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Mr. President, how would you describe the situation in Mindanao now? How soon do you think peace will come to the region?

We are at the stage of what one can refer to as the beginning of the end of secessionism. We must be conscious about making any exaggerated claims about stopping all the fighting knowing the capability of a couple or even a single individual to cause disruption of negotiations and even cause the break-out again of hostilities. Ambuscades, sabotage, even raids can be conducted by small groups and there are any number of rebels or supposed rebels who are not actually ideological, meaning, they are not fighting for a cause. Many of them are outright outlaws who have been wanted by the law since many decades back. We intend to go after these people.

How much autonomy has been promised to the rebel surrenderees in terms of application of the Islamic laws to their territory and control of natural resources?

Application of Islamic laws and control of natural resources. What we have proposed is that they now sit down and tell the national government, which must issue a decree through me, as to what part of Islamic law they want to apply to the Muslim areas. Right now, for instance, if you will remember I extended the applicability which terminated the laws on marriage and divorce which they consider very sensitive. Initially, they want the recognition of their laws on family relations, inheritance and the like. They also would like the decisions of their religious course to be given some kind of validity, to what extent is still doubtful. In a state of doubt because even the scholars themselves seem to disagree among the Muslim religious. Then the customs, traditions, practices, communal ownership of land and the like plus the privileges of rank, title, all these will have to be decided. It is not going to be an easy decision to make, but there is definitely goodwill on both sides and an agreement in principle that those sensitive portions of Islamic law which cannot in any manner prejudice the Christian population, should by all means, by decree be made law applicable to the Muslims.

Mr. President, in the light of the dismantling of the Southeast Asia Treaty Organization (SEATO) as a security organization, do you foresee the introduction of the idea of security or collective security system as future field of cooperation between ASEAN nations?

Well, as you know, we think in terms not of military measures but in terms of a proclamation of a zone of peace, freedom and neutrality which, of course, as you know has been interpreted to mean that nobody engages in military activity. Although as the scholars put it, there is no such thing as a zone of peace, free-



Arnold B. Moss

An interview with President Marcos

dom and neutrality unless it is protected, guaranteed. And this again is something which disturbs the leaders of the Association of Southeast Asian Nations (ASEAN). There is an agreement between Indonesia and the Philippines for common border patrols, exchange of intelligence and exchange of officer training. Where this will lead to, nobody knows.

When are we really seriously sitting down with the United States to talk over bilateral security arrangements?

We are sitting down with the United States now. We are in the middle of negotiations. I met with Ambassador Sullivan and we set the framework of the negotiations when he arrived from the United States about a month back, last month. And after that, there have been continuous meetings. Probably, I can reveal the fact, on the record, that at the luncheon for Senator Mansfield, we gave a briefing of what we expected to come out of the negotiations.

Mr. President, I understand we are also intending to "normalize" relations with the United States.

Actually when I used the term "normalize" there are certain carry-over provisions in tariff acts, immigration and others which do not jibe with our present state of independence and its a mark of inequality. Let's say, for in-

stance, our coconut oil pays a 1 cent per pound duty. Palm oil and other oils are exempt. Then our wood products, our Philippine mahogany is classified as special class and it pays a 20% duty while all other hard woods pay only 10%. This is an oversight of some sort. It is not a deliberate attempt to prejudice the Philippines. It was a carry-over from the period when we had not acceded to GATT and other multilateral arrangements. But we already have and the United States has not yet defined its position on this particular matter. Then on visa fees and the like, immigration plus of course the trade agreement, military bases, all of these require a more detailed study.

May we turn to our local problems, Mr. President. There are a few problems, Mr. President, facing local businessmen now and these problems are now reflected in the behavior of our stock market and these are tight credit; second, fear of higher taxes and then of course the fear of higher oil price in view of the threat of the Arab countries to raise again the price of oil. Are there any steps which we are thinking of taking just to meet these problems?

Who knows what moves the stock market? I understand there are experts who spend their lifetime diagnosing the movements of stocks. But one thing is

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definite. Investments are coming in and have come in. They are continuing. I just met with Kennecott, the biggest copper producer in the world. Dr. Stearn who is the vice president executive director, tells me that they are happy about the situation here and there is a cautious study of the investment possibilities here in the Philippines. He assures us that it seems to be better than other countries. But the profitability and visibility of investment depend upon the factors beyond our control, the recession in the world, inflation and price of oil, things beyond our capabilities. So I guess you and I had better keep on praying. In the meantime we'll do everything we can within our power.

Sir, what is the status of the US bases in the Philippines? Are we going to take over them or will the US continue to operate them but the jurisdiction will be under the Philippine government?

Well, suppose we put it this way. We don't know what will come out of these negotiations but if we had our way we would control the military bases. They would become Philippine military bases. Facilities needed by the United States air force and navy to maintain its present position in the Western Pacific, sea and air lanes, would be extended voluntarily by the Philippines after the negotiations with the American government in order that we can maintain the present equilibrium of power which is the foundation for peace and stability in the region.

You have decided to go on deficit spending to be able to counteract the pressures of recession. The question that is uppermost in our mind is taxation. So aside from the tax that has already been imposed on cigarette and the tax that will be imposed on liquor, do you have in mind any new tax measure this year?

Right now, no. Actually the Secretary of Finance has anticipated to me the need to eliminate subsidies. That's why I moved to eliminate the subsidy on Virginia tobacco. We have completely a subsidy which amounted to about annually from P200 to P300 million anywhere.

Do we expect any steps, political steps, approaching more to the lifting of martial law especially in the political system in your country?

First of all, there is gaining momentum the idea of replacement of local officials not necessarily by appointment, possibly by election. Now there is no decision on this matter. All the advisers are moving around and making all kinds of audits and studies and the local barangay leaders are also participating in these studies. Then there is also my own proposal for the setting up of a legislative Council. Again, not necessarily appointive. All these proposals are under study. This would bring about a shift towards the classical representative form of government.