Dependent Independence

The U.S. Informal Empire in the Philippines, 1946-1954

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Master Thesis

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Contents

List of Abbreviations

AFP	Armed Forces of the Philippines
CIA	Central Intelligence Agency
CIC	Counterintelligence Corps
Comintern	Communist International
DA	Democratic Alliance
FRUS	Foreign Relations of the United States
Huk	Hukbalahap. Short name of the 'Hukbo ng Bayan Laban sa Hapon', (People's anti-Japanese army). In 1946, the name was changed to Hukbong Mapagpalaya ng Bayan" (People's Liberation Army)
IMF	International Monetary Fund
MDAP	Mutual Defense Assistance Program
Meralco	Manila Electric co.
NAMFREL	National Citizen's Movement for Free Elections
NSC	National Security Council
PKP	Partido Komunista ng Pilipinas
U.S.	United States of America
USAFFE	United States Forces in the Far East

Chapter 1 – Introduction

On October 20, 1944 the American General Douglas MacArthur resolutely waded toward the shore of Leyte, accompanied by Philippine president Sergio Osmeña.[1] Two years earlier, upon his evacuation from the Philippines, MacArthur had vowed: "I came through and I shall return!"[2] When he came ashore, MacArthur proclaimed: "People of the Philippines, I have returned… Rally to me!... The guidance of divine God points the way. Follow in His name to the Holy Grail of righteous victory!"[3] With these words, MacArthur fulfilled his pledge. The liberation of the Philippines had begun. In the prelude to the landing, MacArthur had pressured Osmeña to join him on his return to the Philippines. He argued that otherwise, Osmeña's prestige would suffer. Osmeña did not feel much for MacArthur's plan. The Philippine president feared that if he were to go with MacArthur, he might find himself under his direct control, without a clear understanding of his own powers and responsibilities.[4] He was already warned by another U.S. official that there would be no place for him during the liberation, as the Philippines would be under military command. But Osmeña felt like he had no other choice: "My place is in the invasion. Otherwise the Filipinos will say, 'Where is our government? Where is our president?' They might think I was afraid."[5] During the Leyte landing and the liberation, MacArthur completely overshadowed Osmeña. MacArthur was in charge of the liberation, and while he was at the center of attention and became known as the 'Liberator of the Philippines', Osmeña had to watch from the sidelines. Although the U.S. granted independence to the Philippines on July 4, 1946, post-independence relations between the U.S. and the Philippines are somewhat reminiscent of the positions of MacArthur and Osmeña at the landing in Leyte. According to Robert Shaffer, many historians have concluded that Philippine independence was incomplete

[1] Front cover: General Douglas MacArthur (center) and staff, accompanied by Philippine president Sergio Osmeña (left), land at Red Beach, Leyte, 20 October 1944. Source: https://en.wikipedia.org/wiki/Battle_of_Leyte#/media/File:Douglas_MacArthur_lands_Leyte1.jpg. Accessed July 24, 2018.
[2] "'I Came Through; I Shall Return,'" *The Advertiser*, March 21, 1942.
[3] Stanley Karnow, *In Our Image: America's Empire in the Philippines* (New York: Random House, 1989), 313.
[4] Ibid., 326; "811B.00/10–1044: Memorandum by the Chief of Divison of Philippine Affairs (Lockhart) to the Director of the Office of Far Eastern Affairs (Grew) and the Deputy Director of That Office (Ballantine), October 10, 1944.," in *The Near East, South Asia, and Africa, the Far East*, vol. V, Foreign Relations of the United States, Diplomatic Papers 1944 (Washington, D.C: United States Government Printing Office, 1965).
[5] Sergio Osmeña, quoted in Karnow, *In Our Image*, 326.

and inequal. Independence did not significantly alter Philippine-U.S. relations, but instead, the U.S. managed to exercise continued control over an independent Philippines.[6]

Research questions

Considering the academic debate about American empire, Philippine-U.S. relations are an interesting object of study. The central topic of this research is the American postcolonial influence on the Philippines in the first years after independence. The main research question is: "How did Philippine independence change U.S. influence on the Philippines from 1946 to 1954?" These first eight years of independence comprise the initial development of post-independence U.S.-Philippine relations. During this period, the U.S. and the Philippines closed a series of bilateral treaties and agreements, resulting in a 'special relationship' between both countries. The U.S. was a major source of financial and military aid to the Philippines. The U.S. also became involved in the containment of the Huk rebellion against the Philippine government, which was finally defeated by 1954. From 1955, some of the treaties were renegotiated, altering the initial U.S.-Philippine post-independence relationship. 1954 seems therefore a logical end date. The research question fits in a larger debate about the role of the United States in the world after the Second World War. To answer this question, some subquestions need to be addressed. The structure of the thesis follows that of the research questions. Each research question has a corresponding chapter in the thesis.

The first subquestion is: "How did Philippine-American relations develop until independence and after?" This question focuses on the background of the research. The development of Philippine-American colonial relations, the preparations for independence and Philippine-American relations after independence will be described in its corresponding chapter. The goal of this subquestion is to provide some background information and to track down some developments that played an important role in Philippine-U.S. relations after independence to their roots.

The next three subquestions analyze the U.S. influence on the Philippines in three different areas: national politics, economy, and military and geopolitical considerations. The focus in these chapters is on how the United States tried to maintain influence over the

[6] Robert Shaffer, "'Partly Disguised Imperialism': American Critical Internationalists and Philippine Independence," *The Journal of American-East Asian Relations* 19, no. 3–4 (2012): 235, 238.

Philippines, despite the Philippine independence. The second subquestion is: "How did the U.S. influence Philippine national politics?" This section will analyze U.S. policy toward the Philippines to determine if the U.S. interfered with Philippine national politics, and if so, in what way, and why? The third subquestion is: "How did the U.S. exert economic influence over the Philippines?" This question will analyze the post-independence economic relations between the U.S. and the Philippines to determine how the U.S. tried to exert economic influence over the Philippines. The fourth subquestion is: "How did geopolitical considerations and military interests influence U.S. policy toward the Philippines?" The Philippines gained independence in 1946, at the start of the Cold War. "How did the changing geopolitical order and the position of the U.S. and the Philippines therein influence U.S. policy toward the Philippines?"

In the conclusion, I will attempt to bring these different forms of influence together to show that American influence in the Philippines after independence took the form of informal empire. Then, the case of the U.S. empire in the Philippines will be analyzed in the broader debate of American empire. What can we learn from the Philippine case?

Historiography

This section aims to provide a short overview of the academic debate that makes up the broader framework in which this research fits. In describing the role of the United States in the world order, two terms are often used: hegemony and empire. There is an academic debate about the position of the U.S. in the world. Earlier debate has focused on the U.S. as a hegemony, but since 2000, the debate has focused more on the U.S. in terms of empire.[7] This has been influenced and fueled by American actions such as the invasion of Iraq in 2003, the invasion in Afghanistan, American military bases all over the world and American counterterrorism. In the discussion about American empire, a distinction is made between formal and informal empire. First, this section will explore the debate about American empire. This also serves as a description of the theoretical concepts behind my research. Then, it will describe some important works on Philippine-American relations. Much literature is published on both subjects, but the aim of this historiography is to give a brief outline of both debates. The works covered here are selected on their importance in the academic debates and their relevance to this research.

[7] Miriam Prys and Stefan Robel, "Hegemony, Not Empire," *Journal of International Relations and Development* 14, no. 2 (2011): 247.

Hegemony

In the article "Waves of Empire: U.S. Hegemony and Imperialistic Activity from the Shores of Tripoli to Iraq, 1787-2003" (2007), Julian Go examines the relationship between hegemony and imperialistic activity. Go distinguishes two poles in the debate about American empire. On the one hand are proponents as Max Boot, Niall Ferguson, and Michael Ignatieff. These authors argue that the world needs an empire for the defense of democracy, human rights and free markets. The hegemonic status of the United States is the natural condition for an American empire. On the other side are authors like David Harvey and Immanuel Wallerstein, which are part of the declinist school. This school argues that imperialistic activity is not a result of hegemonic maturity, but from hegemonic decline.[8] Go defines hegemony as the "relative preponderance over the world economy, such that there could be historical periods when there is a single hegemon and political and/or cultural dominance over the geopolitical system of states."[9] Empire is "a system of interaction between two political entities, one of which, the dominant metropole, exerts political control over the internal and external policy of the other, the subordinate periphery."[10] According to Go, imperialism is everything that helps establish or maintain an empire. He separates imperialism from imperialist activity. Imperialist activity is the formal, political dimension of imperialism, while imperialism also contains informal methods.[11] Go concludes that the U.S. tends to be more imperialistic during periods of rise and fall of hegemony than during hegemonic maturity. Moreover, the claim that the U.S. doesn't have a strong imperial impulse due to its democratic culture and institutions is wrong because this was only the case between 1945 and 1970.[12] In the article "Return to Empire, The New U.S. Imperialism in Comparative Historical Perspective" (2005), George Steinmetz argues that the idea that the United States are not just a global hegemon, but an empire, has become widely accepted. The declinist school, which believed that due to imperial overstretch and a decreasing

[8] Julian Go, "Waves of Empire: US Hegemony and Imperialistic Activity from the Shores of Tripoli to Iraq, 1787-2003," *International Sociology* 22, no. 1 (2007): 5–6.
[9] Ibid., 7.
[10] Ibid., 8.
[11] Ibid.
[12] Ibid., 33–34.

share in the world production, the U.S. global hegemony was reaching exhaustion, has been proven wrong because of the fall of the Soviet Union.[13]

Empire

But although empire has emerged as the dominant concept to describe the U.S., there is no widespread agreement over what exactly an empire is, and the concept has become clouded by a flood of publications that seem to bandwagon on the popularity of the concept. According to Alexander Motyl, "Empire serves only as a convenient tag […] But empire's analytical utility is close to nill."[14] Motyl argues that scholars first need to define empire as something manageable, and second, employ the concept as a tool for comparing the dynamics of imperial political systems. A useful definition is that of Michael Doyle: "empire… is a relationship, formal or informal, in which one state controls the effective political sovereignty of another political society."[15] On headlines, scholars agree that empires are political systems consisting of unequal relations between centers and peripheries.[16]

In *Empire* (2000), post-Marxist philosophers Michael Hardt and Antonio Negri argue that "sovereignty has taken a new form, composed of a series of national and supranational organisms united under a single logic of rule. This new global form of sovereignty is what we call Empire. They distinguish Empire from imperialism, as "Empire establishes no territorial center of power and does not rely on fixed boundaries or barriers. It is a decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers. Empire manages hybrid identities, flexible hierarchies, and plural exchanges through modulating networks of command. The distinct national colors of the imperialist map of the world have merged and blended in the imperial global rainbow."[17]

In *Colossus: The Rise and Fall of the American Empire* (2005), Niall Ferguson argues that the U.S. has always been an empire, perhaps in functional rather than self-conscious form.

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[13] George Steinmetz, "Return to Empire: The New U.S. Imperialism in Comparative Historical Perspective," *Sociological Theory* 23, no. 4 (2005): 361.
[14] Alexander J. Motyl, "Is Everything Empire? Is Empire Everything?," ed. Niall Ferguson, Michael Hardt, and Antonio Negri, *Comparative Politics* 38, no. 2 (2006): 243, https://doi.org/10.2307/20433991.
[15] Michael Doyle, quoted in Ibid.
[16] Ibid.
[17] Michael Hardt and Antonio Negri, *Empire* (Cambridge, MA: Harvard University Press, 2001), xii–xiii.

Ferguson claims that a self-conscious American imperialism might be preferable to the alternatives, but that self-consciousness is unlikely because of financial, human, and cultural constraints. Therefore, the American empire will remain a somewhat dysfunctional entity.[18] Ferguson's analysis about imperial self-consciousness are interesting for the Philippine case as well.

In the debate about American empire, a distinction is made between formal empire and informal empire. The concept of informal empire starts with an article by John Gallagher and Ronald Robinson, "The Imperialism of Free Trade" (1953). They look at the expansion of the British empire in the nineteenth century. Their definition of imperialism is 'a sufficient political function of the process of integrating new regions into the expanding economy, whether formal or informal.[19] Robinson and Gallagher argue that the difference between formal and informal empire is not so much one of different natures, but of degree.[20] The British empire expanded because it needed to maintain control over more regions to advance free trade. According to Robinson and Gallagher, the British empire would always favor informal empire, and only establish formal empire when informal political means failed to protect the framework of security for British business.[21] While their work describes informal imperialism in the British empire, it is easy to connect it to the United States, especially in 1953, when the Cold War intensified. Robinson and Gallagher thus stood at the start of a big debate about informal empire. Harry Magdoff (1972) describes it as imperialism without colonies and Jürgen Osterhammel (1999) as quasi-colonial control.[22]

Go is another scholar who has covered the topic of informal imperialism extensively. In "Global Fields and Imperial Forms: Field Theory and the British and American Empires" (2008), Go argues that there are two main differences between the United States in the twentieth and the British empire in the nineteenth century. The first is that the United States entered a field populated by allied sovereigns and their empires, unlike the British empire. Second, the U.S.

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[18] Niall Ferguson, *Colossus: The Rise and Fall of the American Empire* (London: Penguin Group, 2005), viii.
[19] John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review* 6, no. 1 (1953): 4.
[20] Ibid., 7.
[21] Ibid., 13.
[22] Julian Go, "Global Fields and Imperial Forms: Field Theory and the British and American Empires," *Sociological Theory* 26, no. 3 (2008): 202.

entered a field in which anticolonial sentiments had grown strong, which was not the case in the nineteenth century. Thus, the U.S. had to rely more on informal empire than the British empire.[23] An example that illustrates this is the Huk rebellion. The U.S. could not occupy the Philippines, because it would look like recolonization. Instead, the U.S. chose to use the CIA to deal with the issue.[24]

This research will rely on a definition of informal imperialism by Gregory Barton and Brett Bennett: informal empire is "a willing and successful attempt by commercial and political elites to control a foreign region, resource, or people. The means of control included the enforcement of extra-territorial privileges and the threat of economic and political sanctions, often coupled with the attempt to keep other would-be imperial powers at bay." They add that "For the term informal empire to be applicable, we argue, historians have to show that one nation's elite or government exerted extraterritorial legal control, de facto economic domination, and was able to strongly influence policies in a foreign country critical to the more powerful country's interests."[25] The reason for adopting this definition is that it is a very specific one, and the conditions for application of the term allow for a qualitative analysis to determine if a U.S. informal empire existed in the Philippines. Moreover, Barton and Bennett applied this term to the British control in Siam. They did not primarily have the U.S. in mind when they set on this definition. If the term is applicable to the Philippines as well, it would open the way for further comparative research between the British and U.S. informal empire.

However, there are also other terms to describe the U.S.-Philippine relations. Geir Lundestad argues that the U.S. expansion in the first years after the Second World War was to a large extent an 'empire by invitation'. The U.S. was generally encouraged to take a more active role in the outside world. Because U.S. forms of control were more in accordance with the will of the local population than those of the Soviet Union, American influence often went deeper.[26] Another term is neocolonialism, used by Stephen R. Shalom. He defines it as "an alliance between the leading class or classes of two independent nations which facilitates their ability to

[23] Ibid., 223.
[24] Ibid., 221.
[25] Gregory A. Barton and Brett M. Bennett, "Forestry as Foreign Policy: Anglo-Siamese Relations and the Origins of Britain's Informal Empire in the Teak Forests of Northern Siam, 1883–1925," *Itinerario* 34, no. 2 (2010): 67.
[26] Geir Lundestad, "Empire by Invitation? The United States and Western Europe, 1945-1952," *Journal of Peace Research* 23, no. 3 (1986): 263.

maintain a dominant position over the rest of the population of the weaker of the two nations."[27] In the conclusion, I hope to clarify why informal empire is the best label to describe Philippine-American relations in the first years after independence.

Philippine-American relations

Another debate that is important for this research can be found in the study of Philippine-American relations. Most scholars are critical of American postcolonial policy toward the Philippines. The last serious study that displayed a favorable view of the American role in the independence process stems from 1965.[28] However, scholars differ in their degree of criticism. There are two camps in this debate. The first camp adopts a critical approach to American postcolonial policy toward the Philippines but stresses the good intentions and the benevolence of the U.S. in this policy. Moreover, they point to the role of the Philippine elite, who often welcomed U.S. interference because the U.S. helped them to maintain their power in exchange for cooperation with the U.S. The second camp condemns the U.S. role in terms as continued control and neocolonialism.

One of the most descriptive and highly praised works on Philippine-American relations is *In Our Image, America's Empire in the Philippines* by Stanley Karnow, an American journalist and historian who covered Asia. For this book, he received the Pulitzer Prize of History in 1990. Karnow covers the whole history of Philippine-American relations from the Philippine-American war to restoration of democracy after the fall of Marcos in 1986. Written in 1989, just three years after the fall of the Philippine dictator Marcos, *In our Image* is preoccupied with the failure of the American democratic experiment in the Philippines. The U.S. tried to establish an American-style democracy in the Philippines.[29] However, Karnow points out that the Americans were never able to fully transplant American values in the Philippines, because of the Philippine political system of kinship and patronage, the so called compadrazgo system.[30] American democracy was a thin veil upon the Philippine society, and this was the basis for the failure of

[27] Stephen Roskamm Shalom, *The United States and the Philippines: A Study of Neocolonialism* (Philadelphia: Institute for the Study of Human Issues, 1981), xiv.
[28] Shaffer, "'Partly Disguised Imperialism,'" 238.
[29] Karnow, *In Our Image*, 14.
[30] Ibid., 227–28.

democracy in the Philippines.[31] Although Karnow partly blames U.S. officials, he mainly accuses the prevalence of the Philippine tradition for the failure of democracy.[32] In stressing American benevolence and a desire among Filipino's to be incorporated in the American sphere of influence, Karnow's work adopts an apologetic tone toward American postcolonial policy in the Philippines, for which it has received a lot of criticism in recent years.

The article "America's boy? Ramon Magsaysay and the Illusion of Influence" (1993) by Nick Cullather examines the postcolonial relations between the Philippines and the United States through president Ramon Magsaysay. According to Cullather, the U.S. supported Magsaysay because they believed he was able to bypass the corrupt elite and could represent American interests.[33] While it is true that Magsaysay was very loyal to the U.S. he had to climb through the patrimonial political system of the Philippines to gain enough backing to become president. After his election, Magsaysay found himself trapped between the increasing demands of the local elite and a shrinking ability of the U.S. to dictate events overseas.[34] In the end, the Magsaysay effect remained limited for the U.S., according to Cullather. He warns that in the examination of dependent postcolonial relationships, historians often mistake the outward signs of dominance for the real thing, which Cullather takes into question with the case of Magsaysay.[35]

In his book *Illusions of Influence, The Political Influence of US-Philippines Relations, 1942-1960* (1994), Cullather elaborates on the American influence on the Philippines from a broader perspective. The U.S. paid too little attention to the motives of cooperative Filipino's, such as Magsaysay. He also shows how the interests of the U.S. and the Philippines diverged from the late 1950s. What becomes clear from Cullathers writings is that the U.S. didn't have as much influence over the Philippines as was often thought. Cullather points out that this also means that the U.S. doesn't deserve the sole blame for the underdevelopment of the Philippine economy, but that it is also the fault of the Philippine elite.[36]

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[31] Reynaldo C. Lleto, "Orientalism and the Study of Philippine Politics," *Philippine Political Science Journal* 22, no. 45 (2001): 3.
[32] Ibid., 6.
[33] Nick Cullather, "America's Boy? Ramon Magsaysay and the Illusion of Influence," *Pacific Historical Review* 62, no. 3 (1993): 305.
[34] Ibid., 338.
[35] Ibid., 328.
[36] Nick Cullather, *Illusions of Influence: The Political Economy of United States-Philippines Relations, 1942-1960* (Stanford, Calif.: Stanford University Press, 1994), 185, 193.

The Philippines: The Continuing Past (1978) is a work by Filipino historians Renato and Letizia Constantino. The goal of this book is "to trace the transformation of the country from colony to neocolony, to examine more recent event and developments in the light of the nationalist thesis and from the point of view of the Filipino people."[37] The Constantinos are scathing about the American role in the Philippines and try to expose patterns of continued imperialist dominance of the Philippines by the United States.

The United States and the Philippines: A Study of Neocolonialism, a work by Stephen Roskamm Shalom, was published in 1981. Shalom argues that with the Philippine independence, colonialism was replaced with neocolonialism. Although the only legal difference between the two is sovereignty, the implications for the behavior of nation-states can be big. Moreover, Shalom argues that the U.S. did not abandon sovereignty over the Philippines because it saw colonialism and neocolonialism as equal, but because it could not afford to be a colonial power in the changing world order, and therefore had no other choice.[38]

In *Bound to Empire: The United States and the Philippines* (1992), Henry William Brands examines the imperial connection between the United States and the Philippines with a focus on the period after independence. This book is an examination about the structure of power that bound the U.S. and the Philippines together.[39] According to Brands, Americans have never been comfortable with the idea of the United States as an empire. The experience with the Philippines undermines this attitude. Independence brought an end to formal American rule in the Philippines, but there remained many links that connected the Philippine elite to the United States, especially in the fight against communism.[40] Brands states: "imperialism is as imperialism does."[41] He argues that the American relationship with an independent Philippines exhibited at times similar characteristics in shaping Filipino behavior as before independence. The independence didn't mean a significant change in the relationship between the U.S. and the

[37] Renato Constantino and Letizia R. Constantino, *The Philippines: The Continuing Past* (Quezon City: Foundation for Nationalist Studies, 1984), VII.
[38] Shalom, *The U.S. and the Philippines*, 183, 184.
[39] H. W. Brands, *Bound to Empire: The United States and the Philippines* (New York; Oxford: Oxford University Press, 1992), ix.
[40] Ibid., v, viii.
[41] Ibid., 350.

Philippines.[42] Instead, formal imperialism shaded into informal imperialism. Brands defines formal imperialism as power with responsibility and informal imperialism as power without responsibility.[43] Where U.S. policy before Philippine independence used American power for the good of both sides, it did not recognize any significant responsibility for the welfare of Filipinos after independence.[44]

Conclusion

Both the debate about American empire and the debate about Philippine-American relations leave a historiographical gap. In the first debate, there is a tendency to use terms as *the* United States, or *the* American Empire. However, such terms imply that the United States is one big entity. But that entity consists of many people and many different interests. In the case of the Philippines, U.S. officials are not always aligned, and there are many different interests which converge into a certain outcome, although those interests not always point the same way. There is room for a perspective of diversity within the American empire in the debate.

In the study of Philippine-American relations, most attention goes to U.S. political influence. One of the reasons behind this could be that a lot of the discussed works are written around the time of the Marcos era from 1965 to 1981. Marcos became a dictator in 1972, and a lot of these works focus on the question how this came to be. However, the U.S. also exerted economic influence over the Philippines. Especially the role of U.S. companies receives little attention in most of these studies. A study highlighting this side of the story might bring interesting findings.

Method

This research will rely upon a qualitative analysis of the primary sources. Most of the primary sources are American sources. The main source of primary material are the Foreign Relations of the United States Diplomatic papers, which provide an extensive source of diplomatic correspondence and memoranda. In the period from 1946 to 1954, this includes correspondence of the Departments of the Interior, State, and Defense; the U.S. embassy in Manila; the National

[42] Ibid., 352.
[43] Ibid., 353.
[44] Ibid., 355.

Security Council; the U.S. Economic Survey Mission, and other government agencies. This research focuses on American sources, because most Philippine sources are not easily accessible.

Research based on one-sided source material can be a tricky operation. Sources are biased, which can make it difficult to uncover the historical reality. However, much of Philippine history has been documented by colonial powers. The study of Philippine history knows a long tradition of getting "historical truths from biased sources".[45] Philippine national hero José Rizal already practiced this method by re-reading Spanish documents about the Philippines from a Filipino perspective, a method which has been replicated by scholars like Constantino.[46] My aim is to follow this tradition in applying a reading against the grain in my analysis of American primary sources. This concept is used to search for alternative voices and perspectives in a discourse and to reflect on dominant ideas of historical knowledge and identity.[47] One way of applying this method is by looking for silences in a text, looking at what is not said. According to Robyn Fivush, silence implies "a shared understanding that need not be voiced."[48] The discourse of U.S. (post)colonial views on the Philippines might contain certain normative and moral assumptions that are natural to U.S. officials at the time and thus not expressed, for example the role of the U.S. in the world order. Understanding and uncovering these silences might provide a different perspective on U.S. informal empire in the Philippines than a normal reading of the text. Another way of applying reading against the grain is by rejecting the dominant story of a text in favor of sub-plots to discover other voices and narratives.[49] Reading against the grain is reading against the original intention of the author, the 'preferred' reading of a text. Moreover, it is important to understand a text in its context by tracing its origin.[50] Understanding the background and position of the writer and the discourse of the text leads to a better understanding. The danger of applying this method in my research is that it might allow the researcher to interpret a text led by bias, instead of uncovering a deeper layer. For example, I

[45] John N. Schumacher, "Re-Reading Philippine History: Constantino's 'A Past Revisited,'" *Philippine Studies* 23, no. 4 (1975): 465.
[46] Ibid.
[47] Karin Willemse, *One Foot in Heaven: Narratives on Gender and Islam in Darfur, West-Sudan*, vol. 5 (Brill, 2007), 22.
[48] Robyn Fivush, "Speaking Silence: The Social Construction of Silence in Autobiographical and Cultural Narratives," *Memory* 18, no. 2 (February 1, 2010): 88–89, 94, https://doi.org/10.1080/09658210903029404.
[49] Jeannette Allis Bastian, "Reading Colonial Records Through an Archival Lens: The Provenance of Place, Space and Creation," *Archival Science* 6, no. 3–4 (December 1, 2006): 273, https://doi.org/10.1007/s10502-006-9019-1.
[50] Ibid., 280.

might regard a text as an example of an imperialist attitude, while this attitude was never (un)consciously present in the writer. To resolve this issue, thorough analysis of secondary source material and related primary source material is necessary. By placing texts in a broader framework, it is less likely that they will be misunderstood.

Chapter 2 – The Colony, the Commonwealth, the Crony: the development of Philippine-American relations

Introduction

During the Spanish-American War in 1898, the United States annexed the Spanish colony of the Philippines. This marked the start of Philippine-American relations. For almost fifty years, the Philippines were a colony of the United States, until the Philippines received independence in 1946. But how did Philippine-American relations develop until independence and after? This chapter describes the background of Philippine-American relations. It is an essential overview to understand the unique Philippine-American relations. The following chapters will thoroughly analyze American influence on the Philippines after independence, but this chapter is more descriptive than investigative. It describes the development of Philippine-American during the colonial period, and from 1935, the Philippine Commonwealth. Then, the Second World War will be addressed, followed by a brief overview of the development of Philippine-American relations after independence.

American colonial rule

The Philippines have been a Spanish colony from the sixteenth century to the end of the nineteenth century. However, dissatisfaction with Spanish rule in the second half of the nineteenth century led to unrest among Filipinos. One of those Filipinos was José Rizal, a poet who campaigned for integration with Spain rather than separation. Even this was too radical for the Spanish colonial government, and Rizal was executed in 1896. Rizal's death sparked the Philippine Revolution, with the aim of establishing an independent Philippine Republic.[51]

The Spanish-American War reinforced a sense of American greatness and a special destiny. With their latest expansions, the United States truly entered the imperialist game, by taking over Cuba, Puerto Rico, and the Philippines from Spain.[52] In the Philippines, the United States was confronted with the Philippine Revolution, which resulted in the Philippine-American

[51] Karnow, *In Our Image*, 10.
[52] George C. Herring, *From Colony to Superpower: U.S. Foreign Relations since 1776* (New York: Oxford University Press, 2011), 335.

war from 1899 to 1902.[53] After the war, American rule was marked by an enlightened guidance toward self-determination. The American colonial government set up an electoral democracy and mass education in the Philippines.[54] In 1913, Woodrow Wilson promised independence for the Philippines.[55] The U.S. governor of the Philippines, Francis Burton Harrison initiated a process of Filipinization. With the Jones Act of 1916, the United States formally expressed the intention to "withdraw their sovereignty over the Philippine Islands as soon as a stable government can be established therein.[56] It also provided the United States to retain forces in the Philippines until 1936.[57] However, in the late 1920s, the U.S. debate about Philippine independence intensified, and the Filipinos lost control over the independence process as they were overshadowed by a growing number of American groups that placed their own interests first in the debate about independence.[58]

Spain had relied on the local elite to govern the land through the so-called encomienda system. This system offered lands to colonists, who gained the rights to tax the land in exchange for responsibility over the native inhabitants.[59] The colonists set up haciendas, large plantations. The local population could work for these landlords as tenants.[60] This was a self-preserving system. The tenants made too little money to provide for their living, and therefore had to borrow money from their landlords. This made that tenants were bound by debt to haciendas for generations.[61] Instead of taking over the role of the Spanish church and government in this system, the United States adopted a reserved approach in governing the colony. When the Philippine Revolution and the American annexation swept aside the Spanish ruling class, the

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[53] Karnow, *In Our Image*, 79.
[54] Ibid., 15.
[55] Ibid., 250.
[56] "Jones Act | United States [1916] | Britannica.Com," accessed May 25, 2018, https://www.britannica.com/event/Jones-Act-United-States-1916.
[57] Amy Blitz, *The Contested State: American Foreign Policy and Regime Change in the Philippines* (Lanham, Md.: Rowman & Littlefield, 2000), 57.
[58] Karnow, *In Our Image*, 252.
[59] Ibid., 50.
[60] Thomas B. Pepinsky, "Trade Competition and American Decolonization," *World Politics* 67, no. 03 (2015): 404; Lawrence M. Greenberg, "The Hukbalahap Insurrection: A Case Study of Successful Anti-Insurgency Operation in the Philippines - 1946-1955," Historical Analysis Series (Washington, DC: United States Army Center of Military History, 1987), 5.
[61] U.S. Department of State, "'The Hukbalahaps,'" in *The Philippines Reader: A History of Colonialism, Neocolonialism, Dictatorship, and Resistance*, ed. Daniel B. Schirmer and Stephen R. Shalom (Boston: South End Press, 1987), 71.

Philippine upper class moved in to fill the vacuum, and haciendas were taken over by Filipinos.[62] The Philippine elite managed to carve out a better position for itself under colonial rule, reinforced by the American moves toward self-government in the Philippines.

The American presence in the Philippines also meant a growth in agricultural exports.[63] The opening of the American market to Philippine exports created another disruption of traditional Philippine society. The landlords strived for a luxurious life, and instead of staying on their haciendas, they moved to Manila to engage in public life and politics. Landlords and tenants became more estranged, and the elite became indifferent and suspicious to their peasants.[64] Moreover, landlords, supported by subsidies from the government, pushed the production of cash crops, such as sugar and coconut products for export instead of traditional crops. The Philippine elite was only concerned with maximum profits and pushed the peasants to their limits to achieve this. The elites and the government were aligned, so the peasants had no hope of receiving support or attention from the government for their cause.[65] So while the Philippine elite benefited much from American rule, the tenants stayed behind and over the years, the gap between rich and poor widened. The wealth divide led to social unrest in the Philippines in the 1920s. At the same time, communism was on the rise in Asia, with the third Comintern taking place in China in 1920. In 1930, the Philippine Communist Party (PKP) was established.[66]

The Philippines and the United States had close economic ties during the Commonwealth period. From 1903 to 1933, the Philippine peso was linked to the gold standard via a 2:1 exchange rate to the U.S. dollar, which was redeemable in gold. In 1934, the U.S. abandoned the gold standard. From then on, the peso was on the dollar exchange standard. It was no longer redeemable in gold, but still in U.S. dollars.[67] The Payne Bill of 1909 had established free trade between the U.S. and the Philippines. The free trade between the U.S. and the Philippines during

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[62] Julio Rey B. Hidalgo, "Cacique Democracy and Future Prospects in the Philippines," in *Mixed Blessing: The Impact of the American Colonial Experience on Politics and Society in the Philippines*, ed. Hazel M. McFerson (Westport, Conn.: Greenwood Press, 2002), 225; Greenberg, "The Hukbalahap Insurrection," 58.
[63] Hidalgo, "Cacique Democracy and Future Prospects in the Philippines," 226.
[64] U.S. Department of State, "The Hukbalahaps," 72.
[65] Benedict J. Kerkvliet, *The Huk Rebellion a Study of Peasant Revolt in the Philippines* (Berkeley: University of California Press, 1977), 266.
[66] Blitz, *The Contested State*, 62.
[67] A.V.H. Hartendorp, *History of Industry and Trade of the Philippines* (Manila: American Chamber of Commerce of the Philippines, Inc, 1958), 610–11.

the colonial era provided the U.S. with a position of primacy in the Philippine economic sphere. Although there was a widespread sentiment under American citizens not to take on colonial responsibilities in the Philippines, many regarded it a good thing to tie the Philippines in the economic sphere of the United States. American companies started to invest in the Philippines, and American investments in sugar, manufacturing, electricity, mining, lumber, and retail formed a considerable part of the Philippine economy.[68] American trade and investment continued to benefit from the reciprocal free trade, but it did not prepare the Philippines for independence.[69] The U.S. did not encourage the buildup of an advanced manufacturing industry, and the wealth gap increased.[70] During the colonial period, The U.S. was the Philippines' dominant trading partner. By 1941, 81 percent of Philippine imports came from the U.S., while the Philippines exported 86 percent of its total foreign trade to the U.S.[71] The American colonial regime had produced an undiversified and unbalanced economy, aimed at the U.S. market. It laid the basis for a continued relationship of economic dependency after Philippine independence.[72]

The Philippine Commonwealth

In 1930, the president of the Philippine Senate, Manuel Quezon sent his rivals Sergio Osmeña and Manuel Roxas, two Filipino politicians, to Washington to lobby for independence. The U.S. Congress was divided on the issue of independence for the Philippines. Opponents argued that the Philippines were of strategical importance, while proponents pointed at the threat for the domestic market of Philippine agricultural exports to the United States. In 1932, the negotiations resulted in the Hare-Hawes-Cutting Act, which promised independence to the Philippines in ten years. Provisions of this act contained trade quotas on Philippine agricultural exports, immigration restrictions and the condition that the U.S. would remain in possession of its military bases in the Philippines after independence. President Hoover vetoed the bill, but this was overridden by Congress in 1933. Although the act now passed U.S. Congress, it was blocked

[68] Shirley Jenkins, *American Economic Policy Toward the Philippines* (Stanford, California: Stanford University Press, 1954), 39.
[69] Claude A. Buss, "Introduction: The Setting of American Economic Policy Toward the Philippines.," in *American Economic Policy*, by Jenkins, 1954, 2.
[70] Kerkvliet, *The Huk Rebellion*, 252, 266; Lewis E. Gleeck Jr., *American Business and Philippine Economic Development* (Manila/Philippines: Carmelo: Bauermann, 1975), 409.
[71] Hartendorp, *History*, "Trade with the United States," 734.
[72] Buss, "Introduction," 2.

by Quezon. In the Philippines, his opponents accused him that this was a move to claim the credit for independence for himself instead of the efforts of Roxas and Osmeña in Washington. But Quezon argued that the act violated Philippine sovereignty and that the economic measures were too harsh for the Philippine economy. In 1934, the Tydings-McDuffie Act was passed. The act settled Philippine independence on July 4, 1946.[73] Although this act was mostly the same as the Hare-Hawes-Cutting Act, it agreed the transfer of American army property in the Philippines after independence, while the issue of American naval bases would be settled in future negotiations. The U.S. president would retain control over Philippine foreign relations, defense, and major transactions. After elections, Quezon became the first president of the Philippine Commonwealth on November 15, 1935.[74]

Figure 1: U.S. President Franklin D. Roosevelt signing the Tydings-McDuffie Act. Second to the right is Senatory Millard Tydings, with to his right, Manuel Quezon and Elpidio Quirino. Source: https://www.britannica.com/topic/Tydings-McDuffie-Act. Accessed July 24, 2018.

Wartime

The outbreak of the Second World War interfered with the American plans for a gradual transition toward independence. On 7 December 1941, the same day as the attack on Pearl Harbor, Japanese forces invaded the Philippines. On March 29, 1942, the PKP officially

[73] "Tydings-McDuffie Act | United States [1934]," Encyclopedia Britannica, accessed July 10, 2018, https://www.britannica.com/topic/Tydings-McDuffie-Act.
[74] Blitz, *The Contested State*, 63; Karnow, *In Our Image*, 254–55; Greenberg, "The Hukbalahap Insurrection," 6.

established their own forces as the 'Hukbo ng Bayan Laban sa Hapon' (shortened Huk), or the People's anti-Japanese army. Even though this was the military arm of the PKP, there were no references to communism in the Huk charter. Instead, the charter stated that the Huks were devoted to democracy and loyal to the Philippine Government. Moreover, the Huks wanted to cooperate with American forces.[75]

With a group of guerillas and supporters of 25.000 strong, the Huks were the strongest Filipino resistance group. Most Filipino resistance groups fought under American command. In the early days of the war there was contact between the American Army and the Huks but attempts to strike a deal with the US Army failed. The Huks were reluctant to submitting to American orders. [76] Moreover, they wanted to cooperate with the American army without being incorporated in the American political program. But those were unacceptable conditions for the Americans, who mistrusted the communist character of the Huk army. Afterwards, the Huks attempted to charm other guerilla groups by proposing a unified guerilla movement, but these groups declined the offer. The Huks continued to fight on the allied side, but set their own course, hoping for recognition and trying to carve out a role for themselves after the war.[77]

Liberation

Some US strategists argued that it would be better to bypass the Philippines and target Taiwan in a maneuver toward Japan. However, MacArthur made a vigorous effort to persuade president Roosevelt to return to the Philippines. This would allow him to uphold his promise to return to the Philippines and would prevent damage to America's image in Asia.[78] On October 20, 1944, MacArthur followed through on his promise by landing on the island of Leyte. The Huks hoped that their control over liberated areas would force the Americans to accept and recognize their movement. When the American army returned to Huk-controlled areas in January 1945, many Huks offered their services. Some Huk troops fought side by side with American troops and others served as guides, informants or in other roles.[79]

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[75] Alfredo B. Saulo, "The Bylaws of the Hukbo Ng Bayan Laban Sa Hapon (29 March 1942) Translation," in *Communism in the Philippines: An Introduction* (Quezon City: Ateneo de Manila University Press, 1990), 157–58.
[76] Eduardo Lachica, *Huk: Philippine Agrarian Society in Revolt* (New York: Praeger, 1971), 32; Karnow, *In Our Image*, 311.
[77] Blitz, *The Contested State*, 69.
[78] Karnow, *In Our Image*, 311–12; Blitz, *The Contested State*, 70.
[79] U.S. Department of State, "The Hukbalahaps," 75–76.

Between liberation and independence, MacArthur established a temporary military government in the Philippines. One significant decision by MacArthur was his choice not to formally recognize the Huk Army. The motivation behind this was not so much a matter of approval. The Huks had cooperated well with the American Army. Moreover, MacArthur was in a certain way sympathetic to their cause: "If I worked in those sugar fields, I'd be a Huk myself."[80] The underlying reason behind the non-recognition of the Huks was a merging of several groups who disliked or distrusted the Huks and influenced the American Army in their opinion on them, such as rival guerilla groups under the command of USAFFE (United States Forces in the Far East), and the Philippine landlords, who saw their lands taken over by Huks and who feared the peasant unrest as a threat to their status. Moreover, Philippine authorities downplayed positive reports about the Huks.

These groups found a listening ear with the CIC, the predecessor of the CIA.[81] The CIC reported to MacArthur that the Huks were planning to set up a communist government after the war. American officials, together with their Philippine counterparts, feared for any threat to the status quo. The rise of the Huk movement meant a potential threat, and accusations of a secret communist agenda were an easy way to dispose themselves of addressing the real underlying problems: social injustice and an unhealthy divide between the poor and the wealthy. But John F. Melby, the Officer in charge of Philippine Affairs in the State Department, would later remark that although some of the Huk leaders were communist, the movement was more agrarian, inspired by some Marxist ideas. The Huks were isolated in central Luzon without any real contact with the Comintern or other communist movements.[82] But American officials interpreted information in a way that confirmed the negative image of the Huks. This made it very hard for the Huks to let their voices be heard.[83]

Instead of being recognized for their war efforts, the American military ordered their disarmament. Philippine officials not only disarmed them, but also accused the Huks of collaboration, communist subversion, thievery and refusal to surrender weapons.[84] They started

[80] Karnow, *In Our Image*, 311.
[81] Kerkvliet, *The Huk Rebellion*, 112, 115–16, 118.
[82] John F. Melby, Oral History Interview, November 14, 1986, 245–46, Harry S. Truman Presidential Library, https://www.trumanlibrary.org/oralhist/melby2.htm#181.
[83] Kerkvliet, *The Huk Rebellion*, 118.
[84] U.S. Department of State, "The Hukbalahaps," 76; Kerkvliet, *The Huk Rebellion*, 112.

to arrest Huk participants, and in early 1945, Huk leaders were also arrested. Disarmed Huks were left to the mercy of returning landlords and rival guerillas.[85] What most angered the Huks was the massacre of 109 disarmed Huks by American and Filipino soldiers in February 1945.[86] The American attitude toward the Huks, the capture of their leaders and the massacre forced the Huks to go underground again.[87] When Juan Feleo, a spokesman of the DA, was killed by Military Police on August 24, 1946, the Huks took up their arms against the Philippine government.[88]

Independence

On July 4, 1946, the U.S. granted independence to the Philippines. But this was not the end of the close Philippine-U.S. connection. After independence, relations evolved into a 'special relationship' through a series of treaties and agreements. The first of these treaties were the Philippine Rehabilitation Act and the Philippine Trade Act. The Rehabilitation Act made U.S. funds available for the rehabilitation of the Philippines, which was devastated after the war. The Philippine Trade Act established trade relations between the U.S. and the now independent Philippines. Some of the most important provisions of the act were eight years of free trade with gradually increasing tariffs, a fixed exchange rate between the peso and the dollar and equal rights to Filipinos for American citizens regarding access to Philippine natural resources.[89] In 1947, the U.S. and the Philippines concluded the Military Bases Agreement and the Military Assistance Agreement. The former provided the U.S. with 23 military bases in the Philippines, while the latter arranged U.S. military assistance to the Philippines.[90] Together, these four treaties and agreements handed the U.S. a powerful position in the Philippines and laid the basis for postwar Philippine-U.S. relations.

In 1947, the U.S. and the Philippines sent the Joint Philippine-American Finance Commission to the Philippines to make recommendations for economic development. Two years later, the Philippines faced an economic crisis. The U.S. sent a second mission, the Economic

[85] Blitz, *The Contested State*, 70; Karnow, *In Our Image*, 311.
[86] Kerkvliet, *The Huk Rebellion*, 113.
[87] U.S. Department of State, "The Hukbalahaps," 77.
[88] Lachica, *Huk*, 121.
[89] Schirmer and Shalom, eds., "Summary, Bell Trade Act," in *The Philippines Reader*, n.d., 88–90.
[90] Schirmer and Shalom, eds., "Military Bases Agreement," in *The Philippines Reader*, n.d., 96–100; Schirmer and Shalom, eds., "Military Assistance Agreement," in *The Philippines Reader*, n.d., 100–103.

Survey Mission to analyze how the Philippines could achieve financial stability again and concluded the Foster-Quirino agreement for economic aid.

Meanwhile, the Huk rebellion continued to aggravate Philippine problems. In November 1950, the National Security Council published a memorandum of official U.S. policy toward the Philippines, in which containment of the rebellion played a central role. One month later, the Mutual Defense Assistance Program Survey Mission published a report with military recommendations for U.S. policy. The U.S. played an important role in the defeat of the Huk rebellion in 1954.

Conclusion

When the U.S. took over control of the Philippines from Spain in 1898, the local Philippine elite jumped into the power vacuum. Under U.S. rule, the power of the elite continued to grow. The U.S. had put the Philippines on a path toward self-determination, gradually handing over control over the colony to the Philippine oligarchy. Moreover, the U.S. maintained an economic policy of free trade with the Philippines. This benefited the Philippine elite, and led to social unrest in the 1920s, ultimately culminating in the Huk rebellion. Another consequence of free trade was a situation of Philippine economic dependency on the United States. While the Philippines on the one hand gained political autonomy, it became more and more tied to the U.S. economically.

In 1934, the Philippines became a commonwealth as a preparation for independence. However, the war intervened. During the war, the Huk guerillas played an important role, but they were not recognized after the war, and continuing frictions led them to start a rebellion against the government after the war. When the Philippines gained independence on July 4, 1946, the country was in ruins, economically dependent on the U.S., and confronted with a rebellion. Through a series of treaties and agreements, the U.S. offered a helping hand, but also enlarged its control over the now independent Philippines.

Chapter 3 – A Failed Democracy: U.S. Political Considerations in the Philippines

Introduction

During the colonial times, the U.S. had the political authority to design the Philippines in line with its own interests, for example through establishing reciprocal free trade. Even in the Commonwealth period, the U.S. president still had a final say in major Philippine affairs. But with the grant of independence, the Philippines became a sovereign nation. If the U.S. wanted to safeguard their interests concerning the Philippines, they now had to consider the domain of Philippine national politics. In this chapter I will examine the political dimension of American postcolonial influence on the Philippines. How did the U.S. influence Philippine national politics?

The chapter starts with an examination of the attitudes of American officials toward eventual Philippine independence during the Commonwealth era. This is essential for a good understanding of postwar American policy toward the Philippines. The issue of Philippine independence was a contested one, and among the people responsible for American policy toward the Philippines, both proponents and opponents played key roles. Throughout all the further developments described in this chapter, it becomes clear how the U.S. managed to retain a large amount of influence on Philippine national politics, despite its independence. The U.S. continued to pursue their own interests in the Philippines and tried to use Philippine politics as a tool to achieve those.

The Philippines: ready for independence?

Since long, the American opinion on Philippine independence was divided. Paul V. McNutt, the U.S. High Commissioner in the Philippines since 1938, thought that the move to independence was not a wise one. It would deprive the U.S. of a vital strategic entry into Asia and rob the Philippines of access to the big American market.[91] Another consideration to be made was the cost of defending the Philippines. This debate about costs versus opportunity dated back to the very beginning of the colonial period. In the 1930s, during the economic depression, Roosevelt did not feel much for heavy investments in the Philippines. In the debate about independence, he

[91] Karnow, *In Our Image*, 324.

saw an opportunity for cost-savings by granting independence to the Philippines, including the transfer of U.S. Army property in the Philippines. However, because of the Second World War, the United States began to play a more prominent role in the global world order. In the U.S. arose a sentiment to take responsibility for the protection of the Philippines after the war.[92]

The Japanese invasion of the Philippines during the Second World War had collided with the original vision of a smooth transition of power through a ten-year Commonwealth period. During the war, there was discussion if the Philippine independence, scheduled for the fourth of July 1946, should be delayed. If Japan would still occupy the Philippines by then, the U.S. had to grant the independence, and with that, the certain dissolvement of the Philippines into the Japanese empire.[93] The Philippines were liberated in 1945, but the country was devastated. Manila and other important cities lay almost completely in ruins. The infrastructure and economy were destroyed. The damages caused by the war amounted to a total of 1 billion U.S. dollars.[94] The total output of the Philippine economy in 1945 was just 30 percent of the pre-war level GDP. The Philippines were bankrupt. The country was split between loyalists and collaborators.[95] Matters were further complicated with the Huks now in open resistance against the Philippine government. From both the American and the Philippine side, doubts were raised regarding to the feasibility of independence. However, it was too late to reverse the plans.[96] According to McNutt, the country could not deal with those problems alone. For more than 30 years, the U.S. had fostered a climate of economic dependence on the American market. The U.S. had to acknowledge their share of the blame for the situation the country was now in and should provide help with the rehabilitation.[97]

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[92] Ibid., 330.
[93] "811B.01/642: Memorandum Prepared in the Department of State, March 9, 1944," in *The Near East, South Asia, and Africa, the Far East*, vol. V, Foreign Relations of the United States, Diplomatic Papers 1944 (Washington, D.C: United States Government Printing Office, 1965).
[94] Blitz, *The Contested State*, 73; Karnow, *In Our Image*, 333; Hartendorp, *History*, 153. All future mentions of the dollar will refer to the U.S. dollar. The amounts are in historic rates.
[95] Gerardo P. Sicat, "American Private Direct Investment in the Philippines after Independence," *Philippine Review of Economics* 52, no. 2 (2015): 24; "611.11B31/1–1046: The United States High Commissioner in the Philippines (McNutt) to Mr. Richard R. Ely of the Office of the United States High Commissioner, Washington, January 18, 1946.," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).
[96] Karnow, *In Our Image*, 324.
[97] "FRUS 1946: 611.11B31/1–1046."

The unavoidable fact of the nearing Philippine independence and the willingness of the U.S. to take responsibility over the rehabilitation and protection of the Philippines posed a problem of balancing between control over the rebuilding of the Philippines and an infringement on its sovereignty. Discussion about how to deal with this was already going on during the war. In 1943, Karl Rankin, a Foreign Service Officer in Manila, wrote: "They know complete independence is possibly only for the strongest nations, perhaps no longer even for them. Protection against future aggression they must have. In return they must be ready to accept some degree of American or international supervision over their foreign relations, and perhaps over their handling of minorities."[98]

Secretary of the Interior Harold Ickes advised President Roosevelt not to act too quick on Philippine independence. Plans by Senator Tydings to let the independence coincide with either the ousting of the Japanese, or the agreed date of July 4, 1946 would not guarantee a stable development of Philippine-American relations. Instead, Roosevelt should adopt a schedule that would allow for the settlement of the principal terms of military security and trade relations. Ickes also wanted time to prosecute collaborators and to hold elections under civil control.[99] If Ickes' advice was to be followed, the U.S. could exercise greater control over the negotiations over military bases and trade relations. Ickes also advised Roosevelt on Philippine politics. Manuel Quezon would reach the maximum term of eight consecutive years in office on November 15, 1943. It was expected that vice-president Osmeña would succeed him, but his political opponents might try to persuade Roosevelt to set aside constitutional provisions for the legal succession. Besides this being unconstitutional, Ickes held a positive view of Osmeña as "capable and loyal, and he has enjoyed a popularity among the Filipino people equal to that of Quezon."[100]

[98] "701.0090/3366: Report by Mr. L. Rankin, November 25, 1943.," in *The British Commonwealth, Eastern Europe, the Far East*, vol. III, Foreign Relations of the United States, Diplomatic Papers 1943 (United States Government Printing Office, 1963).
[99] "811B.01/482: The Secretary of the Interior (Ickes) to President Roosevelt, September 1, 1943.," in *The British Commonwealth, Eastern Europe, the Far East*, vol. III, Foreign Relations of the United States, Diplomatic Papers 1943 (United States Government Printing Office, 1963).
[100] Ibid.

General MacArthur

MacArthur had his own plans with the Philippines. His father, Arthur MacArthur, had run a military government in the Philippines at the start of the colonial period. According to General MacArthur, this government had enjoyed good relations with the Filipinos. This was MacArthur's inspiration and he envisioned to do the same after the liberation. However, MacArthur was afraid that civilian American officials would ruin his plans for restoration of the Philippines. MacArthur, a Republican, strongly opposed any involvement of the liberal Ickes, even though the Philippines fell under one of Ickes' agencies, the Bureau of Territories. Furthermore, the General did not want the High Commissioner to return. Should Washington send one, he would "put him on a boat and send him home".[101] Instead, MacArthur insisted that he would be granted a Civil Affairs Directive. This would provide him supreme authority over the military and control over a civil military administration with the right to delegate powers as he saw fit. He even went so far as to drop personal branded propaganda material in the Philippines by plane. Moreover, the General maintained a personal staff of 45 people who were concerned with publicity and propaganda.[102] The Philippines were MacArthur's pet project, and he wanted to organize affairs in his own way without any meddling by other American officials.

MacArthur's influence became soon visible. The CIC started arresting Filipinos who were accused of collaboration during the war. All in all, some 6.000 Filipinos were arrested. In the spring of 1945, MacArthur captured Manuel Roxas and other members of the pro-Japanese wartime government. MacArthur's headquarters stated that "among those freed is Brigadier General Manuel Roxas, former Speaker of the Assembly. Four members of the collaborationist cabinet have been captured. They will be confined for the duration of the war as a matter of military security and then turned over to the government of the Philippines for trial and judgment."[103] Unlike the others who were captured, Roxas was freed by MacArthur without a trial. MacArthur deliberately made a distinction between Roxas and other cabinet members. He claimed that he knew Roxas was innocent, and that Roxas was an American officer rather than a

[101] Karnow, *In Our Image*, 325–26.
[102] "FRUS 1944: 811B.00/10–1044," 00.
[103] David Joel Steinberg, "Philippine Collaboration in World War II," in *The Philippines Reader*, ed. Schirmer and Shalom, 77.

Filipino collaborationist. However, other Filipinos who had served as officers in the American Army were still detained.[104]

President Quezon died in August 1944 and was succeeded by his vice-president Sergio Osmeña. MacArthur and Osmeña were not on good foot with each other. 'I can't work with Osmeña', MacArthur confided to a visiting congressman in 1945.[105] This became all the more clear during the liberation. With his decision to free Roxas, MacArthur implicitly showed his support for a Roxas presidency. After all, Roxas was Osmeña's biggest political opponent. It was also a choice to side with the Philippine elite to which Roxas belonged. Many of them had collaborated during the war, and the release of Roxas gave them hope to avoid a conviction. If Roxas became president, he would pardon them and if he did not win, he could pressure Osmeña to soften their punishment.[106] Meanwhile, Osmeña faced the challenge of reinstating the prewar government. Of the ninety-eight congressmen, eleven were dead and seventeen still detained by the American Army. Of the twenty-four senators, two were dead, two absent and seven arrested by the Americans. This provided Roxas with a powerful position. On the first Congress meeting, he was elected president of the Senate and Chairman of the Committee on Appointments. Roxas was now the second most powerful man in the Commonwealth behind Osmeña.[107]

Osmeña's options to prosecute the collaborators were further complicated by a public statement by Ickes that if he did not pursue on prosecution, the U.S. would withhold relief assistance to the Philippines. Ickes had noticed that Osmeña had employed various collaborators in important positions in the government.[108] But confronted with a scarcity of competent candidates, Osmeña argued that he had no other choice than to fill some government ranks with officials who had served in the wartime government. These people were essential for a smooth reconstruction.[109] For these posts, Osmeña picked people who had continued to serve during the war government but had not committed hostile acts against the Philippine or American

[104] Ibid., 77–78.
[105] Cullather, *Illusions of Influence*, 46.
[106] Steinberg, "Philippine Collaboration in World War II," 77–78.
[107] Ibid., 79; Brands, *Bound to Empire*, 218.
[108] "811B.00/9–1945: Telegram: The Secretary of the Interior (Ickes) to President Sergio Osmeña of the Philippines, September 11, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969); Brands, *Bound to Empire*, 218.
[109] Steinberg, "Philippine Collaboration in World War II," 78.

government. He further replied to Ickes that he would release numerous people against whom wrong evidence was collected by the U.S. Army. The Philippine law allowed for a maximum detention of six hours without charge, so Osmeña had no other choice than to release them.[110] In a meeting with the American Consul General, Osmeña made clear that this policy was supported by MacArthur and U.S. Secretary of War Henry Stimson. He pointed out that the issue of prosecuting collaborators was complicated by MacArthur's decision to release Roxas, which split the country's opinion on collaborationists. Moreover, the U.S. Army refused to release information about collaborationists before turning them over to the Commonwealth. Special legislations were also a delaying factor.[111]

These events show that MacArthur enjoyed a great amount of freedom of action. But what made this possible? First, MacArthur vigorously protested any interference of other American officials, and his Civil Affairs Directive gave him exceptional powers. Second, president Roosevelt had died in April 1945. He was succeeded by Truman. The new president had to deal with a lot of issues that required his attention, and the issue of Filipino collaboration was not something high on his priority list. The date of Philippine independence was getting closer, and the prosecution of collaborators after independence would mean a withdrawal of a vital element of sovereignty. Truman considered delaying the Philippine elections to provide more time for prosecution, but then it would appear that the U.S. did not deem the Philippines ready for independence. Moreover, it would look like the treason was committed against the U.S. rather than the Commonwealth, which would provide ammunition for Filipino nationalists against the U.S. These considerations, plus firm pressure from MacArthur, led Truman to leave the matter of prosecution to the Commonwealth civil government.[112]

General elections in the Philippines were held on April 23, 1946. Roxas ran with his newly formed Liberal Party against the Nacionalista Party of Osmeña, from which the Liberal Party had broken off. The elections resulted in a victory for Roxas with 54 percent of the votes.

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[110] "811B.00/9–1945: Telegram: President Sergio Osmeña of the Philippines to the Secretary of the Interior (Ickes), September 12, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).
[111] "811B.00/9–1545: Telegram: The Consul General at Manila (Steintorf) to the Secretary of State, September 15, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).
[112] Brands, *Bound to Empire*, 219; Steinberg, "Philippine Collaboration in World War II," 79–81.

Osmeña received 45 percent of the total votes.[113] Osmeña was convinced that the influence of American ambassador McNutt on Roxas' side was instrumental in Roxas' victory.[114] As a president, Roxas granted amnesty to all suspects of collaboration. In the end, of the 5.306 cases that were filed before the People's Court, only 156 had been convicted. 0,6 percent of the wartime leaders were convicted, and 74 percent of them never appeared before a court.

Figure 2: General Douglas MacArthur greets President Manuel Roxas on his arrival in Manila for the Independence Ceremonies (July 1946). Source: https://www.trumanlibrary.org/photographs/view.php?id=21683. Accessed July 24, 2018.

Ironically, Osmeña's quest to fulfill American demands was the very reason he lost U.S. support. In his attempts to prosecute the collaborators and find an alternative for a collaborationist oligarchy, Osmeña accepted support of the political arm of the Huks, the Democratic Alliance (DA). The U.S. suspected them of a communist agenda, and with the start of the Cold War, the American government became more concerned about stopping the spread of

[113] "Results of the Past Presidential & Vice-Presidential Elections," August 24, 2007, https://web.archive.org/web/20070824115409/http:/www.pangulo.ph/election_results.php.
[114] "796.00/12–552: No. 321, Comments on Mr. Lacy's Letters of November 19, 21 and 24, 1952 to Mr. Allison, December 5, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).

communism in the Philippines than with the collaboration issue. The U.S. saw Roxas as anticommunist and pro-American. The support of the American government gradually moved toward the collaborationist oligarchy, who had started to deny their involvement in the war. [115] MacArthur was in a large measure responsible for the structure of postwar Philippine politics, in which the old elite remained in power. As such, he had a major influence on the development of postwar Philippine-American relations.

Roxas' Republic

In 1945, the communists, socialists, peasant unions, some liberals and other leftist groups joined forces in the DA.[116] In the elections of 1946, this party won six out of sixteen contested seats in the parliament, on a total of 24 seats. However, this happened under doubtful circumstances. The DA was accused of violence and terrorism in the elections.[117] One issue that played at the time was the Philippine Trade Act. The Philippine Trade Act determined Philippine-U.S. trade relations, but opponents argued that it was very much in favor of U.S. interests, and not those of the Philippines.[118] Roxas supported the agreement, because he wanted a market for Philippine exporters and was eager to maintain close ties with the U.S.[119] The Department of State, with the approval of Truman, wanted to postpone the vote on the agreement in the Philippine Congress until after July 4, so the Philippines could vote as an independent country. But McNutt and Roxas felt otherwise: if the act passed before the declaration of independence, the agreement did not need two thirds of the senate, but just a majority to pass. Consequently, Roxas pushed the voting forward to July 2, two days before independence.[120] The DA was the only party that consistently opposed the agreement. Roxas' liberal party managed to pass the required

[115] Steinberg, "Philippine Collaboration in World War II," 83.
[116] Blitz, *The Contested State*, 71.
[117] Lachica, *Huk*, 121.
[118] Stephen R. Shalom, "Philippine Acceptance of the Bell Trade Act of 1946: A Study of Manipulatory Democracy.," *Pacific Historical Review* 49, no. 3 (1980): 500–501.
[119] Ibid., 504.
[120] Blitz, *The Contested State*, 76; "711.11B/6–2546: Memorandum of Telephone Conversation, by the Chief of the Division of Commercial Policy (Brown), June 25, 1946," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971); "611.11B31/6–2646: Memorandum by the Acting Secretary of State to President Truman, June 26, 1946," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).

legislation by banning the members of the DA and five other members of the Philippine Senate who were opposed to the Act from voting on the accusation of fraud and terror.[121]

Another significant agreement that was concluded between the United States and the Philippines during Roxas' presidency was the Military Bases Agreement of 1947. This agreement was controversial in the Philippines, because it provided the U.S. with full jurisdiction over their bases and military personnel. Moreover, there were complaints about the behavior of American soldiers against Filipinos.[122] But fearing a complete withdrawal of American troops, which the Philippines needed so badly for protection against external aggression, Roxas signed the agreement in March 1947.[123] With both of these agreements, the U.S. relied on a mix of pressure on and cooperation with the local elite to pursue its own interests.

The Quirino Administration

After his death in 1948, Roxas was succeeded by Vice President Elpidio Quirino. In 1949, Quirino was re-elected, but these elections have been called "a national disgrace" and "the most fraudulent and violent in democratic history."[124] Quirino's major opponent was José Laurel, the president of the pro-Japanese wartime government, who ran for the Nacionalista Party. The American Ambassador, Myron M. Cowen, wanted to support Quirino by all means possible. Other embassy officers pleaded for a neutral stance. An important reason behind Cowen's partisanship was that the Huks openly supported Laurel in exchange for agrarian reforms.[125] Cowen was afraid that a victory for Laurel would mean an increase in communist influence in the country. But the effect was that while the U.S. Embassy officially remained neutral in the elections, Cowen's personal opinion became widely known, creating friction with the Nacionalista Party.[126]

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[121] Shalom, "Philippine Acceptance," 506.
[122] Schirmer and Shalom, "Military Bases Agreement," 96–100; Edward Geary Lansdale, *In the Midst of Wars: An American's Mission to Southeast Asia* (New York: Fordham University Press, 1991), 4.
[123] Karnow, *In Our Image*, 332.
[124] Alfred W. McCoy, *Policing America's Empire: The United States, the Philippines, and the Rise of the Surveillance State* (Madison: The University of Wisconsin Press, 2009), 380.
[125] Lachica, *Huk*, 122.
[126] "FRUS 1952-1954: 796.00/12–552 (321)."

Quirino won the elections with just 51 percent of the votes, but his victory was the result of blatant corruption and political violence.[127] Another reason behind the victory of Quirino Quirino was that had managed to convince many Filipinos that he enjoyed American support, much to the anger of American officials.[128] After Quirino's election, three domestic issues in the Philippines attracted attention from the U.S. First, there was the problem of rebuilding the Philippines. In 1947, the Joint Philippine-American Finance Commission had issued a report with recommendations for a restoration of the Philippine economy. The commission reported that a rapid economic development was feasible, but to make that happen, it would require the Philippine government to put its resources to best use.[129] The second issue that plagued the Philippines was the rise of a communist threat in the form of the Huk rebellion. Quirino's corruption during the elections had strengthened their position.[130] Around 1950, the Huks were at the top of their strength with an estimated 12.800 armed combatants and a mass support base of 30.000 to 40.000 people.[131] Quirino had not displayed an effective approach in taking on the Huks.[132] Third, the U.S. were concerned about the rise of extreme nationalism in the Philippines. Politicians exploited anti-foreign sentiments, fed by the Philippine press. The U.S. was heavily criticized for the Philippine Trade Act and the Military Bases Agreement. Nationalists attacked the Philippine government because of its close cooperation with the U.S. and anti-foreign legislation was passed and only avoided from entering into working by a veto of the Philippine president.[133] The nationalist sentiments hindered American interests and interference in the Philippines.

Quirino had a troubled relationship with U.S. officials. In August 1949, Quirino departed on a visit to the U.S, where he met with Truman. During this meeting, Quirino asked for further

[127] Karnow, *In Our Image*, 334; McCoy, *Policing America's Empire*, 381.
[128] Karnow, *In Our Image*, 344–45; "896.00/5–850: Telegram, Extracts: The Ambassador in the Philippines (Cowen) to the Assistant Secretary of State for Far Eastern Affairs (Rusk), May 8, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[129] "896.51A/8–2947: President Truman to President Roxas of the Philippines, August 25, 1947.," in *The Far East*, vol. VI, Foreign Relations of the United States 1947 (Washington, D.C: United States Government Printing Office, 1972).
[130] Greenberg, "The Hukbalahap Insurrection," 64.
[131] Lachica, *Huk*, 14.
[132] Karnow, *In Our Image*, 334.
[133] Central Intelligence Agency, "The Current Situation in the Philippines," March 30, 1949, 4, CIA Research Reports, Reel V: Philippines, 0439, Roosevelt Institute for American Studies.

financial aid through additional funds for the payments of war damages. However, Truman replied that he was worried that any additional U.S. funds "would be largely wasted unless the Philippine Government put its financial house in order." However, Melby argued that the U.S. should give Quirino a "breathing period", and U.S. aid continued.[134] In February 1950, Quirino paid a second visit to Washington for medical treatment. While he was there, he hoped to reopen the topics further financial aid among others.[135] Cowen feared that Quirino's medical visit to Washington was a deliberate attempt to bypass the American Embassy in the Philippines. If Quirino managed to make a deal in Washington without meeting certain preconditions from the ambassador, the position of the embassy would suffer. According to Cowen, president Quezon was already very successful in playing out different government departments against each other to achieve his objectives, and he feared Quirino would do the same. After his successful visit to the U.S. in August 1949 the belief prevailed among Quirino and other Philippine officials that in case of emergency, the Philippines could always fall back on the United States. Quirino did not see the gravity of the country's situation. Instead of making essential reforms, Quirino preferred a continuation of the status quo, which provided the authority of the elite oligarchy.[136]

By 1950, the Philippines had received $1.5 billion of direct U.S. aid., including the transfer of civilian aid goods, military equipment and surplus property with a worth over $300 million. Furthermore, the U.S. spent another $1.2 billion for veteran's benefits, wages, and credit and tax refunds. However, much of that money was wasted on luxury imports.[137] Secretary of State Dean Acheson claimed that "much of that money has not been used as we wish it had been used."[138] Acheson advised that if Quirino wanted to receive any commitment for further aid from

[134] "896.00/8–949: Matters Taken up on the Occasion of President Quirino's Call on President Truman at 3:15 p. m. on August 9, 1949.," in *The Far East and Australasia*, vol. VI, Part 1, Foreign Relations of the United States 1949 (Washington, D.C: United States Government Printing Office, 1975); Karnow, *In Our Image*, 345.
[135] "796.11/1–850: Telegram: The Ambassador in the Philippines (Cowen) to the Secretary of State, January 8, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976); "996.61/1–1750: Telegram: The Ambassador in the Philippines (Cowen) to the Secretary of State, January 17, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[136] "FRUS 1950: 796.11/1–850"; Karnow, *In Our Image*, 345.
[137] "796.11/2–250: Topics Which May Be Discussed by President Quirino during His Visit to the United States for Medical Attention, February 2, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[138] "FRUS 1950: 996.61/1–1750."

the U.S., he would have to show some progress first.[139] The Department of State believed that no further U.S. aid should be granted unless the Philippines made considerable steps to improve its economic situation. Furthermore, it recommended that the U.S. should send an investigative mission to get an update on the financial situation and economic problems of the Philippines.[140]

Figure 3: Meeting between U.S. President Truman (left) and Philippine President Quirino (right). Standing on the left is Philippine ambassador Elizalde, and next to him U.S. ambassador to the Philippines Cowen (September 15, 1951). Source: https://commons.wikimedia.org/wiki/File:Truman,_Quirino,_Elizalde_and_Cowen.jpg. Accessed July 24, 2018.

Sensing the reluctance of the American government to provide further aid, Quirino requested an American mission to analyze the Philippine economic situation and make recommendations for economic stability during his second visit in Washington. He mentioned that it was important to him that the American government had confidence in the economic

[139] "FRUS 1950: 796.11/2–250."
[140] Ibid.

measures of the Philippine government.[141] The U.S. insisted that the mission consisted of American members. Melby claimed that Philippine investigators would not dare to sign anything that would displease Quirino.[142] Quirino seemingly agreed, but upon his return in Manila, he persistently referred to the mission as a joint mission, while fueling a press campaign against an American mission, in which he tried to blame Cowen for persisting on an American mission. This way, Quirino hoped to force the American government into accepting his terms. Although Quirino eventually had to give in, it clearly reveals the uncomfortable relations between Quirino and U.S. officials.

Quirino further strained Philippine-American relations by threatening to appoint Vicente Madrigal as Philippine ambassador to the United States. Madrigal was a collaborator, not only with the Japanese in the Second World War, but also with Germany in the First World War. Moreover, he was deeply involved in financial corruption and had issued a very large War Damage Claim. Quirino point blank tried to bribe Cowen: either the U.S. would pay Madrigal's claim, or he would be appointed as ambassador.[143]

Although Cowen had supported Quirino during the elections of 1949, their relation worsened. Cowen was dissatisfied with Quirino's progress in suppressing the Huk rebellion and the rehabilitation of the country. Quirino's corrupt attitude, his opportunistic behavior toward the U.S. and his attempts to bribe and bypass Cowen altered Cowen's attitude toward the Philippine president. Cowen suggested to replace him with his vice-president, Fernando Lopez, who had a bitter feud with the president. To achieve this, he envisioned a plan which would involve covert operations by American secret agents.[144] Quirino must have suspected or found out something about this, because he blamed Cowen for conspiring with Lopez against him. Richard R. Ely, Deputy Director of the Office of Philippine and Southeast Asian Affairs, reported that Quirino

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[141] "Executive Secretariat Files: Lot 53D444: Secretary's Memoranda of Conversations: Memorandum of Conversation, by the Secretary of State, February 4, 1950," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950, 1950.

[142] "896.00/3–2350: Composition of Proposed American Economic Survey Mission to the Philippines, March 23, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).

[143] "FRUS 1950: 796.11/2–250."

[144] "FRUS 1952-1954: 796.00/12–552 (321)"; "FRUS 1950: 896.00/5–850"; "896.00/6–150: Telegram: The Ambassador in the Philippines (Cowen) to the Assistant Secretary of State for Far Eastern Affairs (Rusk), June 1, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976); Karnow, *In Our Image*, 346.

"might adopt a policy of open defiance and denunciation of the United States, the first step of which would be to ask for Cowen's recall."[145]

But Cowen was not the only American official who was tired of Quirino. The general opinion of American officials on Quirino was that he was impossible to deal with. In April 1950, Vinton Chapin, the Chargé d'Affairs of the American embassy in the Philippines, wrote: "He has demonstrated no capacity whatsoever to understand the problems of his country or the indicated solutions. His overweening vanity and arrogance compel him to ignore advice from those who do understand. His pettiness and vindictiveness prevent even his closest advisers from telling him anything unpleasant, or anything they believe he does not want to hear. His insistence on making all decisions himself has resulted in a virtual paralysis of his Government."[146] When Quirino, his top economic advisor Yulo and the Philippine ambassador to the United States Elizalde met with Ely to prepare for a meeting with Truman, they made the impression on him as a "puzzled, bewildered group of men."[147] Moreover, the Quirino Administration suffered from a huge amount of corruption, and according to Lacy, the Director of the Office of Philippine and Southeast Asian Affairs, Quirino seemed to lack the courage to restore a normal situation. The U.S. started to distance itself from Quirino and to search for someone more moderate to replace him. In 1952, Truman appointed Raymond Spruance as U.S. ambassador to the Philippines to oversee the replacement of Quirino.[148]

"He should be the guy": Ramon Magsaysay

A replacement was found in the person of Ramon Magsaysay. Magsaysay, originally a car mechanic, joined a USAFFE-related guerilla group during the war. After the war, he was appointed governor of the province of Zambales by the U.S. Army. In 1946, Magsaysay became a senator for the Liberal Party after the elections and managed to get a seat in the Defense

[145] "FRUS 1952-1954: 796.00/12–552 (321)."
[146] "796.5 MAP/4–750: Despatch: The Chargé in the Philippines (Chapin) to the Secretary of State, April 7, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[147] "796.11/2–350: Telegram: The Secretary of State to the Embassy in the Philippines, February 8, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[148] Blitz, *The Contested State*, 88; Cullather, "America's Boy?," 318–19; "796.00/3–3050: Current Problems in the Philippines, March 30, 1950," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).

Committee. He visited Washington in 1950 to request veteran's benefits for Filipino veterans.[149] There he met Colonel Edward Geary Lansdale. Lansdale had joined the U.S. Army in 1941, where he started at the Office of Strategic Services. Later he was stationed in the Philippines as an Army Intelligence Officer. At the end of the war, Lansdale decided that he wanted to stay on duty in the Philippines. He became interested in the role of the U.S. Army in creating democratic institutions in Japan and Germany and he wanted to observe the postwar development of the Philippines. Lansdale stayed in the Philippines until 1948 and helped the Army to prepare for independence of the Philippines and observed the Huk Rebellion.[150] In 1947, Lansdale switched to the U.S. Air Force, as he found that this newer division provided him more elbow room for his own initiatives. When Lansdale went back to the United States, he was assigned as Intelligence instructor and later as staff member at the headquarters in Washington. This is where he met Magsaysay.[151]

Lansdale and Magsaysay immediately got along. Magsaysay shared his worries about the morale of Filipino soldiers in the fight against the Huks. He wanted to improve the government efforts by combining military force with a display of compassion to the population. Lansdale showed enthusiasm for this approach. He lobbied among his superiors to set up an extensive American campaign to deal with the Huks, based on the model of U.S. intervention against communism in Greece. However, he did not encounter much support and had to draw up a more modest plan. Lansdale suggested a less conventional approach with a focus on psychological warfare.[152] During his time in the Philippines, Lansdale had noticed that the Huks, and not the Philippine government, enjoyed popular support. For Filipinos in Central Luzon, the government felt corrupt and remote.[153] Moreover, the Philippine Constabulary Force, which was concerned with fighting the Huks, was feared and hated by the people. They were arrogant and repressed the local population.[154] Lansdale was convinced that if the Philippine government could regain the thrust of the people, the Huks could be defeated: "Communist guerillas hide among the

[149] Karnow, *In Our Image*, 347–48; Cullather, "America's Boy?," 310.
[150] Lansdale, *In the Midst of Wars*, 6–7, 9.
[151] Ibid., 12–13.
[152] Ibid., 14.
[153] Edward Geary Lansdale, "Lessons Learned, The Philippines: 1946-1953." (Foreign Service Institute, September 26, 1962), 4, Henry A. Kissinger papers, part II: Box 288, Folder 25. Manuscripts and Archives, Yale University Library; Lansdale, *In the Midst of Wars*, 25.
[154] Lansdale, *In the Midst of Wars*, 25; Kerkvliet, *The Huk Rebellion*, 159–60.

people. If you win the people to your side, the Communist guerillas have no place to hide. With no place to hide, you can find them. Then.. finish them!"[155]

In 1950, Quirino requested Lansdale's assignment to the Philippines as an advisor on gathering intelligence on the Huks.[156] In September of that year, Lansdale returned to the Philippines, where he was assigned to the Joint U.S. Military Advisory Group (JUSMAG). But this was mostly a cover. Lansdale's real position was CIA Chief of the Office of Policy Coordination in the Philippines. One week before his arrival, Magsaysay was appointed as Secretary of National Defense.[157] Lansdale claimed that he was responsible for selecting Magsaysay and using pressure to persuade Quirino to appoint Magsaysay as Secretary of National Defense. After they met, Lansdale was convinced that "he should be the guy" to lead the fight against the Huks. Magsaysay was also the choice of Ambassador Cowen and of Lansdale's boss, JUSMAG-chief Hobbs. Hobbs sent an assistant to Quirino to offer him a deal: if Quirino would appoint Magsaysay as Secretary of National Defense, American military aid would be increased.[158] However, Magsaysay already had a promising political career at the time. According to Magsaysay and Quirino, it was Magsaysay's political patron Eugenio Perez who suggested his appointment.[159] Probably both versions are true. Postwar Philippine politics were dominated by patronage relationships and Quirino and Magsaysay perhaps did not want to look like American marionets, but American pressure certainly could have played a role.

His appointment as Secretary of National Defense made Magsaysay one of the two top military leaders in the Philippines. Magsaysay was the civilian leader, General Castañeda his military counterpart. Castañeda was more old-fashioned, preferring an all-out tour de force in combat against the Huks. But under his command, the Philippine government yet had to achieve any significant success in the containment of the rebellion. Magsaysay, on the other hand, seemed a competent leader: he was an ex-guerilla himself, close to the people and up to date about current military affairs.[160] JUSMAG officers were personally fond of Castañeda, but

[155] Lansdale, "Lessons Learned," 6; Karnow, *In Our Image*, 348.
[156] Lansdale, *In the Midst of Wars*, 14.
[157] Ibid., 18–19; Constantino and Constantino, *The Philippines*, 235.
[158] Karnow, *In Our Image*, 346; Alfredo B. Saulo, *Communism in the Philippines: An Introduction (Enlarged Edition)* (Quezon city: Ateneo de Manila University Press, 1990), 234.
[159] Cullather, "America's Boy?," 311.
[160] Lansdale, *In the Midst of Wars*, 20–21.

despite pleas from JUSMAG, Castañeda refused to cooperate with Magsaysay.[161] In the end, while JUSMAG advisors continued to assist in conventional counterinsurgency, Lansdale and his CIA team deployed new methods together with Magsaysay.[162]

Magsaysay tried to discipline the Armed Forces of the Philippines (AFP) through unannounced inspections and corrective actions. He was not afraid to go against powerful people in the military. But as a civilian, he did not have the power to quickly reform the army. On the insistence of Lansdale, General Hobbs requested Quirino to grant emergency powers to Magsaysay. Cowen vigorously opposed this, since he was afraid it would lead to abuse. Hobbs thought the emergency powers necessary, while Cowen thought they would harden Huk resistance. Eventually, on Magsaysay's own recommendation, Quirino issued a memo granting Magsaysay the necessary authority to promote or relieve officers and to hold courts-martial.[163] Magsaysay managed to clean up the military and uplift the morale of the troops.[164] On Magsaysay's insistence, Quirino even relieved Castañeda and other high officers from duty in January 1951. These officers were part of the close circle around Quirino, so this outcome reflected the large amount of influence Magsaysay enjoyed.[165] However, Quirino was not willing to totally remove Castañeda from the scene and appointed him as representative on a mission to the U.S. According to Chapin, this showed that Magsaysay could only push Quirino to a certain extent. It remained to be seen if Magsaysay could convince Quirino to completely retire Castañeda.[166] The account of Chapin exposes the biggest weakness of American support for Magsaysay. As long as Quirino remained president, his powers would be limited. If real changes in the government were to be made, it would be necessary to have Magsaysay become president. American officials saw him as an honest and hardworking man, and an opportunity to bypass the corrupt elite.[167]

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[161] "796.5/1–551: Telegram: The Chargé in the Philippines (Chapin) to the Secretary of State, January 5, 1951.," in *Asia and the Pacific*, vol. VI, Part 2, Foreign Relations of the United States 1951 (Washington, D.C: United States Government Printing Office, 1977).
[162] McCoy, *Policing America's Empire*, 378.
[163] Lansdale, *In the Midst of Wars*, 43; Cullather, "America's Boy?," 312.
[164] Lansdale, *In the Midst of Wars*, 43–45.
[165] Ibid., 44.
[166] "FRUS 1951: 796.5/1–551."
[167] Ibid.; Cullather, "America's Boy?," 305.

During one of Lansdale's visits to Magsaysay's home, several suspect men hang around in the neighborhood. Magsaysay lived in a simple bungalow in Manila. Lansdale realized that Magsaysay and his family were vulnerable to attacks by the Huks. When he discussed this with Magsaysay later that evening, Lansdale suggested that Magsaysay could temporarily move in with him on the JUSMAG compound. As Lansdale occupied the last available house, there was no house available for Magsaysay and his family on the compound. They agreed that Magsaysay's wife would take a vacation with the children, while Magsaysay himself moved in with Lansdale for two months.[168] And so, the Philippine Secretary of National Defense shared a room with an American CIA officer. This meant there was basically no moment when Lansdale was not at Magsaysay's side. He used this opportunity to ventilate his ideas time and again.[169] This way, he could easily exercise a great deal of influence over Magsaysay.

Figure 5: Ramon Magsaysay. Source: https://commons.wikimedia.org/wiki/File:Ramon-Magsaysay-01.jpg. Accessed July 24, 2018.

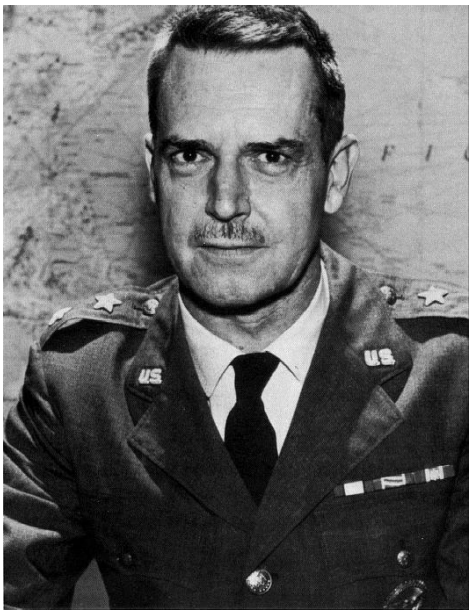

Figure 4: Edward Geary Lansdale. Source: https://commons.wikimedia.org/wiki/File:Major-general-lansdale.jpg. Accessed July 24, 2018.

[168] Lansdale, *In the Midst of Wars*, 37; Constantino and Constantino, *The Philippines*, 235.
[169] Karnow, *In Our Image*, 350.

The midterm elections of 1951

The elections of 1949 left their mark on U.S. policy. The massive corruption and the accompanying result of Quirino's victory were not in the interest of the United States. With the midterm elections of 1951 approaching, U.S. officials wanted to ensure an honest and peaceful election. Cowen recommended that the U.S. should increase its power over the AFP, so that they could guard over the elections. Furthermore, he suggested that the U.S. should let the people and the government of the Philippines know that further economic and military aid was tied to the holding of honest elections. Cowen also argued for the use of propaganda to stimulate free elections. Using mass media, the U.S. could show the Philippines good examples of how democratic elections should look like and make the people aware of the necessary steps toward economic improvement.[170]

The Philippine Constitution of 1935 required an independent watchdog to monitor the election, The Philippine Commission on Elections. However, the commission was underpowered. Lansdale devised a plan for Magsaysay to use the army to assist the commission. The plan was initiated when Quirino was out of the country, and without his knowledge.[171] When Quirino heard about this, he objected, because extra safeguards on honest elections might turn against him. But Magsaysay persisted.[172] Another way in which Lansdale tried to guarantee a free election was through the establishment of the National Committee for Free Elections (NAMFREL) under the control of Gabriel Kaplan, a CIA officer. The NAMFREL was a volunteer organization but was essentially run by Filipinos on the CIA payroll.[173] Furthermore, Lansdale tried to stir up interest in the U.S. in the Philippine elections by involving the American press. Other U.S. officials also spoke up about the importance of free elections. Dean Acheson, the Secretary of State, held a speech about free elections in Washington to increase interest of the government in the Philippine situation, while ambassador Cowen gave a speech at a NAMFREL meeting.[174] During the election, NAMFREL volunteers encouraged the people to vote and

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[170] "796.001/2–1551: The Ambassador in the Philippines (Cowen) to the Department of State, February 15, 1951.," in *Asia and the Pacific*, vol. VI, Part 2, Foreign Relations of the United States 1951 (Washington, D.C: United States Government Printing Office, 1977).
[171] Lansdale, *In the Midst of Wars*, 89, 90.
[172] Karnow, *In Our Image*, 351.
[173] Blitz, *The Contested State*, 91.
[174] Lansdale, *In the Midst of Wars*, 91.

monitored the voting, while the AFP transported, guarded the ballot boxes and protected voters and political candidates. When Quirino realized the outcome would not be in his favor, he ordered the stuffing of ballot boxes, but Magsaysay prevented this with a counterorder.[175] In the end, four out of five and a half million eligible voters cast their voice in the election, one million more than in 1949. The outcome of the elections showed that the safeguarding measures had been effective, as many of the elected candidates came from the opposing Nacionalista Party.[176]

Of course, the moral duty of upholding free elections was not the only reason for the intensive American intervention in the election. The U.S. gained from the elections in other ways. First, the U.S. had found a way to bypass the corrupt elite that formed the postwar Philippine government. The old school Filipino political elite knew how to manipulate elections and were not shy of using violence, as the elections of 1949 had shown.[177] Second, the use of the AFP to safeguard the elections showed the people that the army could be trusted. The 1951 elections turned out to be a major turning point in the fight against the Huks, as popular support turned to the side of the government. The Huks had lost the support of the people.[178] Third, the elections of 1951 paved the way to a victory for Magsaysay in the national elections of 1953. The U.S. had learned how to safeguard the elections. If Magsaysay would run for president against Quirino and the U.S. would secure an honest holding of the election, it certainly would result in a victory for Magsaysay. Quirino's support had dropped significantly, while Magsaysay was more popular than ever.[179] CIA-agent Joseph B. Smith later remarked: "Long before the presidential elections of 1953 in the Philippines they launched a program that would make Magsaysay a national hero and Lansdale an authority on combating insurgency."[180]

The 1953 national elections

In October 1952, Magsaysay turned up alarmed at the house of Lacy. Magsaysay told Lacy that he overheard Quirino about the use of the army to secure a victory for the Liberal Party in the

[175] Blitz, *The Contested State*, 91.
[176] Lansdale, *In the Midst of Wars*, 91; Blitz, *The Contested State*, 90.
[177] Lansdale, *In the Midst of Wars*, 90.
[178] Ibid., 93.
[179] "896.00/5–650: Telegram: The Acting Secretary of State to the Embassy in the Philippines, May 6, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976); Lansdale, *In the Midst of Wars*, 100.
[180] Joseph B. Smith, quoted in Constantino and Constantino, *The Philippines*, 235.

national elections of 1953. Then, Magsaysay came with a daring proposal. He suggested that with the assistance of the U.S., he could "ruin" Quirino. If the U.S. were to withhold an extension of the Mutual Defense Assistance Program until after the elections and allowed Magsaysay to use the Public Aide Mémoire, a $10 million emergency fund, he could beat Quirino in the election. Furthermore, Magsaysay warned Lacy that Quirino could attempt to assassinate him and the American ambassador. Magsaysay claimed that Quirino had previously asked him to eliminate Claro M. Recto, José Laurel and Gil Puyat, three important Nacionalista politicians, and that he even feared for his own life. Lacy suspected that that Magsaysay's overhearing of Quirino was no accident, but a deliberate strategy of Quirino. By leaking this information, he could get an idea of Magsaysay's relations with American officials, as Magsaysay surely would inform them. Moreover, he could get an idea of the attitude of the embassy toward Magsaysay's proposal, and it allowed him to portray Magsaysay as a tool of the U.S. Furthermore, if Quirino could gather evidence of an American conspiracy against him, he could ask for the withdrawal of Lacy and the ambassador.[181] Lacy was convinced that Quirino thought the U.S. would take no action if he would use the military to secure a Liberal victory. Lacy and the ambassador agreed that Quirino should be pressured not to attempt something like that, with the threat of withholding all American aid.[182] What is remarkable is that Lacy did not question Magsaysay's motives in providing this information. It could as well be an attempt by Magsaysay to put Quirino in a bad light. This suggests that Lacy was biased in favor of Magsaysay. Another U.S. official, Allison Wanamaker, suspected ulterior motives on Magsaysay's side, as he remarked that all Lacy's information seemed to come from Magsaysay. Wanamaker further wrote that it did not seem logical for Quirino to use the army or declare martial law in the elections. This would provide the army with functions usually performed by the civilian government. It would mean that Quirino diminished his own power and handed it over to Magsaysay. Instead, there were some other options Quirino could pursue. He could try to minimize the threat of Magsaysay by letting him run as vice president or senator. In that position,

[181] "796.00/10–3152: No. 317, The Counselor of Embassy in the Philippines (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Allison), October 31, 1952.," in *Asia and The*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[182] "796.00/12–552: No. 320, Memorandum for the Assistant Secretary of State for Far Eastern Affairs (Allison), 5 December, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).

Magsaysay's popularity would only benefit Quirino. Furthermore, Quirino could try to discredit the opposition or come up with charges against them. Wanamaker warned against official U.S. support for Magsaysay in the elections. If the U.S. had backed Quirino in 1949, they certainly would have regretted it. The same could happen with Magsaysay.[183] But other U.S. officials, like Lacy and Lansdale, feared that Quirino would go to any length to rig the elections. Moreover, they ought it unlikely that Quirino would initiate real economic reforms. To them, the only desirable candidate was Magsaysay.[184]

The Liberal Party made plans to prevent another loss like in 1951 through tighter control over the polls. When these plans leaked out, it triggered a fierce reaction from the Philippine people. Citizens were angry, and some soldiers even talked about armed revolt. Magsaysay was sympathetic toward these ideas.[185] But instead of removing Quirino by force, Magsaysay chose to challenge him in the upcoming elections by running as a presidential candidate for the Nacionalista Party. Magsaysay was a member of the Liberal Party, but he was getting along with Laurel and secured Nacionalista backing against Quirino in the election.[186] But Magsaysay kept his options open. Ambassador Spruance had noticed that Magsaysay and some of his supporters still seemed to consider the option of armed revolt in the case of a lost elections through fraud or intimidation on Quirino's part. Two days before the election, on 8 November 1953, Magsaysay met with Spruance and Lacy to discuss this issue. He assured them that he would take no armed action and that he was able to control his supporters.[187] Again, Lacy and Spruance seemed to take Magsaysay's word for granted instead of critically questioning his ability to do as he assured them.

In January 1953, Dwight D. Eisenhower succeeded Truman as President of the United States. Eisenhower allowed the CIA much more room to perform covert activities than his predecessor. This was evident in the Philippine elections of 1953. Allen Dulles, a CIA agent,

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[183] "FRUS 1952-1954: 796.00/12–552 (321)."
[184] "796.00/12–1652: No. 325, Report, Dated 15 December 1952, on Current Political Situation in the Republic of the Philippines, 16 December 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[185] Lansdale, *In the Midst of Wars*, 102.
[186] Ibid., 103; "FRUS 1952-1954: 796.00/12–1652."
[187] "796.00/11–953: Possible Armed Revolt in the Philippines, 9 November 1953.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).

provided Lansdale with a $1 million fund to back Magsaysay's bid for presidency. Additional funds were provided by American companies in the Philippines, including the Coca-Cola company. These funds were against the Philippine law. The CIA also contributed to Magsaysay's campaign by writing speeches and advising him on campaign strategies. Moreover, they planted articles in both the Philippine and American to present a good image of Magsaysay, while smearing Quirino.[188]

The official U.S. policy toward the elections was a neutral one. In December 1952, Allison wrote to the American Embassy that the U.S. wished to operate based on policies rather than personalities. U.S. policy should be concerned with the holding of free and honest elections and refrain from supporting a candidate.[189] Spruance wrote that he "constantly emphasized that the U.S. is committed to free elections in the Philippines, but does not and will not support any political party or candidate."[190] President Eisenhower also emphasized that the U.S. was not taking sides in the elections and that even indirect pressure, such as the threat to withhold American aid, were not allowed.[191] But although the U.S. strived to be neutral in the elections, several American officials came under fire by Quirino and his party for seemingly taking sides. Already in 1952, Lansdale was accused of working for Magsaysay.[192] And according to Joaquín Elizalde, the Philippine Secretary of Foreign Affairs, Spruance was obviously on Magsaysay's side and did not even attempt to be discreet about this. This caused Quirino to hold a personal grudge against him, culminating in a Philippine press attack on Spruance.[193] A week before the election, Elizalde also charged James D. Bell, head of the Philippine Division of the State

[188] Blitz, *The Contested State*, 93; Cullather, "America's Boy?," 327.
[189] "796.00/12–1352: Telegram: No. 323, The Acting Secretary of State to the Embassy in the Philippines, December 13, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[190] "796.00/12–1552: Telegram: No. 324, The Ambassador in the Philippines (Spruance) to the Department of State, December 15, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[191] "796.00/6–3053: No. 334, United States Role in Philippine Elections—Call upon the President by Carlos P. Romulo, June 30, 1953.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[192] "796.00/12–1052: Telegram: No. 322, The Ambassador in the Philippines (Spruance) to the Department of State, December 10, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[193] "796.00/4–153: Telegram: No. 331, The Ambassador in the Philippines (Spruance) to the Department of State, April 1, 1953.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).

Department, with involvement in the Philippine elections. In a speech in New York in October, Bell had stressed that the United States was and would continue to be impartial in the Philippine elections. However, he further remarked: "Yet as one of our main objectives is political stability, we cannot deny that we are concerned that the democratic processes function so that the people may freely express their will." Elizalde argued that by expressing concern over the conduct of the election, Bell charged Quirino of meddling in the elections. This implication was an infringement on the sovereignty of the Philippines.[194] But these protests were in vain. On November 10, 1953, Magsaysay won the elections with a massive victory of 2.9 million votes, compared to 1.3 million for Quirino. The U.S. had succeeded in its intentions, as once again, the Philippines would be led by a pro-U.S. president.

Conclusion

The war had interrupted the original plans for Philippine independence, but it was too late to reverse course. The U.S. was willing to participate in the rehabilitation of the Philippines, because it was of strategic and economic interest to do so. In the period between liberation and independence, the U.S. laid the groundwork of future Philippine-U.S. relations. Of key importance was the role of General MacArthur, who was responsible for the restoration of the power of the pro-U.S. oligarchy. Already before independence, the U.S. had set the framework for the future political course of the Philippines. This becomes clear when the U.S. managed to conclude the Philippine Trade Act and the Military Bases Agreement with the Philippines. Both treaties were controversial, but with the cooperation of Roxas, the U.S. managed to extend their influence anyway.

The difference could not be greater when Quirino became the next President of the Philippines. The country faced economic problems, the Huk rebellion, and rising nationalism. U.S. officials disliked Quirino and deemed him unfit to make the necessary reforms, because those would threaten the status quo from which the oligarchy derived its power. They found a replacement in the person of Magsaysay, and from then, the U.S. tried to pave his way toward the presidency. The U.S. officially adopted a neutral stand in the midterm elections of 1951 and

[194] "796.00/11–653: No. 340, Statement by Secretary Elizalde Alleging Interference in Philippine Domestic Affairs by Mr. Bell, November 6, 1953.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).

the national elections of 1953. But behind the screens, some U.S. officials displayed a clear bias toward Magsaysay, and the U.S. actively sought to increase his chances. The use of the AFP as a guard over the elections increased Magsaysay's popularity, and the CIA played a major role through the NAMFREL-organization, the press, and by providing funds and actively participating in Magsaysay's campaign. Through these efforts, the U.S. contributed to Magsaysay's victory. All in all, the U.S. continued to exercise a huge amount of influence over Philippine politics after independence. As demonstrated by the Philippine Trade Act and the Military Bases Agreement, political support was an important key to economic and military influence over the Philippines. Clearly, the U.S. was able to "strongly influence policies" in the Philippines "critical" to its own interests.

Chapter 4 – Economic (in)dependence: U.S. economic policy toward the Philippines and Philippine economic development

Introduction

The Second World War had devastated the Philippine economy. Agricultural production was dramatically reduced, mines and factories were destroyed or closed, and the infrastructure was completely shattered. The combined level of agricultural, manufacturing and mining production in the Philippines in 1947 was just 38.7 percent of the level of 1937. Agricultural production was down to 58.2 percent, manufacturing to 21 percent, and mining production to just 2 percent of pre-war levels.[195] The total value of foreign trade in 1945 was decimated compared to 1941, from $296.75 million to $29.55 million. Imports had shrunk from $135.6 million to $28.9 million, while exports plummeted from $161.15 million to just $650.000.[196]

This chapter will look at another element of American influence in the Philippines: the economy. How did the U.S. exert economic influence over the Philippines? In the years prior to independence, there were different economic interests leading to different standpoints on the grant of independence to the Philippine Commonwealth.

The chapter will explore three different components of U.S. economic influence in the Philippines. First, the economic aspects of the debate about Philippine independence are analyzed. Second, the Philippine Rehabilitation Act and the Philippine Trade Act are examined, with attention to underlying U.S. interests behind these agreements. Finally, the chapter will explore how the U.S. influenced Philippine economic policy and the consequences of this influence. Throughout the chapter, there is attention for both U.S. economic policy, and the position and interests of U.S. companies regarding the Philippines.

The economic debate about independence

Although U.S. officials often talked about Philippine independence as an ideological aspiration in which the U.S. guided the Philippines toward self-determination, there were also some practical economic considerations behind the grant of independence in 1946. Important lobby

[195] "Report to the President of the United States by the Economic Survey Mission to the Philippines" (Washington, D.C.: Department of State, October 9, 1950), 6, Albert R. Main Library, New York State College of Agriculture and Home Economics, Cornell University, http://hdl.handle.net/2027/coo.31924013867035.
[196] Hartendorp, *History*, "Total Foreign Trade," 734.

groups that used their influence to promote Philippine independence were the American sugar and coconut industry, joined by other American agricultural groups. The Philippines were an important exporter of sugar and coconut oil to the U.S. At the end of the 1920s, 32.4 percent of Philippine exports consisted of sugar, and another 31.7 percent of coconut products.[197] Thomas Pepinsky points out two reasons why the American agricultural industry lobbied for Philippine independence. First, unlike tariffs, independence was irreversible. From the perspective of U.S. agriculture, it was simply a safer option than the imposition of tariffs. Second, eventual independence of the Philippines was already accepted in U.S. politics. This provided a natural cover for the economic interests of the American agricultural industry.[198]

But not all U.S. economic interest groups were in favor of Philippine independence. During the colonial period, the United States became the Philippines' main trading partner. Since 1899, total trade of the Philippines had grown from $34 million to $251 million in 1940, while the share of Philippine-American trade rose from 16 to 75 percent.[199] Free trade with the U.S. opened a huge market for Philippine export products. The Philippines exported mostly agricultural products and raw materials, while the U.S. exported industrial products to the Philippines. American companies had a strong presence in the Philippine economy. Before the Second World War, American direct investments amounted to $258 million, around 60 percent of the total foreign direct investments in the Philippines.[200] Table 1 shows that American total investments in the Philippine economy were around 22 percent of the total economy. American investments were especially strong in 'Electric, light and power', but in 'Sugar', 'Mining' and 'Lumber', investments were still around one third. In the lowest categories of American investments, the percentage was still around 20 percent, except for the coconut industry, which was dominated by Philippine capital. Members of the Philippine-American Chamber of Commerce, an organization which represented American business interests in the Philippines, were strongly opposed to Philippine independence.[201]

[197] Pepinsky, "Trade Competition and American Decolonization," 409, 410.
[198] Ibid., 413.
[199] Jenkins, *American Economic Policy*, 38.
[200] Ibid.
[201] Ibid., 78; Pepinsky, "Trade Competition and American Decolonization," 402.

Table 1: *Share of investments in Philippine industry, 1938*[202]						
	Philippine (in million dollars)	*Philippine (in %)*	*American (in million dollars)*	*American (in %)*	*Other (in million dollars)*	*Other (in %)*
Sugar ($299 million)	149.5	50	89.7	30	59.8	20
Commercial establishments ($293,8 million)	102.83	35	61.70	21	164.53	56
Coconut ($221,2 million)	195,57	88.4	13.92	6.30	11.71	5.29
Manufacturing ($178,2 million)	62.37	35	33.86	19	81.97	46
Mining ($100.6 million)	48.29	48	37.22	37	15.09	15
Electric light and power ($28,2 million)	5.64	20	20.59	73	1.97.	7
Lumber ($18,5 million)	7.215	39	6.66	36	4.63	25
Total ($1174,77 million)	*571.42*	*48.64*	*263.65*	*22.44*	*339.7*	*28.92*

The Philippine Rehabilitation Act and the Philippine Trade Act

Already during the war, the U.S. foresaw the need of Philippine postwar rehabilitation. In June 1943, the U.S. Congress approved an amendment of the Tydings-McDuffie Act to establish a joint Philippine-American commission on rehabilitation. The task of the group was to "investigate all matters affecting postwar economy, trade, finance, economic stability and rehabilitation of the Philippine islands."[203] In 1945, three American missions were sent to the Philippines to investigate various aspects of Philippine rehabilitation: a presidential mission led

[202] This table is based on data about the Philippine industry in Jenkins, *American Economic Policy*, 39. Philippine and American investments are split out, while the category 'others' exists of British, Spanish, Chinese and Japanese investments. These data are an estimate, as there is no reliable estimate of American private investment before the war. One of the reasons for the bigger share of 'other' investments than 'American' investments can be explained through the large presence of Chinese capital in commercial establishments ($73.45 mln). However, Jenkins does not account for all shares of other investments, so that it is impossible to trace the source of some of these investments. Data on the coconut industry is unreliable due to the large number of enterprises which were active in the industry.

[203] Ibid., 45–46; "811B.01/640: The Acting Secretary of State to the Secretary of War (Stimson), February 28, 1944.," in *The Near East, South Asia, and Africa, the Far East*, vol. V, Foreign Relations of the United States, Diplomatic Papers 1944 (Washington, D.C: United States Government Printing Office, 1965); "FRUS 1944: 811B.01/642."

by Senator Tydings, tasked with investigating the possibility of a continuation of the U.S.-Philippine bilateral trade relationship; the War Damage Corporation mission to investigate war damages in the Philippines; and the War Manpower Commission, led by McNutt, which was tasked to investigate the social and political situation of the Philippines.[204]

After the liberation of the Philippines, the U.S. army estimated the war damage at $1,5 billion. This amount was later scaled down to $1 billion. However, the Philippines claimed reparations worth of $8 billion from Japan.[205] On April 30, 1946, the U.S. Congress passed the Philippine Rehabilitation Act of 1946. This Act made a total fund of $620 million available for the rehabilitation of the Philippines. $400 million was reserved for the payment of private war damage claims, $120 million for the restoration of public property, and another $100 million in the transfer of American surplus property to the Philippines. The Rehabilitation Act also provided for the creation of the U.S. Philippine War Damage Commission.[206]

The Rehabilitation Act made the condition that war damage payments should be re-invested in the Philippines. With this measure, the U.S. Congress wanted to prevent American claimants from leaving the country with their money, basically obligating them to take part in the reconstruction and rehabilitation of the Philippines.[207] Gerardo P. Sicat made estimations of the distributions of War Damages among Filipinos, Americans, Chinese, and other groups. Of the approved claims, 30.2 percent was awarded to Filipinos, and 29.4 percent to Americans. However, there were many claims were made by enterprises of which it was hard to determine whether they were Filipino or American, probably because they were co-owned. The war damage payments awarded to this group were another 29.7 percent of the total. Sicat calculated a few different scenarios. In case of low estimates, where 40 percent of the Filipino-American group was American, total American war damage claims still amounted to 41.2 percent. With a high estimate of 60 percent American enterprises in the Filipino-American group, the percentage

[204] "Participation by the United States in Measures for Relief and Rehabilitation of the Philippines.," in *The British Commonwealth, The Far East*, vol. Vol. VI. (Washington, D.C: United States Government Printing Office, 1969); "811B.01/4–2145: Statement by President Truman on Independence for the Philippines, May 6, 1946," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).
[205] Hartendorp, *History*, 154, 156. Own calculation of worth in U.S. dollars.
[206] Ibid., 158; "An Act for the Rehabilitation of the Philippines" (United States Congress, April 30, 1946), 131,135, Law Library: Research and Reports: Legal Reports: Statutes at Large: 79th Congress: Chapter 243, Library of Congress, https://www.loc.gov/law/help/statutes-at-large/79th-congress.php.
[207] Hartendorp, *History*, 228.

rises to 47.2 percent.[208] In both cases, however, the amount of war damages paid to American enterprises is considerable, and much higher than the share of American enterprises in the economy before the war. Probably, the war damage commission attached great value to repaying American investors, because it would signify a commitment to the future of the Philippine economy.[209] The rehabilitation of the Philippine economy depended for a large part on investments and expansion by American companies.[210]

On the same day, the U.S. Congress passed the Philippine Trade Act of 1946. The act provided an extension of reciprocal duty-free trade between the U.S. and the Philippines until July 4, 1954. After that, the customs duties would increase 5 percent annually, until the full duty would be established in 1973. Moreover, the agreement placed absolute quotas on Philippine exports of sugar, cordage, rice, cigars, scrap tobacco, coconut oil, and buttons of pearl or shell to the United States, but not the other way around. The Philippine government was not entirely free in the allocation of these quotas to Philippine exporters. On top of that, the President of the United States had the power to establish quotas on Philippine exports to the U.S. that were deemed substantially competitive with U.S. products. Remarkable about this provision is that it was one-sided. The U.S. president could establish quotas on his own judgment, while the Philippines had no such protection against the export of American goods to the Philippines. The Trade Act also pegged the Philippine peso to the dollar, at an exchange rate of 2:1.[211] Although the pegged exchange rate to the dollar became a common occurrence in the postwar global financial system, it is nevertheless an expression of U.S. economic power over a sovereign nation. It meant that the rate of the peso could not be adjusted without American consent. This made it impossible for the Philippines to follow its own monetary policy and protect its own economy through currency policy.[212] The most profound provision of the Philippine Trade Act was the parity provision, which granted American citizens the same rights to Philippine resources as citizens of the Philippines: "The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coals, petroleum, and other

[208] Sicat, "American Private Direct Investment," 28–29.
[209] Ibid., 30.
[210] Gleeck Jr., *American Business*, 108.
[211] Schirmer and Shalom, "Summary, Bell Trade Act," 88–90; Shalom, "Philippine Acceptance," 500.
[212] Constantino and Constantino, *The Philippines*, 199; Jenkins, *American Economic Policy*, 68.

natural resources of the Philippines and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United State citizens […]."[213] This measure affected the sovereignty of the Philippines. The Philippine constitution of 1935 required sixty percent Filipino ownership of land, public utilities and exploitation of natural resources. Passage of the act in the Philippine Congress would therefore require an amendment to the Constitution. Lastly, the Trade Act contained a provision that allowed the President of the United States, after consultation with the President of the Philippines, to nullify the agreement if he determined that the Philippines or one of the political subdivisions of the Philippine government is discriminating against U.S. citizens or companies.[214] Again, this provision was non-reciprocal. The Trade Act thus gave the U.S. president decision power in the form of quotas and eventual nullification, while the Philippine president did not have such powers, a sign of a very inequal relationship. This inequality became even more clear when Roxas forbade Filipino businessmen to export their major export products to other countries than the United States, even if those offered a higher price.[215]

After the Philippine Trade Act passed the U.S. Congress, it still had to be approved by the Philippine Congress. With nationalism prevalent in the Philippines, this was a difficult task. But the U.S. put some pressure on the approval by the Philippine Congress. First, the Philippine Rehabilitation Act contained one important condition. Only war damage claims under $500 would be considered and paid and claims above this amount would only be considered after an agreement about U.S.-Philippine trade relations had been reached.[216] Ickes was one of the driving forces behind the use of blackmail to get the Philippines to accept controversial American terms in the agreements.[217] The Philippine Trade Act was sponsored by McNutt. Senator Tydings remarked about McNutt that: "Fundamentally, he is opposed to Philippine independence, and if you would ask him, he would tell so. The truth of the matter is that most of the people, outside the Filipinos, who favor this bill are fundamentally opposed to Philippine independence. Many of them have told me so. Their whole philosophy is to keep the Philippines

[213] Schirmer and Shalom, "Summary, Bell Trade Act," 89.
[214] Ibid., 88–90; Sicat, "American Private Direct Investment," 22; Shalom, "Philippine Acceptance," 500–501.
[215] Ramon Diokno, "Roxas Violates the Constitution.," in *The Philippines Reader*, ed. Schirmer and Shalom, n.d., 93.
[216] Hartendorp, *History*, 162; Jenkins, *American Economic Policy*, 49; "Philippine Rehabilitation Act," 140.
[217] Steinberg, "Philippine Collaboration in World War II," 82.

economically even though we lose them politically."[218] These agreements were not only about the rehabilitation of the Philippines but allowed the U.S. to continue its economic dominance over the Philippines. The Philippine Trade Act was approved by the Philippine Congress on July 2, 1946, thanks to the political maneuvers of president Roxas. On September 18, the parity amendment was accepted and consequently ratified on March 11, 1947.

U.S. business interests

The Philippine Trade Act and the Rehabilitation Act were the result of a U.S. policy which sought to revive the Philippine economy, although with a large amount of continued American control. This policy was based on a confluence of different U.S. economic interests and considerations. From a business perspective, American investments needed to be safeguarded. Other factors that played a role were establishing and maintaining a U.S. hegemony, moral obligations, political stability, and simultaneous development of the Philippines and Japan as a means of guaranteeing stability in the Pacific.

An important reason behind the Rehabilitation Act and the Trade Act was an attempt to restore the favorable prewar situation for American companies. The U.S. domestic market was protected against Philippine exports through export quotas. Because these quotas were not valid for American exports to the Philippines, a large market for American goods was preserved. Moreover, parity rights and the pegged exchange rate of the peso to the dollar served to safeguard U.S. investments and to attract new investments.[219] However, the opinion of U.S. companies on the Philippine Trade Act was not undivided. The domestic and Cuban sugar industry lobbied for a trade quota on Philippine sugar exports. The war had almost completely destroyed the Philippine sugar industry, and the competition saw this as an opportunity for a diversification of the economy instead of a revival of the Philippine sugar industry.[220] For the American cordage industry, the Philippines were the largest source of abaca, a raw material required to produce Manila rope. This industry hoped that free trade and rehabilitation assistance would result in a reconstruction of the Philippine abaca industry.[221] For American investors, the Philippine Trade Act made the Philippines an attractive entry into the Far East. The parity

[218] Diokno, "Roxas Violates the Constitution.," 94.
[219] Jenkins, *American Economic Policy*, 70, 167.
[220] Ibid., 74.
[221] Ibid., 75.

amendment was therefore enthusiastically supported by new companies that sought to participate in the Philippine economy. But older companies, which already operated in the Philippines for a long time, opposed the parity amendment of the Trade Act. These companies were organized in the American Chamber of Commerce in the Philippines. They enjoyed a comfortable position in the Philippine economy and were wary of anything that might threaten their position. An editorial in the Journal of the American Chamber of Commerce in July 1946 read: "One of the provisions of the Philippine Trade Act which has particularly aroused the ire of the Filipinos, and rightfully so, is that which requires the Republic of the Philippines to allow Americans equal rights with Filipinos in the acquisition and development of natural resources. […] the provision did not originate with Americans in the Philippines, and was never asked for by them as a group or individually. […] In the interest of honesty and fair-dealing, the government of the United States should voluntarily abrogate the invidious provision at the earliest moment."[222]

The statement of the American Chamber of Commerce reflected the fear of American companies for the rise of nationalism in the Philippines. Despite a love-hate relationship between Filipinos and their colonial overlords, it seemed that American companies fitted well in the prewar landscape. In the interbellum, many American companies opened up to Filipino participation.[223] Both president Osmeña and Roxas believed that American companies were essential to postwar reconstruction. Through a message in the Journal of the American Chamber of Commerce, Osmeña expressed his gratitude for the role of American companies in the development of the Philippines and his hope for their participation in postwar rehabilitation: "Your forty years of work and development in the Philippines have won our sincere friendship and respect. Your record in business and professional life here in the Philippines is an enviable one. Your progressive enterprise was important in the building up of the Philippines. […] Without you the Philippines would not have been the same. Most of our own commercial and industrial leaders have been trained by you. In the past we have always welcomed your presence, and we hope that you will remain with us in the future. The task of rebuilding the Philippines will be a gigantic one. We want you to stay and help us carry out this task."[224] The Philippine Trade and Rehabilitation Act were not designed to cover the whole cost of Philippine

[222] Ibid., 80.
[223] Gleeck Jr., *American Business*, 59.
[224] Ibid., 108.

rehabilitation. According to Jasper Bell, a sponsor of the Philippine Trade Act, there were two ways in which the Philippines could be rehabilitated. One was for the U.S. to spend millions of dollars on reconstruction. "The other way is for us to give them the kind of trade relief which will make it possible for them and for the citizens of this great country to enter into private industry over in the Philippines. One of the purposes of the bill […] is to see that American capital has an opportunity to go down and invest on the basis that they will be safe in their investment."[225] Much was expected from the role of private American capital. The parity rights and the fixed exchange rate between the dollar and the peso were meant to attract American capital.[226]

However, U.S. capital faced one major challenge. The Commonwealth Constitution of 1935 limited foreign capital to a minority role regarding land, public utilities and the exploitation of natural resources.[227] After the liberation of the Philippines, Roxas tried to increase his popularity by capitalizing on anti-Chinese sentiments among the Philippine people. A process of nationalization of retail trade and labor was initiated. Although U.S. citizens were exempted from the measures, the measures were part of a larger trend of extreme nationalization in the Philippines. Consul General Steintorf feared that after independence, the process might be extended toward U.S. citizens.[228]

The U.S. wanted to ensure that its economic interests remained protected against nationalism. It was too late for a reversal of independence. The U.S. acknowledged the rise of nationalism in the Philippines and elsewhere in Asia as a fait accompli, and a reversal of the course toward independence in the Philippines would lead to a very difficult situation. Therefore, it sought to establish and maintain a U.S.-orientated government in the Philippines. This way, they could safeguard their interests without accusations of infringement on Philippine sovereignty. However, the extreme sensitivity of the topic of sovereignty in the Philippines

[225] Shalom, *The U.S. and the Philippines*, 37.
[226] Jenkins, *American Economic Policy*, 80.
[227] Sicat, "American Private Direct Investment," 22.
[228] "811.5211B/9–1945: The Consul General at Manilla (Steintorf) to the Secretary of State, September 19, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).

required a careful approach.[229] Any wrong action or indication might invoke a nationalist reaction.

Other underlying interests

The importance of the Philippine economy to the U.S. can be explained through the new world order that came into being after 1945. Only the United States had emerged stronger and richer at the end of the Second World War and was now the major world power.[230] Traumatized by the Great Depression of 1929 and the failure of the New Deal to address this crisis, the U.S. was concerned with creating a stable world order by "integrating the capitalist world into a cohesive, cooperative system under United States leadership."[231] The U.S. focused initially on Europe. The Marshall Plan aimed to restore the European economies to prevent the rise of communism in Europe, and it helped to open new markets for American products.[232] For a successful entry in the European market, the U.S. had to expand their industries. Increasingly, U.S. industry started to rely on raw materials from developing countries. American postwar foreign policy in the Third World was aimed at securing access to these raw materials by American corporations.[233] American economic interest in the postwar Philippine economy were a continued domination of the economy, a market for American products, a source of raw materials, and a field for American investments.[234] Restoration of the prewar situation in the Philippines, where the United States dominated the Philippine economy, fitted seamlessly in the American vision of a U.S. world hegemony.

Another motivation behind the Rehabilitation Act and the Trade Act were moral obligations. In a message to President Truman, McNutt pointed out that the United States had a moral obligation toward the Philippines for its economic recovery.[235] The Philippines were economically very dependent on the U.S. McNutt acknowledged the American responsibility in

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[229] "Executive Secretariat Files: Lot 61D167: File—NSC 84 Series: NSC 84/2: The Position of the United States With Respect to the Philippines, November 9, 1950," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[230] Herring, *From Colony to Superpower*, 597; Constantino and Constantino, *The Philippines*, 189.
[231] Constantino and Constantino, *The Philippines*, 190.
[232] Herring, *From Colony to Superpower*, 620; Constantino and Constantino, *The Philippines*, 190.
[233] Constantino and Constantino, *The Philippines*, 191.
[234] Ibid., 193.
[235] "FRUS 1946: 611.11B31/1–1046."

creating this situation. Moreover, the Philippines remained loyal to the U.S. during the war and brought great sacrifices for it. McNutt argued: "we have an obligation to adopt remedial measures which will not destroy [the] Philippine economy."[236] A sudden reversal of this dependent economic relationship would lead to disaster, and McNutt warned for the difficulty of withdrawing preferences after independence. In his opinion, the Philippines should not become independent until economic independence could be guaranteed.[237] The sense of moral responsibility was also acknowledged in the official U.S. policy outline by the National Security Council in 1950. "The relationship, the military commitments, and the moral obligations of the United States to the Philippines are unique. The United States was responsible for the creation of the Philippine state and the independence and stability of the Philippine Republic are a fundamental interest of the United States."[238]

The U.S. was also interested in the revival of the Philippine economy to assure political stability. When the Huks started their rebellion against the Philippine government, they formed no threat based on their military capacity alone. However, the Philippine government was not successful in the fight against the Huks. The Huk movement continued to grow, and it was becoming a real threat toward the end of the forties. From 1950 on, the U.S. began to realize that the best way to contain the Huk rebellion was not only a military approach, but also required addressing the political and social causes for the unrest. Therefore, the U.S. aimed to initiate financial, economic and agricultural reforms in the Philippines to ensure the stability of the country. [239]

Finally, the U.S. had an interest in the revival of the Philippines considering the American strategic interests in the Pacific area. After the Second World War, Japan had to reassume its position as an independent Pacific nation. The U.S. hoped that friendly political and economic relations between the Philippines and Japan would lead to a simultaneous development of the two nations, ultimately contributing to increased stability in the Pacific.[240] The U.S. sought to establish a peace treaty between the Philippines and Japan. By 1950, the economic future of Japan was uncertain. In a meeting between Truman and Quirino, Acheson explained that Japan

[236] Ibid.
[237] Ibid.
[238] "FRUS 1950: NSC 84/2."
[239] Ibid.; Cullather, *Illusions of Influence*, 182–83.
[240] "FRUS 1950: NSC 84/2."

had heavily relied on raw materials and minerals from Manchuria for its economic development. Although Japan lost control over Manchuria since the end of the war, it was still an important source for raw materials to Japan. However, the communist victory in China in 1949 was a reason for concern to the U.S. It was important that Japan could find a reasonable alternative to its excessive reliance on China. The U.S. hoped that the establishment of trade relations between Japan and non-communist countries in Asia and the rest of the world would enable Japan to withstand communist pressure and draw it into the free world. The Philippines were an essential factor in this plan and Acheson hoped that Quirino would be sympathetic toward increasing trade with Japan.[241]

Joint Philippine-American Finance Commission

On June 7, 1947, the Joint Philippine-American Finance Commission published their report and recommendations on Philippine economic development to the President of the United States. The commission reported that although the Philippines was devastated by the war, it had abundant dollar resources, a stable currency and a large and unrestricted flow of imports. The output was lower, but incomes were good, and necessities fulfilled. The high-income groups even had a high consumption of luxury imports. The reason for this relatively good position were large amounts of U.S. spending through the U.S. Army and reparations to the Philippines. In 1945 and 1946, a total of $500 million was spent. This meant the Philippines had and would continue to have a significant flow of foreign exchange to its economy. The Philippines should take advantage of this flow rehabilitate their industry and agriculture.[242]

The commission made five recommendations to be implemented to ensure financial stability in the Philippines. First, it proposed a program for the conservation of foreign exchange for economic development. Second, the commission deemed it necessary to introduce a taxation program that was designed to reduce the budget deficit to a manageable size in 1948, and complete elimination of the deficit in 1949. Third, a domestic borrowing program should be established to cover the deficit of 1948 and provide funds for the period thereafter. Fourth, the

[241] "FRUS 1950: Executive Secretariat Files: Lot 53D444, 04-02-1950."
[242] Joint Philippine-American Finance Mission, *Report and Recommendations of the Joint Philippine-American Finance Commission* (Washington, D.C.: United States Government Printing Office, 1947), 3–4, http://hdl.handle.net/2027/uc1.c025906512.

commission recommended a strengthening and expanding of banking and credit facilities to assist both private and public financing. And finally, a central bank and a managed monetary system should be established, which could help the government to implement the other measures.[243]

The economic crisis of 1949

Following the recommendations of the Joint Philippine-American Finance Commission, the Philippines established the Central Bank in January 1949.[244] But at the end of that year, the Philippine government faced a severe Balance of Payments crisis. In both 1947 and 1948, imports exceeded $500 million, almost four times the expenses on foreign trade in any prewar year.[245] As a result of these excessive imports, international reserves declined rapidly. This process was reinforced by capital flight and a devaluation of the peso. In 1945, the Philippines still held $669.2 million in international reserves. This had shrunk to $453.3 million in 1947 and to $420.1 million in 1948. But in 1949, international reserves were down to just $260.1 million.[246] From October 1 to December 8, 1949, international reserves dropped with $60.9 million and in the first eight days of December alone, there was a $14.5 million decline. Besides the excessive imports, gradually diminishing U.S. aid and other U.S. expenses in the Philippines and continuing deficit-financing of the Philippine government reinforced the crisis. Agricultural and industrial production was still not on prewar levels, while there were more mouths to feed, as the Philippine population had increased from 16 million people in 1939 to 19.2 million people in 1949, an increase of 20 percent in just ten years. This economic crisis came on top of general political instability, caused by the ongoing Huk rebellion and the national elections.[247]

The Philippine government responded to this crisis by instituting several control mechanisms. Already in January 1949, the Philippine government adopted import controls, in November selective credit control, and in December exchange controls. In June 1950, price controls were adopted to soften the effect of the import and exchange controls on domestic prices. These measures were in line with the recommendations of the Joint Philippine-American

[243] Ibid., 7–8.
[244] Hartendorp, *History*, 585.
[245] Constantino and Constantino, *The Philippines*, 227.
[246] Hartendorp, *History*, "International Reserve and Money Supply," 728.
[247] Ibid., 381; "Population", 726; Jenkins, *American Economic Policy*, 129.

Finance Commission, but import controls were established over many more goods than the commission originally intended.[248] According to the conditions of the Philippine Trade Act, the President of the United States had to give his approval for these measures. These measures would hurt U.S. business interests in the short run. The controls offered some amount of protectionism and opened the way for import substitution in the Philippines. Filipino entrepreneurs started to set up their own light industries. Nevertheless, they were approved because of the threat of Philippine bankruptcy and the fear of the Huks overtaking the government, in which case American investments would be completely lost.[249]

The Philippines and International Financial Institutions

With the imposition of exchange controls, the Philippine government acted in line with the advice of a mission of the International Monetary Fund (IMF), which was studying the Philippine economic situation at the time. The mission concluded that exchange controls were unavoidable.[250] As to the source of the financial problems, the report of the IMF mission pointed to the Philippine Trade Act. The Act discouraged the establishment of local Philippine industries because of the duty-free trade between the U.S. and the Philippines. Moreover, if the Philippines had the power to impose duties on luxury- and non-essential imports, it could reduce excessive imports by raising prices for Philippine consumers.[251]

But despite the IMF mission, international financial institutions largely sidestepped the Philippines until the end of the 1950s.[252] The conditions of the Philippine Trade Act established a climate in which the Philippines focused on the favorable bilateral trade with the U.S. and resisted multilateral trade policies. The Philippines joined the General Agreement on Trade and Tariffs only in 1979.[253] The overwhelming majority of financial aid and economic policy advice at the time came from the U.S. The World Bank argued that since the U.S. was financing the economic development plan of the Philippines, there was no place for financial assistance from

[248] Hartendorp, *History*, 585; "Report by the Economic Survey Mission," 44.
[249] Constantino and Constantino, *The Philippines*, 228.
[250] Jenkins, *American Economic Policy*, 133–34.
[251] Constantino and Constantino, *The Philippines*, 227, 380.
[252] Robin Broad, *Unequal Alliance: The World Bank, The International Monetary Fund, and the Philippines* (Berkeley: University of California Press, 1988), 27, http://ark.cdlib.org/ark:/13030/ft658007bk/.
[253] Sicat, "American Private Direct Investment," 36.

the Bank. The Philippines would receive its first World Bank loan only in 1957.[254] Instead of joining the international economic system, the Philippines became more and more entangled in the U.S. economic sphere.

The Economic Survey Mission

The recommendations of the Joint Philippine-American Mission were very challenging.[255] It turned out that most of its recommendations had not been followed up. In 1950, the U.S. had transferred civilian aid goods worth $1.5 billion. $300 million of this amount was in civilian aid goods, military equipment and surplus American property in the Philippines. $1.2 billion came from war damage payments, veterans pay, wage payments and tax refunds. However, most of this money was spent on luxury imports. The dollar reserve of the Philippines dropped from $430 million to $230 million, and the Philippines faced an increasing budget deficit. But there was no incentive among the elite for a significant buildup of the Philippine industry. As agreed between Quirino and Truman, the U.S. sent the Economic Survey Mission to the Philippines "to consider the financial problems of that country and to recommend measures that will enable the Philippines to became and to remain self-supporting."[256]

The head of the mission, Daniel Bell, was not very positive about the prospect of the investigation. He told Melby that "I could write that Bell mission report now sitting here at my desk as president of the Liberty National Bank, without ever going there." Melby convinced him to go: "Well, so he did. He went out and he made his report. He said exactly what he said he was going to say, and everything that I knew he was going to say, and the Filipinos felt better about it. But it was straight boondoggle, to keep them happy; and nothing changed, as things very seldom change from missions like that anyway."[257]

The Economic Survey Mission reported, in contrast to the conclusion of the IMF mission, that the basic economic problem of the Philippines lay in inefficient production and low incomes. Agricultural and industrial production in 1950 was still below the prewar level. The population increased with 25 percent in the past years, while for many, real wages had dropped.

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[254] Edward S. Mason and Robert E. Asher, *The World Bank since Bretton Woods* (Brookings Institution Press, 2010), 174; Broad, *Unequal Alliance*, 27–28.
[255] "FRUS 1947: 896.51A/8–2947."
[256] "Report by the Economic Survey Mission," 1.
[257] Melby, Oral History Interview, 209–10.

Tax revenues just covered about 60 percent of government expenditures. The Philippines had a serious trade deficit, and the huge amount of imports had been paid with receipts from the U.S. government and dollar reserves. However, both money sources were declining, which made the future of imports insecure. After the war, the agricultural sector had seen some improvements, but overall, its production was still behind the prewar level. There were almost no newly cultivated lands available for the increased population, and the agricultural production was still not diverse enough. The industry had been almost restored to the prewar level, but no new opportunities were used, and the industrial sector had not considerably expanded. All in all, the Philippine economy lacked in productive efficiency and diversification of the economy.[258]

Regarding the import, exchange and price controls that were adopted in reaction to the economic crisis, the report stated: "However unpopular the controls may be, it will not be possible to dispense with them. Once inflationary pressures have been reduced, less onerous controls could be depended upon to prevent widespread disturbances in prices and international payments."[259]

The Economic Survey Mission made seven main recommendations to improve the financial stability of the Philippines and develop its economy. First, the finances of the government should be placed on a proper basis. Among others, this meant that the Philippine tax system should be reformed to make it more efficient. The Philippine government should make sure that it could cover its expenses. Second, agricultural production should be improved by using methods to increase the yield of crops. Furthermore, a program of land reform should be initiated to cultivate new lands and redistribute lands to small farmers. Third, the economy should be diversified through encouraging the establishment of new industries. Moreover, a sound infrastructure should be developed. Fourth, a special emergency tax of 25 percent should be levied for a time on all luxury imports to increase the international payments position. Fifth, the Philippines should develop social security though public health programs, improved education and protection of workers. Sixth, the public administration should be reformed to deal with the corruption. And finally, the mission recommended that the U.S. government should provide $250 million in loans and grant to help carry out a five-year plan. This financial

[258] "Report by the Economic Survey Mission," 1–2.
[259] Ibid., 44.

assistance should be tied to progress in following up on the other recommendations and under supervision of a Technical Mission of U.S. advisors.[260]

Foster-Quirino Agreement

The recommendations of the Economic Survey Mission were formalized in the Foster-Quirino agreement of November 1950. United States would provide the Philippines with $250 million in financial aid. In return, Quirino agreed to formulate legislation regarding tax reform and a minimum wage law for agriculture. Furthermore, he would issue a statement that expressed the concern of the Philippine Congress for implementing the recommendations of the Economic Survey Mission. But the agreement also solidified U.S. control over the Philippine economy. The Philippines had to accept U.S. supervisors in all key departments, except those dealing with the military, economic, or educational matters. Moreover, the selection of aid projects and the allocation of funds to those projects was solely decided upon by U.S. advisors. The Philippine government was required to provide counterfunds to finance the peso costs of the projects. U.S. advisors thus not only decided over U.S. aid money, but also over the allocation of Philippine funds. According to Renato Constantino, "one could say that for the small sum of $250 million the Americans were practically buying back a colony."[261] One U.S. official claimed that the Foster-Quirino agreement was a bribe. The only way to get the Quirino administration to increase its efficiency and sense of responsibility was to bribe them.[262] But according to Melby, the Foster-Quirino agreement "meant no more than a reform agreement with Chiang Kai-shek; nothing happened. I knew nothing would happen. Quirino wasn't capable of reform."[263]

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[260] Ibid., 4–5.

[261] "896.00/11–1750: Memorandum of Agreement, Between the Administrator of the Economic Cooperation Administration (Foster) and the President of the Philippine Republic," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976); Constantino and Constantino, *The Philippines*, 230.

[262] Shalom, *The U.S. and the Philippines*, 83; "796.5 MAP/1–1251: Mr. Melby's New Approach to Philippine Problems, January 12, 1951.," in *Asia and the Pacific*, vol. VI, Part 2, Foreign Relations of the United States 1951 (Washington, D.C: United States Government Printing Office, 1977).

[263] Melby, Oral History Interview, 210.

Reaction of American companies

Through the recommendations of the Joint Philippine-American Commission and the Economic Survey Mission, the U.S. economic policy toward the Philippines encouraged the Philippine Government to pursue a managed economy. According to Abraham Hartendorp, editor of Journal of the American Chamber of Commerce at the time, "the true source of the country's financial difficulties during the Quirino Administration, and ever since, was and remains the so-called managed currency system, instituted in 1949."[264] The Philippine government wanted a managed currency system, because it provided the freedom to inflate the currency and allowed for credit expansion to promote internal business growth. Basically, control over the currency gave the Philippines the opportunity to devaluate the peso to obtain funds for the development of the country.[265] But according to the economist Ludwig von Mises, small countries are not in a position to take their own course in currency manipulation. They are forced to follow the monetary policy of their closest trade relations, so in the case of the Philippines, those of the U.S. "As far as monetary policy is concerned, they voluntarily become satellites of a foreign power."[266] By keeping their currency at par with the currency of the U.S., the Philippines integrated into the U.S. monetary sphere. Hartendorp concludes that "the Philippines, therefore, did not achieve real independence with respect to its monetary system".[267]

But did the Philippines, like Hartendorp seems to suggest, become an economic 'satellite' of the U.S. of its own choice? The Philippine government was eager to attract money this way, but it was also forced by the U.S. to follow this policy. Secretary Acheson had warned that if U.S. aid continued to be "misused", the United States would halt further assistance.[268] This was a view shared by Melby, who was of the opinion that "Philippine performance must precede consideration of any additional American aid if the current trend of deterioration is to be arrested and the Philippines placed on a sound and self-supporting basis."[269]Although the Philippine government saw advantages in a managed currency system, it was also more or less forced, with the threat of withholding further U.S. aid, to implement the recommendations of the American missions.

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[264] Hartendorp, *History*, 608.
[265] Ibid., 618–19, 628–29.
[266] Ludwig von Mises, quoted in Ibid., 619.
[267] Ibid.
[268] "FRUS 1950: 996.61/1–1750."
[269] "FRUS 1950: 796.11/2–250."

According to Hartendorp, the economic crisis was largely self-inflicted. The abandoning of the dollar standard led to excessive government and private spending, resulting in a rising inflation that the Philippine government sought to combat with import, price, and exchange controls. These controls in turn only added to the economic chaos, by discouraging economic enterprise, creating scarcities, rising prices and adding to the growth of unemployment. Hartendorp was convinced that capital flight in 1949 only happened because foreign companies expected the introduction of exchange controls.[270] The managed currency system resulted in the imposition of various controls and was a disastrous error.[271] The period of 1946 to 1954 saw a rise in import duties of 100 percent; excise taxes 27 percent; business taxes 272 percent; income taxes, combined with a minor amount of war-profits tax 244 percent; other internal revenue taxes 85.6 percent; taxes on persons, business and consumption together almost tripled; and real property tax doubled.[272] Altogether, the Philippines dd not seem to be an attractive business environment anymore.

But despite this negative portrayal, U.S. direct investments in the Philippines increased in the postwar years. Constantino claims that American advisers used their influence over the Philippine Central Bank to soften the impact of import controls on U.S. economic interests in the Philippines. Under their control, licenses for foreign exchange allocations went to established and wealthy companies, which were mainly American and Chinese, rather than new Filipino companies. These established companies set up packaging and assembly plants in the Philippines and imported raw materials and producer goods from the U.S. They licensed well-known American brand names, which made it difficult for the new Philippine industry to compete.[273] According to a publication of the First National City Bank of New York Total U.S. direct investments in the Philippines went up from $268.5 million at the outbreak of the war to $350 million in 1954. The Office of Business Economics concluded that of the $465 million of American direct investments in the Far East, $188 million was invested in the Philippines, a share of 40 percent. As table 2 shows, American investments went up in all categories except agriculture. Although the share of American investments in public utilities went down, absolute investments in that sector went up. In the manufacturing industry, the American share almost

[270] Hartendorp, *History*, 590, 608, 685.
[271] Ibid., 724.
[272] Ibid., 605–6.
[273] Constantino and Constantino, *The Philippines*, 230.

doubled. Hartendorp does not specify which industries fall under the label 'other industries'. However, as the table does not specify mining, a sector in which American companies played a key role during the colonial period, it is safe to assume that the staggering growth in this category reflects on the mining industry.[274]

Table 2: ***United States Direct Investment in the Philippines, 1940, 1950, 1953 (value in millions of dollars)***[275]

	1940		1950		1953	
Industry	*Value*	*%*	*Value*	*%*	*Value*	*%*
Agriculture	22.5	24.8	15.3	10.3	17	9
Manufacturing	6.9	7.6	23.3	15.6	25	13
Public Utilities	35.9	39.6	47.1	31.6	53	28
Trade	13.2	14.5	29.6	19.8	33	18
Other Industries	12.2	13.5	33.9	22.7	60	32
Totals	90.7	100.0	149.2	100.0	188	100

These data include only those investments in which the controlling American interest is resident in the United States. The figures represent the book value of investment rather than the market value. The 1940 and 1950 figures are each based on a census of direct American investments abroad: the 1953 figure is based upon the 1950 census with the addition of the estimate for the succeeding years. Source: Office of Business Economics, U.S. Department of Commerce. "American direct investments in 1953 were considerably larger in the Philippines than in any other Far Eastern country. Of the $465 million total reported for those countries in the Department of Commerce census, the Philippine share of $188-million accounted for about 40%. Moreover, with the exception of investments in petroleum in Indonesia, investments in all major categories were heaviest in the Philippines.

In a recent publication of the First National City Bank of New York, the estimated investment of non-resident Americans in the Philippines in 1954 was $216.000.000 and of the resident Americans $134.000.000 or a total of $350.000.000.

Total American investments at the outbreak of the war were estimated at php 537.000.000, of which around php 200.000.000 represented investments in sugar, coconut, and abaca plantations, mining and lumber operations, and public utility enterprises. The 1954 American investments would therefore exceed the pre-war investments by around php 213.000.000.

The parity amendment in the Philippine Trade Act and the war damages of the Philippine Rehabilitation Act were both aimed at attracting reinvestment by American enterprises and new investments to the country. A few big American companies entered the Philippine market, like Pepsi Cola the Bank of America in 1946, and U.S. Life (renamed Philam Life) in 1947. Looking at the table of U.S. direct investments in the Philippines, it can be concluded that the measures that the U.S. took to guarantee continued American investments were successful.

[274] Gleeck Jr., *American Business*, 65–66.

[275] Hartendorp, *History*, "United Stated Direct Investment in the Philippines, 1940, 1950, 1953", 730, 732.

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U.S. companies also played an important role in the reconstruction of the Philippines, as was intended in drafting the Trade Act and Rehabilitation Act. Reconstruction required restoration of key infrastructure. This was an area where American companies played a big role. As table 1 shows, American companies had a big investment share in the 'Electric light and power' category. For example, Manila Electric co. (Meralco), an American power supply company present in the Philippines since 1903, assisted the U.S. Army in immediate postwar measures to assure the restoration of emergency power. In the first ten years of Philippine independence, Meralco invested $52 million in the postwar period in the restoration and expanse of electrical power. Overall, most of the big American companies recovered their prewar positions.[276]

In foreign trade, the U.S. remained the most important trading partner of the Philippines. In 1941, 84percent of the total foreign trade was conducted with the U.S. After independence, this percentage shrunk a bit, but with 64 percent of total foreign trade in 1954, the U.S. remained by far the most important trading partner. The table shows clearly that between 1946 and 1950, the Philippines continued excessive imports from the U.S., while the exports stayed behind. But even though the shares of import export became more balanced after 1950, there remained a clear deficit in the Balance of Trade with the United States.

Table 3: ***Trade with the United States (in million pesos)***[277]

	Total	% of total trade	Imports	% of total imports	Exports	% of total exports
1941	496.2	84	219.0	81	277.2	86
1945	51.0	86	50.5	88	0.5	38
1946	591.9	72	515.0	87	76.9	60
1947	1,184.0	73	880.0	86	304.0	57
1948	1,354.9	75	939.2	80	415.7	65
1949	1,302.4	77	938.6	80	363.8	72
1950	1,001.7	74	510.5	75	491.2	73
1951	1,268.0	71	700.8	73	567.2	69
1952	1,090.8	71	617.1	73	473.7	67
1953	1,254.2	76	702.4	82	551.8	70
1954	1,143.2	64	652.7	68	490.5	60
1955	1,186.2	63	712.2	65	477.4	60
1956	1,083.3	57	600.9	59	482.4	53

[276] Gleeck Jr., *American Business*, 27, 106.
[277] Hartendorp, *History*, "Trade with the United States," 734.

Conclusion

An analysis of American economic influence on the Philippines shows a remarkable picture of divided interests. The grant of Philippine independence was not only a redeeming of the pledge of President Wilson. The American sugar and coconut industries, and other American agricultural groups vividly lobbied for Philippine independence, because it would improve their competitive position. On the other side were American companies that were well established in the Philippines and formed a major share of the Philippine economy, and therefore opposed to independence. But even though the U.S. granted independence to the Philippines, efforts were undertaken to maintain economic influence over the Philippines. The Philippine Trade Act served many U.S. interests: it fulfilled U.S. moral obligations to the Philippines, aimed to create political stability, maintained a U.S. hegemony, and was a means to work toward simultaneous development of the Philippines and Japan to create stability in the Pacific. However, business interests were divided between 'old' capital, that was opposed to parity rights, and 'new' capital, for which these conditions were favorable. The Philippine Rehabilitation Act served as a means of financial coercion to get the Philippines to accept the Trade Act.

In the following years, the U.S. stimulated the Philippines to adopt a managed currency system. Combined with the excessive imports that were made possible by the Philippine Trade Act, this caused an economic crisis in the Philippines. These factors were both driven by U.S. interests. Because of its economic dependence on the U.S., the Philippines could not rely on the assistance of international financial institutions. The Philippines designated on U.S. aid, providing the U.S. with the opportunity to further increase its economic influence over the Philippines. Following the recommendations of the Economic Survey Mission, the U.S. and the Philippines concluded the Foster-Quirino agreement. Although the agreement provided the Philippines with further U.S. financial aid, it also increased U.S. influence over the Philippine economy even more through U.S. supervision and allocation of funds. Throughout all these events, American investments in the Philippines continued to flourish and the U.S. remained by far the largest trading partner. In the first eight years after independence, the U.S. maintained "de facto economic domination" over the Philippines.

Chapter 5 – Containing Communism: U.S. Geopolitical and Military Interests in the Philippines

Introduction

This chapter will focus on the military aspect of American influence on the Philippines. The Cold War became central to U.S. foreign policy for the first few decades after the Second World War. Access to and protection of the Philippines became very important to the U.S. in this changing world order. How did geopolitical considerations and military interests influence U.S. policy toward the Philippines?

This chapter will start with an examination of the military interests and geopolitical considerations of the United States at the time of Philippine independence. Then, it will explore how these interests lead to the conclusion of the Military Bases Agreement and the Military Assistance Agreement between the U.S. and the Philippines in 1947, and the impact of these agreements on Philippine-American relations.

The Military Bases Agreement and Military Assistance Agreement were vital elements of U.S. foreign policy in Southeast- and East Asia, because they provided the U.S. with a military entry into Asia where it sought to contain the spread of communism. However, communist movements were not only on the rise elsewhere in Asia, but also in the Philippines. This is the next point of attention in this chapter, as it will analyze the Huk rebellion in the Philippines and the American reaction. Finally, the Mutual Defense Treaty of 1951 between the U.S. and the Philippines will be discussed and put it into the context of U.S. Cold War Policy.

Preliminary understanding

The Tydings-McDuffie Act of 1934 contained an important and far-fetching section about American military presence in the Philippines: “After negotiation with the President of the Commonwealth of the Philippines, or the President of the Filipino Republic, the President of the United States is hereby authorized by such means as he finds appropriate to withhold or to acquire and to retain such bases, necessary appurtenances to such bases, and the rights incident thereto, in addition to any provided for by the Act of March 24, 1934, as he may deem necessary

for the mutual protection of the Philippine Islands and of the United States."[278] This gave the U.S. president enormous powers, as he could decide to obtain more bases in the Philippines if he deemed it necessary for 'mutual protection', a concept that was further left undefined.

The Philippines and the U.S. maintained a close military relationship after independence. For the U.S., the Philippines formed a strategic entry point into Asia. For the Philippines, protection by the U.S. was very important.[279] On May 14, 1945, Truman and Osmeña concluded a preliminary agreement about American military bases in the Philippines. The agreement stated that "the fullest and closest military cooperation will be observed between the U.S. and the Philippine government […] to ensure the full and mutual protection of the U.S. in the Philippines."[280] The agreement provided the U.S. Army with free access to and movement between U.S. bases and installations. U.S. aircrafts could navigate freely in the surroundings of the bases. Moreover, there were no restrictions on the number of American soldiers on U.S. bases in the Philippines. Furthermore, the statement concluded that the U.S. Army would keep all its bases in the Philippines except for one, while it would gain control over 24 more bases. A last important provision stated that no other nation could establish bases in the Philippines without the consent of both the Philippine and U.S. government.[281] This preliminary agreement already reveals the nature of the newly developing strategic relations. The provisions handed a lot of power and freedom to the U.S. Army in the Philippines. Under the preliminary agreement, it seemed that U.S. military presence in the Philippines after independence would only increase rather than decrease.

Complications arose during negotiations about a final agreement. The U.S. demanded jurisdiction over all its military bases and all U.S. military personnel in the Philippines, which

[278] "811B. 01/4–1845: Military and Naval Bases, April 18, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).
[279] Karnow, *In Our Image*, 331.
[280] "811.24511B/5–1445: Preliminary Statement of General Principles Pertaining to the United States Military and Naval Base System in the Philippines To Be Used as a Basis for Detailed Discussions and Staff Studies, May 14, 1945.," in *The British Commonwealth, The Far East*, vol. VI, Foreign Relations of the United States, Diplomatic Papers 1945 (Washington, D.C: United States Government Printing Office, 1969).
[281] Ibid.

was initially settled upon between the negotiators.[282] But Roxas saw himself confronted with nationalistic opposition. There were some clashes between Filipinos and American military personnel, who were mostly idle after the war. Moreover, the jurisdiction issue coincided with the vote over parity rights in the Philippine Trade Act. Both were very sensitive issues to Filipino nationalists, and it would be very hard for Roxas to push both through Congress at the same time. Under pressure of the nationalists, Roxas decided to decline U.S. jurisdiction over its bases and military personnel.[283] On the American side, the strategic value of the Philippines had changed because of increasing tensions in the Cold War. Europe became the frontier of U.S. Cold War foreign policy, and so American attention shifted away from the Philippines. The struggles with the Philippine government about the acceptance of a final agreement led to a change in U.S. policy in which officials were in favor of a complete withdrawal of all American forces from the Philippines. According to General Eisenhower, good future U.S.-Philippine relations were more important than the presence of American forces in the Philippines. Therefore, it would be of little value to retain a force in the Philippines, unless the Philippine government desired this. Moreover, the U.S. occupied Japan, a part of Germany, Korea, Austria and Italy, which was a huge strain on the resources of the U.S. Army. Patterson, the Secretary of War, was convinced that the U.S. could better devote its attention to those areas than to the Philippines. The U.S. Army decided to give the Philippines a low priority. The Navy preferred to maintain bases on Okinawa and Guam, because these small islands were better defendable than the Philippine archipelago.[284]

The Military Bases Agreement and the Military Assistance Agreement

Roxas was afraid that the U.S. would indeed withdraw its troops and informed ambassador McNutt that the Philippine Government did desire the maintenance of U.S. bases and its

[282] "811.24596/9–746: Telegram: The Ambassador (McNutt) to the Secretary of State, September 7, 1946.," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).
[283] Karnow, *In Our Image*, 331; "FRUS 1946: 711.11B/6–2546."
[284] Karnow, *In Our Image*, 331–32; "811.24596/11–2946: The Secretary of War (Patterson) to the Secretary of State, November 29, 1946.," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).

personnel in the Philippines.[285] However, Truman had nevertheless approved a memorandum that recommended the withdrawal of U.S. military forces and the suspension of permanent construction on American bases in the Philippines. It appears that it was not really the U.S. intention to withdraw its troops, but perhaps the approval of the memorandum was rather a means of exercising pressure on the Philippine government to accept the Military Bases Agreement. McNutt and the Department of State expected that the Philippine government would make a strong appeal on the U.S soon, accepting the American terms.[286] And indeed, soon after, Roxas told McNutt that the Philippines desired the U.S. forces to remain. Still, Truman ordered the withdrawal of the main part of the American forces in the Philippines, but a limited amount of forces that was required for 'mutual protection' should be maintained.[287] On January 27, 1947, president Roxas addressed the nation in a speech in which he stressed the importance of American bases for the security of the Philippines. He also pointed out that the Military Bases Agreement would only be a formalization of the preliminary agreement signed between Truman and Osmeña. According to Roxas, the agreement would soon be signed. After that, he would undertake to reach an agreement about American military assistance, in which the U.S. would advise and assist the Philippine Army and turn over 84 ships to the Philippines.[288] Roxas accepted the American demands and in March 1947, the U.S. and the Philippines signed the Military Bases Agreement.[289] The agreement contained U.S. jurisdiction over American bases and military personnel, free access to areas surrounding bases, complete ownership over mineral resources on base territories, and the restriction that the Philippines should not grant bases to another power without consent of the U.S. government. Vice versa, the U.S. would not allow other nations on its bases without consent of the Philippine government. The U.S retained the

[285] "811.24596/12–2346: Telegram: The Ambassador in the Philippines (McNutt) to the Secretary of State, December 23, 1946.," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).
[286] "811.24596/12–2746: The Secretary of War (Patterson) to the Secretary of State, 27 December 1946.," in *The Far East*, vol. VIII, Foreign Relations of the United States 1946 (Washington, D.C: United States Government Printing Office, 1971).
[287] "811.24596/1–1047: Telegram: The Secretary of State to the Embassy in the Philippines, January 14, 1947.," in *The Far East*, vol. VI, Foreign Relations of the United States 1947 (Washington, D.C: United States Government Printing Office, 1972).
[288] "811.24596/1–2747: Telegram: The Ambassador in the Philippines (McNutt) to the Secretary of State, January 27, 1947.," in *The Far East*, vol. VI, Foreign Relations of the United States 1947 (Washington, D.C: United States Government Printing Office, 1972).
[289] Karnow, *In Our Image*, 332.

rights on seventeen bases already in use, while the Philippines granted seven new bases to the U.S. All bases would be leased to the U.S. for a 99-year period.[290]

One week later, the Philippines and the U.S. signed the Military Assistance Agreement. In this agreement, the U.S. committed itself to provide military assistance to the Philippines to establish and maintain national security and to form a basis in which the Philippine government could participate. The Armed Forces of the Philippines (AFP) would receive American training. A U.S. Military Advisory Group would be established (the JUSMAG). The U.S. would further transfer military reserve equipment to the Philippines. A select group of Philippine students would be sent to the U.S. for training and education, and lastly, the Philippines agreed that they would not conclude likewise agreements with other states without the permission of the United States.[291]

These two agreements were largely responsible for shaping the post-independence military relationship between the U.S. and the Philippines. On the one hand, they were essential to the Philippines, as it was in no way fit to defend itself against eventual external aggression. On the other hand, the agreements were quite far-fetched. The Military Bases Agreement gave the U.S. more military power in the Philippines than it had exercised prior to the independence, while the U.S. gained a considerable amount of control over the AFP through the Military Assistance Agreement.

After the agreements were closed, the Philippines remained a low priority for U.S. military policy. In 1948, Secretary of State Marshall suggested to return unnecessary bases to the Philippines. Truman agreed to do so, without compensation, as he was sure the Philippines would provide them with any base necessary in times of trouble.[292] Moreover, the U.S. disbanded the Philippine scouts. This was a corps of Philippine soldiers who were employed in the U.S. Army. Official U.S. policy was not to employ foreign troops in the U.S. Army, and because the Philippines gained independence in 1946, it was time to disband the troops.[293] The

[290] Schirmer and Shalom, "Military Bases Agreement," 96–100.
[291] Schirmer and Shalom, "Military Assistance Agreement," 100–103.
[292] "811.24596/7–1448: Release of the Philippine Bases, July 14, 1948.," in *The Far East and Australasia*, vol. VI, Foreign Relations of the United States 1948 (Washington, D.C: United States Government Printing Office, 1974).
[293] "811.24596/10–3148: Telegram: The Chargé in the Philippines (Lockett) to the Secretary of State, October 31, 1948.," in *The Far East and Australasia*, vol. VI, Foreign Relations of the United States 1948 (Washington, D.C: United States Government Printing Office, 1974).

disbanding of the Scouts also fitted in JUSMAG-policy, which focused on less, but better equipped troops.[294] The effects for the Philippines were huge: 29.000 soldiers would be discarded in a time of crisis caused by the ongoing Huk rebellion. Moreover, Quirino saw himself confronted with huge unemployment numbers because of the disbanding of the Philippine Scouts, probably affecting his re-election in 1949.[295] Although the disbanding of the Philippine Scouts was in line with U.S. policy, it is odd that it only occurred in 1948, and not coinciding with the independence in 1946.

The Huk rebellion

After the war, the Huks had changed their name to 'Hukbong Mapagpalaya ng Bayan" (People's Liberation Army) and started an armed resistance against the Philippine government.[296] The Democratic Alliance planned a three-stage timetable for the overthrow of the government. The first stage, from 1946 to 1949, was meant to gain mass support to establish a revolutionary bloc that would prevent the capitalists from extending their control over the Philippines. The Philippine Trade Act, the Philippine Rehabilitation Act and the Military Bases Agreement gave a huge boost to the support of the movement, because nationalistic Filipinos viewed these agreements as neocolonial practices. The second stage, from 1949 to 1951 was the phase of "political offensive". This would couple the mass support base of the DA with the Huks, its military wing. The final stage, a revolutionary takeover of the government, was set for 1952.[297]

In 1949, communist leader José Lava saw the economic crisis as an opportunity to start the revolution. He assumed that the U.S., with its focus on Europe and the Soviet Union, would not undertake the effort to intervene, especially considering Quirino's unpopularity among U.S. officials. They would not want to waste money to save a government that did not fit in an imperial policy. Riding on the wave of the communist victory in China and the own growing strength of the Huks, the communist leadership concluded that a "revolutionary situation"

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[294] "811.24596/10–2748: Telegram: The Acting Secretary of State to the Embassy in the Philippines, October 29, 1948.," in *The Far East and Australasia*, vol. VI, Foreign Relations of the United States 1948 (Washington, D.C: United States Government Printing Office, 1974).
[295] "696.20/10–2048: Telegram: The Chargé in the Philippines (Lockett) to the Secretary of State, October 20, 1948.," in *The Far East and Australasia*, vol. VI, Foreign Relations of the United States 1948 (Washington, D.C: United States Government Printing Office, 1974).
[296] Blitz, *The Contested State*, 87.
[297] Greenberg, "The Hukbalahap Insurrection," 36–39; Blitz, *The Contested State*, 84.

existed. But according to Alfredo B. Saulo, a former Huk insurgent, Lava had mistaken a "revolutionary mood" for a "revolutionary situation". Although it seemed U.S. attention for the Philippines was diverted, the revolution was the signal for the U.S. to step up their game and take some serious economic, political and military steps to repress the Communist threat.[298]

The U.S. response

The change in U.S. policy toward the Huk rebellion was very much inspired on U.S. Cold War foreign policy. After the Second World War, the U.S. felt threatened by the Soviet Union and its communist ideology. The U.S. adopted a policy of containment to stop the Soviet expansion, which became official in the Truman Doctrine of March 12, 1947.[299] Truman stated the U.S. should "support free people who are resisting attempted subjugation by armed minorities or by outside pressures."[300]

Under influence of the communist victory in China and the Korean War, the U.S. expanded containment toward Asia. The U.S. started using their bases in the Philippines as part of the containment policy. The Philippines regained its importance on the U.S. strategic agenda.[301] Until around 1950, the Department of State had assumed that the problems of the Philippines were mainly of an economic nature. Therefore, U.S. policy was mainly economic with financial aid for the rehabilitation of the Philippines. According to Acheson, the country could have been stabilized if the Philippine government had cooperated more. At the time of writing however, political factors were becoming more important too, because of the ongoing Huk rebellion and the weak Quirino administration. Acheson pointed out that a Huk victory would seriously embarrass the U.S. in front of other imperial powers: the British, the French and the Dutch. The U.S. tried to persuade them to recognize Asian nationalism and the right to self-

[298] Lachica, *Huk*, 126; Saulo, *Communism in the Philippines*, 224–25.
[299] Herring, *From Colony to Superpower*, 604–5, 615.
[300] "Address of the President to Congress, Recommending Assistance to Greece and Turkey, March 12, 1947.," March 12, 1947, 4, Elsey Papers, Harry S. Truman Administration, Harry S. Truman Presidential Library, https://www.trumanlibrary.org/whistlestop/study_collections/doctrine/large/documents/index.php?documentid=5-9&pagenumber=4.
[301] Blitz, *The Contested State*, 88–89; Karnow, *In Our Image*, 332.

determination for their colonies.[302] The Philippines were the showcase of American democracy transplanted on another nation, so its success was essential to the international image of the U.S.

On September 14, 1950, the National Security Council published NSC 84, which detailed U.S. policy toward the Philippines. The document marked the Huk rebellion as an internal threat and a top priority for U.S. policy. It further stressed the communist character of the Huks: "Leadership over these lawless elements has been assumed by disciplined Communists who conduct their operations in accordance with directives from the Far Eastern Comintern. The ultimate objective of the "Peoples Liberation Army" undoubtedly is the overthrow of the Philippine Republic and the substitution of a Communist regime."[303]

A few months later, on November 9, 1950, the National Security Council published NSC 84/2, a successive policy document. The document specified three objectives toward the Philippines that needed to be established and maintained:

> "*a*. An effective government which will preserve and strengthen the pro-U.S. orientation of the people.
> *b*. A Philippine military capability of restoring and maintaining internal security.
> *c*. A stable and self-supporting economy."[304]

To achieve these goals, the U.S. would use all appropriate measures to assure that the Philippine government would initiate the necessary reforms to improve the stability of the Philippines. Second, it would provide military assistance and guidance. Third, the U.S. would extend economic assistance corresponding to the degree of progress made to provide internal stability. And finally, the U.S. would continue to assume responsibility over the external defense of the Philippines and if necessary, intervene to prevent a communist takeover of the country.[305]

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[302] "896.00/4–1450: Recent Developments in the Philippine Situation, April 20, 1950.," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[303] "Executive Secretariat Files: Lot 61D167: File—NSC 84 Series: NSC 84: The Position of the United States with Respect to the Philippines, September 14, 1950," in *East Asia and the Pacific*, vol. VI, Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976), 84.
[304] "FRUS 1950: NSC 84/2."
[305] Ibid.

The U.S. opted to combat the rebellion not with military force alone, but also by addressing its roots in the economic and social situation of the country.

Obsessed with the fight against communism, U.S. officials exaggerated the communist character of the Huks.[306] The consequences were huge. The Huks were now placed at the forefront of U.S. containment policy. But outside of the official channels, some officials acknowledged that the rebellion had a mainly agrarian origin. Although convinced of their communist domination, Lansdale wrote in a personal journal that "agrarian reforms still seems to exist only on paper and I suppose armed complaint is a natural enough thing after the guerilla heritage of most of the people."[307] Melby would later say: "It really was an agrarian rebellion - if you want to call it - with Marxist overtones, sure. Most agrarian rebellions do have that."[308]

Figure 6: U.S. propaganda poster, portraying Juan dela Cruz (the average Filipino) defending his country against communism (1951). Source: https://commons.wikimedia.org/wiki/File:Stop_Communism_-_NARA_-_5730080.jpg

[306] Cullather, *Illusions of Influence*, 185.
[307] Michael McClintock, *Instruments of Statecraft: U.S. Guerilla Warfare, Counterinsurgency, and Counterterrorism, 1940-1990*, 2002, chapter 4: Toward a New Counterinsurgency: Philippines, Laos, and Vietnam, http://www.statecraft.org/.
[308] Melby, Oral History Interview, 246.

The Joint MDAP Survey Mission to Southeast Asia

In 1950, the U.S. sent the Joint-State Defense Mutual Defense Assistance Program Survey Mission to Southeast Asia (MDAP Mission) as a military survey mission. After visiting Indochina, Malaya, Thailand, the Philippines, and Indonesia, the mission published its final recommendations on December 6 of that year. The report concluded that there was a "lack of definition and coordination of American policy and objectives in Southeast Asia." It proposed three alternative U.S. foreign policy strategies toward Southeast Asia but noted that the unique American position in the Philippines might require a different strategy there than in the other Southeast Asian countries.[309]

In the Philippines, the goal of the mission was to investigate the military equipment needs of the AFP and to set up a program to improve the counterinsurgency capability of the army.[310] The mission concluded that other Southeast Asian nations looked at the Philippines as "the American show window on Asia and the tangible evidence of American intentions and performance." However, the Philippines, facing a financial crisis and a communist rebellion, did not present an encouraging example. "In brief, we assume that the Philippine experiment must and will succeed, and that any measure necessary thereto will be undertaken."[311] In U.S. policy, the Philippines thus were essential to convince other countries to ally themselves with the United States. But to make the example convincing, action was needed. The MDAP Mission proposed three military recommendations regarding the Philippines. First, the Philippines should serve as a stockpile of military material, so the U.S. could flexibly redistribute this to other Southeast Asian countries. Moreover, it was hoped that this display of power would have a sobering effect on the Huk rebels. Second, the mission proposed that two American military divisions should be stationed in the Philippines to alleviate the military burden of the Philippine government. The third proposal was to create additional Philippine troops. The mission stressed the importance of using Asian troops. The fight of the AFP against the Huks had already proven the usefulness of Asian troops. "White manpower is strictly limited and its commitments are heavy […] It is time we learned the trick of at least having Asians fight Asian battles before we find that our

[309] "FMACC Files: Lot 54D5: Final Report of the Joint MDAP Survey Mission to Southeast Asia, December 6, 1950," in *East Asia and the Pacific*, vol. Vol. VI., Foreign Relations of the United States 1950 (Washington, D.C: United States Government Printing Office, 1976).
[310] Constantino and Constantino, *The Philippines*, 231.
[311] "FMACC Files: Lot 54D5, 06-12-1950."

manpower resources have reached the danger point of exhaustion." The MDAP Mission proposed the organization, training and payment of two additional Philippine military divisions for as long as necessary. These troops could establish the core of a good Philippine army. Furthermore, the mission stressed that in periods of danger, the U.S. should be concerned with the organization, training, and promotion of the system of the entire army to make sure that it would reach satisfactory standards.[312]

Defeat of the Huk rebellion

JUSMAG was tasked with implementing the recommendations of the MDAP Mission in the Philippines. First, it changed the military orientation of the Philippines from defense against external aggression to maintaining internal security. This was accompanied by a persuasion of the Philippine government to allocate more of its defense budget for 1950 to the army, and less to the Navy and Air Force. Second, JUSMAG merged the Philippine Constabulary with the Armed Forces and placed them under the command of Magsaysay, creating a force of 50.000 men. The Philippine Constabulary was the national police force, and until the reorganization, it was their task to fight the Huks. The Constabulary was poorly trained and lacked discipline, and JUSMAG regarded their former position under the Department of the Interior as susceptible to political motives. Third, JUSMAG established 26 heavily armed Battalion Combat Teams, increasing the size of the teams to 1170 men, compared to 90 under the Constabulary. The new Combat Teams would not passively wait until the Huks showed up, but actively find and engage them. To fully equip the Combat Teams, the U.S. increased its military assistance to the Philippines, and in 1951, U.S. military aid had increased four times compared to 1950. Fourth, JUSMAG completely reorganized the Philippine intelligence agencies.[313]

Progress reports on NSC 84/2 do not make mention of the stationing of the two American divisions recommended by the MDAP Mission. But the reports mention U.S. financial aid to the AFP. In January 1951, president Quirino had requested $50 million from the U.S. for the payment and maintenance of the army. Although this request did not stroke with the American principle against direct financial assistance for military purposes, an exception was made

[312] Ibid.

[313] Constantino and Constantino, *The Philippines*, 231; Lansdale, *In the Midst of Wars*, 20; McClintock, *Instruments of Statecraft*, chapter 4.

considering the unique Philippine-American relations. In May 1951, the U.S. made a one-time fund of $10 million available for the payment and maintenance of Philippine troops.[314] According to the third progress report in 1953, the total budget of the Mutual Defense Assistance Program in the Philippines was $115.2 million for the period from 1950 to 1953. On February 28, 1953, only $46.7 million of that amount was spent. But besides those expenses, the U.S. spent $120 million on its own army in the Philippines, and paid 40 percent of the expenditures of the Philippine Army.[315] The report claimed that "the more aggressive spirit of the Philippine armed forces and improved discipline and training, attributable in large part to Magsaysay and JUSMAG, have prevented the Huks from carrying on their activities on a scale comparable to that of 1949 and 1950."[316] In 1950, at the height of their strength, the Huks had 15.000 fighters with a mass support base of 100.000 people. In 1954, the Huks were reduced to 1.500 fighters with a mass support base of 34.000 people. Luis Taruc, the leader of the Huk rebellion, surrendered in May of that year.[317] According to Greenberg, American aid and assistance, combined with domestic social reforms, and a revitalization of the Philippine army and the central government formed the right combination that led to the defeat of the Huk rebellion.[318]

The Mutual Defense Treaty

On August 30, 1951, the U.S. and the Philippines concluded the Mutual Defense Treaty. This treaty complemented the Military Bases Agreement of 1947. The treaty officially stated that any attack in the Pacific on one of the parties was an attack on both.[319] The U.S. continued to be responsible for the external defense of the Philippines.[320] The agreement was nothing more than an official confirmation of the existing military relations. But the most significant implication of

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[314] "S/S Files: Lot 60 D 167: First Progress Report on NSC 84/2, 'The Position of the United States with Respect to the Philippines', August 6, 1951," in *Asia and the Pacific*, vol. VI, Part 2, Foreign Relations of the United States 1951 (Washington, D.C: United States Government Printing Office, 1977).
[315] "S/P–NSC Files, Lot 61 D 167, NSC 84 Series: Third Progress Report on NSC 84/2, 'The Position of the United States with Respect to the Philippines', July 16, 1953," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.); Hartendorp, *History*, 369.
[316] "FRUS 1952-1954: Third Progress Report on NSC 84/2."
[317] Lachica, *Huk,* 315.
[318] Greenberg, "The Hukbalahap Insurrection," 142, 143.
[319] "Mutual Defense Treaty between the Republic of the Philippines and the United States of America," Accessed, accessed June 22, 2018, http://www.chanrobles.com/mutualdefensetreaty.htm.
[320] Blitz, *The Contested State*, 92.

the treaty was that the U.S. tied it to Philippine recognition of the Japanese Peace Treaty. The goal of the U.S. with the Japanese Peace Treaty was to create a fabric of peace treaties in the Pacific. The U.S. saw the mutual development of Japan and the Philippines as essential for stability in the Pacific, and the Philippines could be a major provider of raw materials to Japan. The U.S. exchanged ratifications of the Mutual Defense Treaty before the Philippine Senate voted on the Japanese Peace Treaty to prevent allegations that the U.S. was exerting pressure in internal matters, or that it was more concerned about Japan and did not want to defend the Philippines. Therefore, the U.S. officially adopted a neutral position. But behind the scenes, it was made clear to Carlos P. Romulo, the Philippine Minister of Foreign Affairs, that "there is an interdependence between this Treaty and the contemplated Jap[anese] Peace Treaty in the sense that it is assumed that both of us will sign and ratify both Treaties."[321]

But in the Philippines, there was still ill resentment toward Japan. The Philippines demanded $8 billion in reparations, and the Japanese refused to pay.[322] John Foster Dulles, the man behind the treaty, tried to get both parties to sign. "So he told the Filipinos; he told Romulo, "Look, don't worry about the fact that it's not in the treaty. I will see to it that you get your reparations." He told the Japanese, "Don't worry about it; I will see to it that you don't have to pay them anything."[323] In the end, the Philippines signed the proposed peace treaty with Japan, but delayed ratification due to disagreement over the height of Japanese reparations to the Philippines. Meanwhile, there was a sentiment of American betrayal of Philippine claims in favor of "America's new darling, Japan".[324] The Philippines would ratify the treaty only in 1956. According to Melby, there was no need for the Mutual Defense Treaty. The U.S. would undoubtedly have defended the Philippines in case of external aggression out of self-interest. However, the Philippines preferred this promise in writing and as such, it mainly had a psychological effect.[325] But Melby claimed that in the end, the Philippines did not get anything

[321] "694.001/8–1152: Telegram: The Acting Secretary of State to the Embassy in the Philippines, August 19, 1952.," in *Asia and the Pacific*, vol. XII, Part 2, Foreign Relations of the United States 1952–1954 (Washington, D.C: United States Government Printing Office, n.d.).
[322] Jenkins, *American Economic Policy*, 16; Melby, Oral History Interview, 225–26.
[323] Melby, Oral History Interview, 225–26.
[324] Jenkins, *American Economic Policy*, 16.
[325] Melby, Oral History Interview, 227.

from the Japanese. The only thing the Japanese did was to clean Manila Harbor of sunken ships, but compared to the $8 billion claim, this was nothing.[326]

Conclusion

As well as in the political and economic sphere, the U.S. maintained a considerable amount of military influence in the Philippines after independence. The U.S. pressured Roxas in accepting the Military Bases Agreement and Military Assistance Agreement with the threat of a complete withdrawal of American troops. Although the Philippines did not rank high on the priority list of the U.S. Army after the war, the Cold War changed this. The bases provided the U.S. access to Southeast Asia and became an important part of U.S. Cold War policy in that area.

On a national level, U.S. containment policy invoked a fierce reaction when the Huks declared a revolutionary situation. As some U.S. officials acknowledged, the Huk rebellion was in essence an agrarian revolt. Nevertheless, the Huks were branded as fierce communists and as such, their defeat became a top priority of U.S. foreign policy toward the Philippines. JUSMAG played an important role in reforming and training the AFP, and the U.S. government paid a considerable amount of the army's expenses. These actions fitted in a new U.S. strategic view to reduce the toll of a worldwide containment policy on the U.S. Army. Where possible, the U.S. wanted to meet its policy goals by using local troops, sparing its own manpower. The AFP thus became an extension of U.S. foreign policy goals.

The weak military power of the Philippines had provided the U.S. with the opportunity to take responsibility for the external defense of the Philippines. The U.S. used the military dependency of the Philippines to pressure Quirino into signing the Japanese Peace Treaty. But in its desire to create stability in the Pacific, the U.S. sacrificed Philippine interests. In the area of U.S. military influence over the Philippines, the U.S. "exerted extraterritorial legal control" through jurisdiction over U.S. military bases and army personnel. But perhaps more important, the U.S. used the Philippines as a tool to meet its own policy goals.

[326] Ibid., 225–26.

Chapter 6 – Conclusion

This research has shown that despite the Philippine independence in 1946, the post-independent relationship was one of continued dependency. Politically, the U.S. strived to maintain a pro-U.S. policy in the Philippines. Roxas' presidency, made possible by MacArthur, was very beneficial for the U.S., as the Philippine Trade Act and Military Bases Agreement provided the U.S. with a huge amount of economic and military influence in the Philippines. Moreover, even though the U.S. officially claimed to maintain a neutral position in the Philippine elections, it can be safely concluded that it interfered in the elections of 1953 to ensure the victory of Magsaysay. Economically, the Philippine Trade Act laid the basis for a continued relation of dependency. U.S.-Philippine trade, although somewhat decreased compared to the colonial period, remained incredibly high. After the crisis of 1949, the U.S. pursued a strategy of restoring economic stability in the Philippines, but a major reason behind this was the increasing threat of the Huk rebellion. Militarily, the Philippines formed the American entry into Southeast Asia and became an important part of U.S. Cold War Policy in Southeast Asia. In the end, Philippine independence changed the formal relations of the U.S. and the Philippines but did not prevent the U.S. from exercising considerable influence in different areas.

With these observations, is it possible to conclude that the U.S. had established an informal empire in the Philippines? The definition of informal empire by Barton and Bennett was "a willing and successful attempt by commercial and political elites to control a foreign region, resource, or people. The means of control included the enforcement of extra-territorial privileges and the threat of economic and political sanctions, often coupled with the attempt to keep other would-be imperial powers at bay." "For the term informal empire to be applicable, we argue, historians have to show that one nation's elite or government exerted extraterritorial legal control, de facto economic domination, and was able to strongly influence policies in a foreign country critical to the more powerful country's interests."[327] Based on the findings of this research, the U.S. had indeed established an informal empire in the Philippines. First, the U.S. exerted extraterritorial jurisdiction in the Philippines through the Military Bases Agreement. Although this agreement limited U.S. jurisdiction to American soldiers and American bases, it

[327] Barton and Bennett, "Forestry as Foreign Policy: Anglo-Siamese Relations and the Origins of Britain's Informal Empire in the Teak Forests of Northern Siam, 1883–1925," 67.

was nevertheless an infringement on Philippine sovereignty. Furthermore, the U.S. exercised de facto economic domination over the Philippines. American citizens enjoyed parity rights to natural resources, an exceptional situation for a sovereign country. U.S. economic aid was essential for the revival of the Philippines, and American advisers played an important role in steering the Philippines to a managed currency system. Moreover, the U.S. continued to dominate Philippine trade relations. Even in 1954, the U.S. had a share of more than 60 percent in total Philippine foreign trade. The U.S. was also able to influence policies in the Philippines to safeguard its own interests. The Philippine Trade Act and the Military Bases Agreement were signed partly because of U.S. coercion. Moreover, the U.S. made sure to maintain a pro-U.S. policy in Philippine politics. The Philippines became incorporated as an essential part of U.S. Cold War policy in Asia.

But why can the Philippine-American relations best be described in terms of informal empire, and not 'empire by invitation' or neocolonialism? The concept 'empire by invitation' suggests that the U.S. was encouraged to play a bigger role in the Philippines. And of course, local elites welcomed U.S. involvement, because it helped enhance their position. But although some forces in the Philippines welcomed the U.S., the U.S. mostly invited itself. In the postcolonial relationship between the U.S. and the Philippines, the U.S. mostly set the terms, and the Philippines had to fit in. And while the concept of neocolonialism, which suggests a mutually beneficial relationship between the U.S. and the Philippine elite is definitely applicable, it would not do justice to the real terms of the relationship to define this as the main character. After all, the U.S. helped the Philippine elite to grasp and maintain power, providing the conditions for this mutual beneficial relationship. Besides, the U.S. often relied on coercion or prevalence to pursue its own interests in the Philippines. In the end, the U.S. lead, and the Philippines followed.

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