outs; they are loans that must be paid back.

### **Prototypes**

The Ministry of Human Settlements, which is the KKK national secretariat, has identified seven major categories or "program prototypes" for the various kinds of land settlements. These prototypes are agro-forestry, agro-livestock, aqua-marine, waste utilization, cottage and light industries, shelter and shelter components, and services.

Each program has developed project prototypes with their corresponding modules, profiles and strategies for implementation. All a prospective project proponent has to do is to suit a prototype to the resources, conditions and needs of his community.

#### **Implementing agencies**

No single Government agency has the expertise and manpower needed to carry out all the seven project prototypes. Thus, the Government directs the activities and operations of its agencies to make them more efficient and cohesive in carrying out the KKK program.

These agencies, called lead implementing agencies, carry out projects along their line of expertise. The technical assistance they provide covers not only projects they themselves initiated but also "walk-in" projects submitted by other Government agencies to KKK regional action officers.

The extension workers of the lead implementing agencies also give, aside from technical aid, assistance in preparing feasibility studies. They monitor the projects, seeing to it that these are progressing according to schedule. They prepare status reports on the projects and submit them to the regional action officer.

#### **Projects in progress**

Barely four months after the launching of the KKK, the national secretariat approved for implementation 411 projects worth P358.8 million. Noting the enthusiasm generated by

the KKK, the Government increased the KKK Fund by another P1 billion. It expected the first P1 billion to run out by May 1982 because applications for KKK funding, had peaked.

For KKK operations, the Central Bank released P935 million to three KKK-designated banks with branches all over the countryside: the Philippine National Bank, the Development Bank of the Philippines, and the Land Bank of the Philippines.

In 1981 the Government pursued some 65 anchor projects with a total cost of P386 million. They are called "anchor projects" to stress the participation of private business, which assists them. Among the private entities involved in these projects are the Philippine Business for Social Progress, SyCip, Gorres and Velayo and other big Manila-based enterprises.

In the same year the national secretariat produced manuals and directories to improve the KKK delivery system and to mobilize the KKK more effectively.

This early, products from KKK livelihood enterprises are on the foreign market. Mrs. Marcos has been pursuing an intensive marketing campaign in the United States and Arab countries. KKK products have been generating enthusiastic response from these places.

The KKK marks the country's first step from mere supplier of raw materials and importer of finished products to a full-scale exporter of finished products.



# Press Material

OFFICE OF MEDIA AFFAIRS  
 REPUBLIC OF THE PHILIPPINES

## ECONOMIC INDICATORS

GNP (1982) ... P192 B	In 1982	<i>International reserve</i>	(10) Principal Exports:
At constant prices ..... 269 B	(January) ... \$865 or P7,157	In 1972 ..... \$549 M	1 Sugar
At current prices ..... 97 B	<i>Minimum wage</i>	In 1980 .. \$3.155 B	2 Semi-conductor devices
GNP (1972) ... 55 B	In 1972 ..... P8 daily	In 1981 .. \$2.547 B.	3 Coconut oil
<i>Per-capita income</i>	In 1980 ..... P29.85 or P31 daily	<i>Exports</i>	4 Copper concentrates
In 1972 ..... \$240	<i>Tax collection</i>	In 1972 ..... \$1 B	5 Gold
In 1980 ..... 755	In 1972 ..... P5.1 B	In 1980 ..... \$5.6 B	6 Lumber
In 1981 ..... \$780 or P6,355	In 1981 ..... P31.2 B	In 1981 .. \$.708 B	7 Bananas
	Percentage in other countries	Total (10) Principal Exports:	8 Iron-ore agglomerates
	- 17 percent	In 1981 .. \$1.937 B	9 Plywood
	In the Philippines	In 1980 . \$3.142.2 B	10 Desiccated coconut
	- 14 percent		Savings and deposits
			in 1972 ..... P5 B
			Bank deposits
			(by individuals)
			In 1972 ..... P7.8 B
			In 1980 ..... P50.3 B

## INVESTMENT IN INFRASTRUCTURE

(Increase from 2 percent of gross domestic product in the late 1960s to more than 6 percent in 1981).

### Roads

In 1970 ..... 88,483 km.  
 End of 1980 ..... 151,000 km.  
 (Total expenses of P11 billion, P56 million was spent to make the increase possible)

### Average annual pace of road construction:

Before 1970 ..... 742 km.  
 From 1973 to 1980 ... 2,300 km. a year  
 (An increase of 21.4 30 percent)

End of 1980 ..... 83,984 km. of *barangay* (barrio) roads  
 9,218 linear meters of bridges

### Irrigated areas:

In 1965 ..... 300,000 hectares  
 In 1971 ..... 730,000 hectares  
 From 1972 to 1980 ... 1.4 million additional hectares

### On electrification

Before 1970 ..... One out of 30 households had access to electricity  
 In 1972 ..... 76,000 households had electricity

In 1981 . . . . . 1,770 million houses were electrified

(114 cooperatives are operating throughout the country. There are 1.800 million connections. 1.200 million people are using electric power throughout the country).

For 1982 . . . . . 400,000 additional connections (Two million expected total connections. Now, 13.5 million people would benefit from expanded service. 1.800 million connections. 1.200 million people have electric power throughout the country.

Installment cost . . . . . P2,714,500, or 1,533 million per unit.

*On education* (classrooms built each year)

In 1960 . . . . . 1,000 classrooms a year  
Between 1970 and 1980 .122,000 classrooms a year (42,000 schoolbuildings)

*Literacy rate*

In 1979 to 1980 . . . . . 80 percent to 90 percent

*Enrollment*

In 1970-80 . . . . . 9.3 million to 10 million  
In 1982 . . . . . 13 million

Jq1 JV

ID # 094698  
CO125

### WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 82108118

Name of Correspondent: Lloyd A. Van Vactor PHBLAC

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Urges the President to withdraw the invitation to President Ferdinand Marcos to visit the US

ROUTE TO:	ACTION	DISPOSITION
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD
<input checked="" type="checkbox"/> PZ Blue	ORIGINATOR	<u>82108118</u>
<input checked="" type="checkbox"/> DOS	Referral Note: <u>R</u>	<u>8210110</u>
	Referral Note:	<u>8209120</u>
		<u>1 1</u>
	Referral Note:	<u>1 1</u>
		<u>1 1</u>
	Referral Note:	<u>1 1</u>
		<u>1 1</u>
	Referral Note:	<u>1 1</u>

**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## RECORDS MANAGEMENT ONLY

### CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 4500 \_\_\_\_\_

Prime Subject Code: CO 125 Secondary Subject Codes: RM \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P. _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn - Presidential Correspondence**
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie
  
- CLn - First Lady's Correspondence**
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan
  
- CBn - Presidential & First Lady's Correspondence**
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

**MEDIA CODES:**

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

~~UNCLASSIFIED~~  
(Classification)

S/S # 8227015

Date

SEP 20 1982

82 SEP 20 10:43

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
TRANSMITTAL FORM

WHITE HOUSE  
SITUATION ROOM

FOR: Mr. William P. Clark  
National Security Council  
The White House

REFERENCE:

TO: President Reagan FROM: Mr. Lloyd G. Van Vactor  
DATE: August 16, 1982 SUBJECT: Urges the President to w/d.  
invitation to Pres. Marcos to visit the U.S.

WHITE HOUSE REFERRAL DATED: September 9, 1982 SC # 094698  
(if any)

THE ATTACHED ITEM WAS SENT DIRECTLY  
TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- A draft reply is attached.
- A draft reply will be forwarded.
- A translation is attached.
- An information copy of a direct reply is attached.
- We believe no response is necessary for the reason cited below.
- Other.

REMARKS:

*Lanni A. Bremer*  
for L. Paul Bremer, III.  
Executive Secretary

September 20, 1982

Mr. Lloyd G. Van Vactor  
Associate Secretary  
Division of World Service  
475 Riverside Drive  
New York, N.Y. 10115

Dear Mr. Van Vactor:

I have been asked to respond to your letter of August 16 addressed to Ronald Reagan concerning the state visit of President Marcos.

A visit by the head of a friendly allied state is a normal and customary event. It provides the opportunity for discussion of the entire range of foreign policy concerns. We maintain an active diplomatic dialogue with the Philippines on human rights matters.

Sincerely,

Ulrich A. Straus  
Director  
Philippine Affairs

lcc: Agency Liaison ✓  
The White House

Enclosure:

Correspondence, worksheet returned

EA/PHL: JCGallup:mjr  
9/18/82 632-1221

# 8227015



8227015

THE WHITE HOUSE OFFICE

REFERRAL

SEPTEMBER 9, 1982

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 094698

MEDIA: LETTER, DATED AUGUST 16, 1982

TO: PRESIDENT REAGAN

FROM: MR. LLOYD G. VAN VACTOR  
ASSOCIATE SECRETARY  
DIVISION OF WORLD SERVICE  
UNITED CHURCH BOARD FOR WORLD  
MINISTRIES  
475 RIVERSIDE DRIVE  
NEW YORK NY 10115

SUBJECT: URGES THE PRESIDENT TO WITHDRAW THE  
INVITATION TO PRESIDENT FERDINAND MARCOS  
TO VISIT THE U. S.

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE

*Received in S/S-I  
9/9 at 10:13 A.M. (LJ)*

31  
**UNITED CHURCH BOARD FOR WORLD MINISTRIES**

NEW YORK  
BOSTON  
ST. LOUIS

Incorporated 1812 in Massachusetts

NEW YORK  
475 Riverside Drive  
New York, N.Y. 10115  
Cable: Fernstalk New York

RALPH F. TULLER  
President

DAVID M. STOWE  
Executive Vice President

MYLES H. WALBURN  
Treasurer

**DIVISION OF WORLD SERVICE**

Alfred C. Bartholomew  
General Secretary  
212-870-2713

Hazel T. Johns  
Consultant on the U.N.  
and Development  
212-687-6830

Gustav H. Kuether  
Program Secretary  
St. Louis  
314-241-3066

Lloyd G. Van Vactor  
Associate Secretary  
212-870-3369



Philippines who tell me of the continued arrest of many persons who are not prominent enough to reach the headlines of International Press, and yet whose lives are sacred to those that they hold dear, and to many of us.

Certainly one of the most discouraging notes in all of the correspondence that comes from friends in the Philippines is the increasing conviction on the part of many that moderate, legitimate opposition stands absolutely no chance at overcoming the present administration. Therefore, time and time again, they are reporting more inclination towards those that are convinced that violent overthrow of the present government there is the only answer to the solutions of that countries problems. This is tragic. When that occurs, and occur it certainly will, if there is no non-violent change possible, America will again be looked upon by people of that country as the one who supported the authorities against the democratic wishes of the people. Haven't we got enough countries where that has already occurred? Must we continue to support those who at the moment appear to be in our own interests, but who in the long term are running programs counter, not only to our interest, but far more significantly to the interest of the peoples of their own countries.

I plead with you in the name of those concerned for freedom and human rights in the Philippines

*M. Blackwell*  
August 16, 1982

President Ronald Reagan  
The White House  
Washington, DC 20500

Dear President Reagan:

I join with countless numbers of others in protesting the planned visit to the United States and invitations being arranged by the White House for his activities while in this country. For persons in the Philippines struggling under the ever increasing imposition of his rule in that land such an invitation extended by you and his visit to the United States will certainly be taken as a serious blow.

Just this week the newspapers have added to the "accomplishments" of President Marcos in his efforts to stifle legitimate opposition to his rule in that country. In an effort to put down those who dare be courageous enough to oppose his leadership, the newspapers carried the account of his creation of a one thousand person, plain clothes special security force. With this public acknowledgement of the establishment of this particular security force, one thousand men and women are added to countless numbers already assigned to the task of stifling any legitimate opposition to his continued leadership in that country. Today's paper told of the arrest of a leading labor union official. Anyone at all acquainted with the legitimate labor union activities in that country know that their only effort is to secure a just and decent wage for the workers of that country. Naturally, any opposition that might be expressed by a labor union to his continued creation of labor markets in order to attract foreign capital investment would be considered "subversive" in the eyes of Mr. Marcos. I continue to receive letters from close friends and associates from my years of living in the

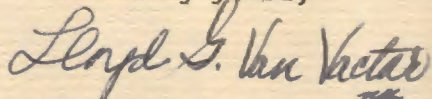
8227015

094698

President Ronald Reagan  
Page 2  
August 16, 1982

to withdraw the invitation to President Ferdinand Marcos to visit the United States  
and to be received by you or any other administrative officials.

Sincerely yours,



Lloyd G. Van Vactor  
Associate Secretary  
Division of World Service

LGW:mdb  
cc: George Shultz

Dictated by Dr. Van Vactor  
but signed in his absence.

094703

ID # CO 125

# WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 821081/8

Name of Correspondent: John S. Engberg II

PHBIAC

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Expresses interest that he and members of his association be invited to any function, in honor of Fernando Marcos official State visit Sept. 1982.

### ROUTE TO:

### ACTION

### DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>PH Blac</u>	ORIGINATOR	<u>821081/9</u>		<u>C 8210110</u>
<u>DOS</u>	Referral Note: <u>R</u>	<u>82109109</u>		<u>82109119</u>
_____	Referral Note: _____	____/____/____	_____	____/____/____
_____	Referral Note: _____	____/____/____	_____	____/____/____
_____	Referral Note: _____	____/____/____	_____	____/____/____

#### ACTION CODES:

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#### FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOb).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 1161 \_\_\_\_\_

Prime Subject Code: CO 425 Secondary Subject Codes: VA \_\_\_\_\_  
SO \_\_\_\_\_

## PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn - Presidential Correspondence**
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie
  
- CLn - First Lady's Correspondence**
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan
  
- CBn - Presidential & First Lady's Correspondence**
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

**MEDIA CODES:**

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

UNCLASSIFIED  
(Classification)

S/S # 8227012

SEP 20 1982

Date

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
TRANSMITTAL FORM

82 SEP 20 P10: 43

WHITE HOUSE  
SITUATION ROOM

FOR: Mr. William P. Clark  
National Security Council  
The White House

REFERENCE:

TO: President Reagan FROM: Mr. John B. Engberg II

DATE: August 16, 1982 SUBJECT: Expresses interest in  
being invited to functions in honor of President Marcos

WHITE HOUSE REFERRAL DATED: Sept. 9, 1982 NSC # 094703  
(if any)

THE ATTACHED ITEM WAS SENT DIRECTLY  
TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- A draft reply is attached.
- A draft reply will be forwarded.
- A translation is attached.
- An information copy of a direct reply is attached.
- We believe no response is necessary for the reason cited below.
- Other.

REMARKS:

*L. Paul Bremer, III*  
L. Paul Bremer, III  
Executive Secretary

September 17, 1982

Mr. John B. Engberg, II  
Service Director  
Regular Veterans Association  
1106 Clayton Lane  
Twin Towers East, Suite 520 E  
Austin, Texas 78723

Dear Mr. Engberg:

We have been asked to respond to your letter of August 26 to President Reagan concerning the state visit of President Marcos. We appreciate your interest in President Marcos' visit and your desire to be included in his program. Although it is too late to consider White House functions, may I suggest that you contact the Philippine Embassy, tel. (202) 483-1414, concerning any events which may be sponsored by the Philippine government during the private portion of President Marcos' visit next week in New York and California.

I hope this information is helpful.

Sincerely,

Ulrich A. Straus  
Director  
Philippine Affairs

bcc: Agency Liaison  
The White House

Enclosure:

Correspondence, worksheet returned

EA/PHL:JGallup:mjr  
9/17/82 221  
# 8227012

8227012

THE WHITE HOUSE OFFICE

REFERRAL

SEPTEMBER 9, 1982

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 094703

MEDIA: LETTER, DATED AUGUST 16, 1982

TO: PRESIDENT REAGAN

FROM: MR. JOHN B. ENGBERG II  
NATIONAL ADJUTANT  
SERVICE DIRECTOR  
REGULAR VETERANS ASSOCIATION  
OF THE UNITED STATES  
1106 CLAYTON LANE  
TWIN TOWERS EAST, SUITE 520 E  
AUSTIN TX 78723

SUBJECT: EXPRESSES INTEREST THAT HE AND MEMBERS OF  
HIS ASSOCIATION BE INVITED TO ANY FUNCTION  
IN HONOR OF FERNANDO MARCOS OFFICIAL STATE  
VISIT SEP 82

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE





# REGULAR VETERANS ASSOCIATION

OF THE UNITED STATES

1106 CLAYTON LANE, TWIN TOWERS EAST, SUITE 520 E, AUSTIN, TEXAS 78723

Ronald Reagan, President  
United States of America  
The White House  
Washington, D.C.

8227012

AUG 16 1982

SUBJECT: The Honorable Fernando Marcos, President  
Republic of the Philippines  
Official State Visit - September 1982

094703

Dear President Reagan:

I have been informed that President Marcos will officially visit the United States in late September. His visit will include, I am told, a White House Dinner with limited invitations to National leaders.

The Regular Veterans Association of the United States, Inc., (RVA) has long been a supporter of a strong National defense, of benefits for Filipino veterans, and maintained a strong RVA Department of the Philippines until late 1950. The RVA, in the 1940's prepared and supported legislation on behalf of Filipino veterans.

We would appreciate the following named members to be contacted, and invited, to any function deemed appropriate by the White House for the purpose of representing our Association and those military/veterans our Association stands for.

NATIONAL COMMANDER JOHN W. SHANNON and wife  
110 Park Road, Condo 303  
Burlingame, CA 94010

NATIONAL CHIEF OF STAFF WALLACE SHEPPARD and wife  
P.O. Box 7008  
Ft. Worth, Texas 76111

NATIONAL ADJUTANT/SERVICE DIRECTOR JOHN B. ENGBERG, II and wife  
1309 Harrison Lane  
Austin, Texas 78742

We appreciate your consideration, courtesy, and the opportunity to America's oldest veterans association attending these affairs.

Sincerely,

*John B. Engberg II*  
John B. Engberg, II  
National Adjutant  
Service Director

JBE/de

