

Can the Philippines Break out of Its Affliction?

Prospects for Democratic Governance, Economic Development
and Philippine-US Relations



CONFERENCE REPORT

April 7-8, 2008

Kenney Auditorium
1740 Massachusetts Avenue, NW
Washington, DC
USA



Johns Hopkins University – SAIS

EXECUTIVE SUMMARY

The Southeast Asia Studies Program of the Paul H. Nitze School of Advanced International Studies (SAIS), Johns Hopkins University, in cooperation with The Asia Foundation and with generous support from Exxon-Mobil, organized a conference on the Philippines on 7-8 April 2008 titled “Can The Philippines Break Out of Its Affliction? – Prospects for Democratic Governance, Economic Development, and Philippine-US Relations.” This one and a half-day conference brought together American and Filipino government officials, scholars, experts, and analysts of Philippine affairs from the Philippines and the United States. The meeting provided a venue for exchange of ideas on the prospects for political reform, economic development, and peace and security in Southeast Asia’s oldest democracy. Specifically, the conference focused on issues and problems of democratic consolidation, reform of the Armed Forces of the Philippines, economic development, internal armed conflicts, and the future of bilateral partnership between the Philippines and the United States.

The key points emerging from the conference were:

- **Sustained economic growth in the Philippines remains uncertain in the face of enormous challenges.** There are structural and institutional impediments to achieving long-term economic development, and the key to overcoming them is to seriously push for reforms. The role of the executive (the President) is critical in this regard, but the legislature (in particular the Senate) is also a crucial institution for change. Not much can be expected in the next two years and immediately after the 2010 elections. However, it is important to have a smooth transition in order to avoid creating new uncertainties that will burden the new administration.
- **The growth in the Philippine economy in recent years is primarily consumption-led and has not translated into improvement in the standard of living of Filipinos.** Poverty reduction remains a major challenge and the absence of employment opportunities will continue to force many Filipinos to seek jobs abroad. Remittances of overseas Filipinos have kept the economy afloat. However, despite growing international reserves of the country and overseas assets of Filipinos, remittances have failed to spur domestic investments. Much of this can be attributed to lack of confidence in institutions and a widely-shared perception of extensive corruption in the Philippines.
- **Overseas Filipino Workers (OFW), as a voting bloc, will not have a significant impact on Philippine politics, even in the 2010 elections,** based on very low voter turnout of OFWs in 2004. However, their political opinions may have considerable indirect influence in the way that relatives in the Philippines make decisions in the elections. A more significant determinant of the outcome of the 2010 elections will be electoral financing – i.e., who receives the most financial support for electoral campaigns.
- **President Gloria Macapagal Arroyo will also influence the outcome of the 2010 elections,** depending on how she plays the game in the coming months.
- **Domestic politics has not disrupted the process of military/defense reform in the Philippines,** given the strong commitment of President Arroyo

and senior defense/military officials to this program. Defense reform is also making progress because the Armed Forces of the Philippines (AFP) readily acknowledges that it needs help in improving its capabilities. Support for this program must be ensured even when a new administration takes over in 2010. The Philippine Defense Reform (PDR) program is believed to be responsible for the significant reduction in extra-judicial killings (EJK) in 2007. This may be attributed as well to the training on human rights provided by the US military under the Defense Reform program.

- **Failed governance is at the heart of continuing internal armed conflicts in the Philippines.** Managing these conflicts requires increased government effectiveness in delivering basic services, especially in poor conflict-areas of the country, as well as better administration of justice.
- **China is increasingly becoming an important country for the Philippines,** which creates both opportunities and risks. There is a growing tendency for some Filipinos to adopt a triangulated perspective on relations of the Philippines vis-à-vis China and the United States. This includes worries about the possibility of the US backing a separate homeland for Muslims in Mindanao as a strategic move to deal with the growing closeness of the Philippines and China. Overall, the sense is that Philippine-US relations remain strong, deep, and dependable even though the Philippines appears to be neglected in dialogues in Washington DC and even in academia.
- **There is a need for an institutionalized Track II dialogue mechanism between ASEAN and the US** in order to reassure many in Southeast Asia that the United States remains engaged in the region. Whereas ASEAN regularly holds dialogue with China, Japan, South Korea, and Taiwan at the Track II level, there is no such mechanism in place for the US to engage ASEAN.

Overall, there is a mix of optimism and pessimism about the Philippines in the near term given the enormous political, economic, and social problems that it faces. Even so, most panelists remained hopeful and cautiously optimistic that, even with incremental changes, democracy in the Philippines will continue to survive. It is certainly in the interest of the United States – given its strong historical and cultural affinity with the Philippines – to ensure that Philippine democracy will not just survive, but prosper.

PROGRAM

Monday, 7 April 2008

- 8:15-8:45 AM Continental Breakfast available
- 8:45-9:00 AM Welcome Remarks
- Dr. Karl D. Jackson, Director, Southeast Asia Studies, SAIS
Dr. Noel M. Morada, Visiting Professor of Southeast Asia Studies, SAIS
- 9:00-10:30 AM Panel I: ***The Philippine Economy: How Can the Philippines Sustain Economic Growth and Development?***
- Chair: Dr. Veronique Salze-Lozac'h, The Asia Foundation
Panelists:
Mr. Brett Decker, Senior Vice President, ExIm Bank
Dr. Felipe Medalla, School of Economics,
University of the Philippines (UP) Dilima
- 10:30-10:45 AM Break
- 10:45 AM-12:15 PM Panel II: ***Transforming Philippine Politics: How Can the Philippines Get Democratic Good Governance?***
- Chair: Dr. Steven Rood, The Asia Foundation-Manila
Panelists:
Dr. Paul Hutchcroft, University of Wisconsin Madison
Prof. Alexander R. Magno, Department of Political
Science, UP Diliman
- 12:15-1:45 PM Luncheon: "Asian Development Outlook"
- Briefing: Dr. Ifzal Ali, Chief Economist,
Asian Development Bank
- Moderator: Dr. Michael Plummer, Resident Professor of
International Economics, SAIS Bologna Center
- 1:45-2:00 PM Break
- 2:00-3:30 PM Panel III: ***Is Military Reform Possible?***

Chair: Prof. William Wise, Associate Director
Southeast Asia Studies, SAIS

Panelists:

Mr. James Clad, Deputy Assistant Secretary of Defense,
Department of Defense

Col. Gregorio Catapang, Department of National Defense

Mr. Ed Ross, President, EWRoss International LLC

3:30-3:45 PM

Break

3:45-5:15 PM

Panel IV: ***Armed Challenges: How Can the Philippines Manage Internal Conflict?***

Chair: Mr. Eugene Martin, Executive Director, Hopkins Nanjing Center

Panelists:

Mr. F. Augusto J. Mier, National Security Council of the Philippines

Dr. Susan Russell, Northern Illinois University

5:15 PM

End of Day 1 of the Conference

Tuesday, 8 April 2008

8:30-9:00 AM

Continental Breakfast available

9:00-11:00 AM

Panel V: ***Beyond the Security Alliance: Philippine-US Relations in the 21st Century***

Chair: Dr. Karl D. Jackson, Director, Southeast Asia Studies, SAIS

Panelists:

Mr. Scot Marciel, Deputy Assistant Secretary of State, East Asia and Pacific Affairs, State Department

Mr. Carlos Sorreta, Deputy Chief of Mission, Philippine Embassy Washington DC

Dr. Steven Rood, The Asia Foundation-Manila

Dr. Noel M. Morada, Visiting Professor of Southeast Asia Studies, SAIS

11:00 AM

End of Conference

INTRODUCTION

By Noel M. Morada
Visiting Professor
Southeast Asia Studies
Paul H. Nitze School of Advanced International Studies
Johns Hopkins University

More than two decades after the restoration of democratic order in 1986, the Philippines started on the path to positive economic growth. The country's economy grew steadily between 4 percent and 6 percent for the period 2002-2006. In 2007, the economy grew over 7 percent –the highest growth rate in 30 years. This increase occurred despite continuing internal security challenges to the state and political controversies that still hound the administration of President Gloria Macapagal-Arroyo. Her government attributed this positive economic performance to strong fiscal discipline and sustained remittances of overseas Filipino workers. Some skeptics, however, believe that the high economic growth achieved in 2007 cannot be sustained without attracting new investments and continuing increases in capital formation. They believe that this will be even harder to achieve in the context of a slowdown in the global economy in the face of a possible US recession. Meanwhile, the Philippine government also has issues of poverty reduction, access to basic education and health services, and problems of unemployment to deal with in a country that has one of the highest population growth rates in the region.

Almost two years before President Arroyo's term expires in 2010, the country is already gearing up for the next presidential election. The 2010 contest may even be more controversial than the 2004 election, given the less than efficient and not so credible electoral system in the Philippines. Alliances are being formed and reformed among political parties and leading personalities aspiring for the highest position in the land. Recently, House Speaker Jose De Venecia, a long-time strong ally of President Arroyo, was deposed from his position in the lower chamber of the Philippine Congress and apparently allied himself with former President Joseph "Erap" Ejercito Estrada, who was convicted of plunder but later pardoned by Arroyo. De Venecia's rift with President Arroyo stemmed from his son's allegations of corruption against her husband in a multi-million dollar telecommunications project involving China's ZTE company. The opposition-dominated Senate of the Philippines has investigated the ZTE scandal which further eroded the credibility of the Arroyo administration.

The Armed Forces of the Philippines (AFP) continues to face major challenges from insurgency and secessionist movements in the country, apart from the threat of internal dissension within the military due to corruption and related political controversies involving some high-ranking military officials. The credibility of the Philippine military and defense establishment is also being undermined by allegations of human rights abuses from a number of civil society groups and journalists. In the meantime, the AFP is undertaking reforms with the help of the US. Washington has a strategic interest in promoting democratic good governance and economic development in the Philippines in general, as well as institutional interests in promoting reform, professionalism, and greater transparency in the AFP in particular.

What then, are the prospects for the Philippines in the next two years and beyond 2010? What are the issues and concerns, as well as policy options for the next US administration? How can the Philippines and the United States work together to promote democratic good governance, economic development, and peace and security in the Philippines? How can the two countries build their bilateral relationship in the near-to medium-term? What role should the Philippines have in ASEAN and other regional organizations?

HIGHLIGHTS OF CONFERENCE PROCEEDINGS

A. The Philippine Economy: How Can the Philippines Sustain Economic Growth and Development?

Dr. Veronique Salze-Lozac'h, Regional Director for Economic Programs at The Asia Foundation, opened the session by raising a number of important questions related to the Philippine economy. While recognizing the 7 percent growth in the Philippine economy in 2007, she asked whether this growth rate could be sustained and whether the country would be able to meet socio-economic challenges in the near future. She also raised the issue of whether the Philippines could foster domestic investment, which still remains low compared to other countries in the region. She asked whether the country will be able to remain competitive and attract foreign direct investment. Finally, she raised the question of what role the remittances of overseas Filipino workers (OFWs) play in the Philippine economy.

Mr. Brett Decker, Senior Vice President of the Export Import Bank (ExIm Bank) of the United States, recognized that the growth figures in the Philippine economy were basically good over the last three consecutive years. This, he said, is due primarily to impressive performance of the business process outsourcing (BPO) industry, real estate boom, OFW remittances, and technology-related businesses and exports. He noted that production of semiconductors comprises two-thirds of the Philippines' exports. With semiconductor production moving to lower labor cost countries like Vietnam, the Philippines may soon lose its competitive edge, given that its economy is not diversified enough. The situation is further aggravated by the high cost of utilities and electricity supply shortage, which also hurts competitiveness.

Mr. Decker pointed to other challenges to the Philippine economy, such as: 1) growth in consumer spending; 2) the appreciation of the peso; and 3) poverty reduction. While noting the growth of the middle class may be good, he said one has to be careful about the "irrational exuberance" of this group which has led consumer spending in the country, especially in the real property sector. He said overseas Filipinos have bought many condominium units in Manila and contributed to the real estate construction boom that spurred economic growth. An important question then is whether a few percentage points in economic growth translates to a better standard of living in the Philippines. Apparently, it has not. Poverty reduction remains an enormous challenge. Specifically, he claimed that 70 percent of the population still lives on less than US\$2/day, and that 2/3 of Filipinos say that their standard of living is going down. Along with lack of employment opportunities, these factors have pushed many Filipinos to seek employment abroad.

Mr. Decker argued that in order to sustain economic growth, the Philippines must: 1) be less dependent on remittances; 2) effectively ensure the rule of law and good governance, as too much of the economy is lost through graft; and 3) deliver on promises to strengthen political legitimacy, which could then contribute to sustained economic growth and political stability. He ended his presentation on a sad note: in contrast to the American dream, he contended, the Filipino dream is to do anything one can to leave the country for better opportunities.

Dr. Felipe Medalla (School of Economics, University of the Philippines Diliman) argued that the economic growth of the Philippines under the administration of President Gloria Macapagal Arroyo is overstated by at least 2 percent. Thus, the growth rate of 7 percent in 2007 is actually 5 percent. He pointed to statistical discrepancies that do not support a higher growth rate. Specifically, he said that household expenditure statistics have been declining, which belie the government's claim of achieving a higher GDP growth rate. He also pointed out that, in order for the Philippines to sustain economic growth, control of corruption and better functioning institutions are necessary.

Dr. Medalla noted also that the Philippines has so far: 1) maintained lower inflation; 2) kept an excellent balance of payment position leading to sustained current account surplus for the past four years; and 3) achieved its highest international reserves in 2007 due to sustained remittances and appreciation of the peso. (He asserted that apart from the gross international reserves, there is an estimated US\$25 billion in assets held by overseas Filipinos.) He pointed out that under the present administration, fiscal consolidation has been achieved since the implementation of the expanded value added tax (EVAT). This has resulted in the lowering of sovereign bond borrowing and lower interest rates. Ironically, the investment-GDP ratio has declined, which indicates a lack of faith in the economy. Despite this good performance, he asked, why has the country failed to utilize these assets to spur domestic investments? The answer primarily stems from lack of confidence in domestic institutions and a widely-shared perception of extensive corruption in the country, especially in the views of expatriate businessmen living in the Philippines. Notwithstanding bad governance, he attributed the good performance of the economy to certain reforms that were undertaken after the ousting of President Marcos, which has made the economy quite resilient. These include trade liberalization, tariff reduction, regionalization of minimum wage setting, and oil deregulation, among others.

Dr. Medalla pointed out that production growth in the Philippine economy has not resulted in higher purchasing power. He attributes this to narrow and shallow investments that are coming to the Philippines, such as the business process outsourcing (BPOs) industry. It is narrow because only a small group of people are positively affected by economic growth, and shallow because only a few unvaried industries have contributed to economic growth. Even so, he also noted that the supply of Filipinos for BPOs has been declining due to their declining English proficiency.

In conclusion, Dr. Medalla argued that Filipinos must begin to invest in their own country. Specifically, he said that individual Filipinos must invest in education, and the government must invest in capital goods. Sustained economic growth cannot be achieved unless there is an increase in private and public investments in infrastructure.

During the open forum, the panelists made the following points in response to questions and comments raised by other participants in the conference:

- Although not much can be expected between now and 2010 for change to happen in the Philippines, it still important to have a smooth transition to the

new administration after the elections. It is important not to create new uncertainties before a new administration takes over and to give the new President in 2010 more freedom in spending. It is also necessary to pay off the country's debt and improve on the quality of education.

- Reform must emanate from a strong president. No Philippine president has seriously pushed for reform of institutions. Education may be an answer to reforming institutions, but this is confined only to the elites. It is also important to improve the quality of education for the bottom 30 to 40 percent of society. The overseas Filipinos may be an important force for reform as they have seen the results of good governance in other countries and may demand change in the Philippines.
- The executive branch should not be the only area of concern for reform and better performance. The legislature, especially the Senate, is also an important institution for change, since potential executive leaders come from this chamber. Some believe there is currently a leadership vacuum in the Senate.
- Local authority may be a source of positive change, but much would depend on whether there is serious commitment to push for electoral reform in the country. It was noted that 70 percent of the budget of local governments comes from the national government. Some local government officials are good, but others are corrupt. It is estimated that only 50 percent of local municipal officials, for example, are able to spend efficiently and effectively their allocation from the national government.
- The quality of education in the Philippines has been declining owing to corruption in the education sector and fewer incentives for public school teachers. Education reform is needed, particularly in giving more autonomy and a greater stake to local communities to improve the quality of local schools. There is a high dropout rate in elementary schools in the Philippines due to poverty.
- On the prospects for a strong middle class that would demand better governance, this may not happen in the next 10-15 years due to the fact that the middle class is largely absent (many are overseas and choose not to return to the Philippines). But, there is also very little empirical research done on this. Even so, a counterargument may be posed: the goal of most Filipinos who leave their country is to bring their entire family, for example, to the United States. At the same time, those who are benefiting from remittances are still very young.
- The agriculture sector has not contributed much to the growth of the Philippine economy primarily due to inefficiency in production, continuing monopolies, and land transfer problems.

Dr. Medalla said he remained pessimistic about the prospects for sustained economic growth in the Philippines. For his part, Mr. Decker said that after a while, people may simply not care anymore. They agreed, however, that the conference on the Philippines demonstrated interest in the country still exists, and many people in the Philippines and elsewhere are actively looking for answers to problems.

B. Transforming Philippine Politics: How Can the Philippines Get Democratic Good Governance?

Dr. Steven Rood (The Asia Foundation-Manila) pointed out that President Gloria Macapagal Arroyo never had a honeymoon with the public, as opinion about her has been consistently negative since 2004. Even so, Filipinos generally remain optimistic despite a series of crises that started in the late Marcos period, reemerged before the ousting of Estrada, and continued with allegations that President Arroyo cheated in the 2004 elections following the dissemination of the “Hello Garci” tapes. He asked: 1) Why has there not been more convergence of local good governance that makes a nationwide impact? and 2) Where is civil society?

Dr. Paul Hutchcroft (University of Wisconsin-Madison) began his presentation by stressing that all democracies fall short of the ideal and need improvement. While there is much to celebrate about democracy in the Philippines (e.g., a vibrant civil society, high levels of voter participation, and a strong media with outstanding investigative journalism) and despite the fact that the impulse of the democratic spirit remains strong, the institutions of democracy work to undermine it. Electoral disputes, military interventionism, patterns of intimidation of the press, and the alarming spike in extrajudicial killings raise fears about the survivability of democracy in the Philippines. Other weaknesses of democracy in the country include: 1) patronage-infested political parties; 2) elite control and exclusion of the masses; and 3) strong local political bases that emanate from authoritarian enclaves in the provinces. In short, there has not been much transformation of Philippine politics from the patronage politics of the Marcos period even as elite dominance continues to thrive.

Dr. Hutchcroft argued that in order to deal with institutional weakness in Philippine politics, democratic reform is necessary and must begin with the creation of stronger political parties. The institutional weakness of Philippine politics has three disadvantages, namely: 1) individual leadership becomes more important than it should; 2) the state is unable to respond to strong demands that emerge from Philippine society (especially those from the lower classes); and 3) a decline in the legitimacy of the democratic order could make other forms of rule more attractive. Political parties should aggregate interests because, unlike civil society organizations that come and go, stronger political parties should be able to provide a choice for the voting public, provide stability to the political system, help institutionalize and stabilize decision making processes, and reduce the costs of elections. Parties are also important in empowering the marginalized and allowing the voiceless to express their views. While democracy is supposed to address socioeconomic inequalities, the current political system in the Philippines fails to do this because power is rotated at the top without effective participation from below.

Dr. Hutchcroft concluded by stressing that political reform does not take place in a vacuum, and could be a messy process with unintended consequences such as what happened in Thailand. In the case of the Philippines, a good starting point is reform of the electoral system, in terms of how senators and representatives are elected. This could contribute in an incremental way to strengthening political parties in the country.

Professor Alexander R. Magno (Department of Political Science, University of the Philippines-Diliman), presented a paper on whether the elections will produce more of the same. Before going into the details of his paper, Professor Magno pointed out that the main problem of the Philippines is that it is an archipelago that needs a modern logistical system to reduce costs and open up opportunities for smaller islands and provinces. The government has launched the Philippine nautical highways that form part of the sustainable logistics development program for this purpose. The system focuses on building ports, among infrastructure, and involves some 10,000 individual credit accounts that are primarily private sector driven. It is hoped that this system will reduce inequality in the country. As a member of the Board of Directors of the Development Bank of the Philippines, he is trying to develop a credit rating system for local government units as an incentive to improve the quality of governance at the local level.

Professor Magno pointed out that the Philippines is moving into a critical period prior to the 2010 elections. Early next year (2009), political campaigns will be in full swing and, unless there is a strong initiative from civil society and other political forces, it is likely that the same system that everyone is complaining about will be adopted. The essential characteristics of this system are: 1) the tendency of voters to rely on familiar names and faces; 2) regionalism; 3) command votes coming from certain sectors such as the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP); and 4) electoral financing, which is apparently determined by only 16 major donors. He noted especially the significant changes in electoral financing in the Philippines from the pre-martial law period to the present. Formerly, that the plantation economy was the main source of electoral funds for candidates, particularly from landlords in the sugar and tobacco blocs. The major rewards for their support were logging concessions. As the plantation economy declined, however, and majority of the population moved to urban areas, electoral financing shifted from the rural periphery to urban-based businessmen, especially those with large amounts of undocumented money. With this change, presidential campaigns became the major source of financing for minor candidates even as political parties have become shells of previous presidential campaigns. Hence, the key to controlling the outcome of elections is controlling financing flows to candidates.

Professor Magno said that the reasons for financing campaigns have also changed. Earlier, it was to win political concessions, but with economic reforms already in place, that incentive has diminished. Moreover, as corporations engage in more economic activities, there is less money for political incentives. He estimated that in 1998, the cost of running a campaign was between 3-4 billion pesos and, in 2004, Fernando Poe, Jr. (FPJ) got little financing while President Arroyo got more than enough. He argued that in 2010, there will be a crisis of political financing and that it will be uneven because there is not enough money to go around. Thus, a consensus among financiers will determine the outcome of the elections in 2010.

During the open forum, the panelists made the following points in response to questions and comments raised by other participants in the audience:

- Political reforms have been taking place in the Philippines, beginning with certain provisions of the 1987 Constitution (e.g., political dynasties, greater levels of participation). With regard to the party-list system, electoral reform could bring about important changes. It must be noted, however, that the more significant the change, the greater the danger of unexpected consequences.
- Electoral reforms may begin from adopting simple changes such as allowing strict party voting (which was possible until 1951), and putting the president and vice president on the same ticket (rather than voting for each separately). Pre-printed ballots instead of writing out names (which often depends on name recall) would be another simple electoral change.
- The impact of OFWs in Philippine elections is still not significant even though the absentee voting law provided for opportunities for them to contribute to political change. The turnout of OFW voters is disappointingly low. It also costs more to administer OFW vote during elections than in the Philippines. While there may be opportunities for raising campaign money from OFWs, the issue is not so much getting money from them – which has not really happened – as much as putting more efforts to promote reform in the country's political institutions.
- The principal motive for having an absentee voting law is to keep the OFWs interested in politics in the Philippines. Their political opinions may be more significant for families with OFW relatives abroad than the opinions of parish priests. However, as a factor for political reform or enlightenment, that may come only after two or three generations hence, but certainly not in the 2010 elections.
- President Arroyo is not well liked by the public in general. She is certainly not as charismatic as former President Estrada. However, she is able to hold on to her position because she understands that power and influence have to be transacted in the market everyday.
- There are two possible extreme scenarios in the 2010 elections: either a winner emerges from at least eight (8) candidates fighting for a 15 percent share of the votes, but that person may be hounded by scandals; or, one candidate gets the most financial support and emerges as the winner.
- President Arroyo will also influence the outcome of the 2010 elections depending on how she plays the game in the coming months. While she may be considered a problem, she is also part of the solution.

Professor Magno concluded that the slow pace of reform provides more opportunity for hope in Philippine politics than revolution. A better outcome is provided when one is able to appreciate the rules of the game. In the end, Filipinos will just have to do the hard work and hope that the Philippines will get to where it should be.

Dr. Hutchcroft also concluded on a cautiously optimistic note as far as the survivability of democracy in the Philippines is concerned. While no successful coup has taken place, democratic institutions that remain weak and lacking in legitimacy will continue to invite attempts. Thus, political reform is imperative for the survival of democracy in the Philippines.

Dr. Rood observed that there was no discussion of whether President Arroyo will serve out her term and step down in 2010. He then quoted from Professor Magno's paper: "GMA remains the single most important player defining the 2010 electoral succession."

C. Transforming the AFP: Is Military Reform Possible?

Professor William Wise (Associate Director, Southeast Asia Studies, SAIS) introduced the panel by pointing out its link to the previous panel on political reform and the subsequent panel on armed conflict challenges. This panel should address the issue of whether military reform efforts in the Philippines are likely to succeed and how. He suggested the issue be addressed first by looking at the "hardware" aspect (building capabilities, streamlining military functions, acquiring modern weapons, and transformational change). But military reform also required changes in "software", in particular, how Filipino military officers think about their profession as well as what may be considered the as uncomfortable relationship between civilian and military authorities. "Software" also deals with attitudes and behavior, ideas of professionalism, as well as the relationship of the soldier to the state. Both "hardware" and "software" are important to the future of military reform in the Philippines.

Colonel Gregorio P. Catapang (Department of National Defense (DND) of the Philippines) provided an overview of the ongoing Defense Reform program in the Philippines, which is an integral part of the larger reform program that emerged from the RP-US Joint Defense Assessment, the Davide and Feliciano Commission Reports, and the Medium Term Development Plan. There are 10 programs under Philippine Defense Reform (PDR) which he identified and discussed briefly. President Arroyo is firmly behind these reforms, which the Department of National Defense (DND) hopes to accomplish before her term ends in 2010. The upshot of this is a law that will be passed by the Philippine legislature that codifies these reforms and, by the time a new president takes over in two years, it will become part of the new administration's priority program. President Arroyo has made available about Pesos 32 billion to fund the military reform process that enabled the AFP to acquire new equipment, such as helicopter lift capability to evacuate wounded soldiers.

Colonel Catapang said that the defense resource management system is already in place and that the DND is concentrating on long-term capability planning between 2010 and 2016. He noted that the DND will continually revise and re-evaluate its planning systems, even as the AFP's military capability will shift its focus from internal security to territorial border defense. Ultimately, it is important to sustain and institutionalize the reform process in the AFP, which requires continuous assessment and adjustment in direction. While the process may be slow, it is nonetheless moving forward with the full support of President Arroyo, as well as that of the United States.

Lt. Colonel Desmond Walton (County Director for the Philippines, Office of the Assistant Secretary of Defense, Asia Pacific Security Affairs) provided an overview of the United States' interest in supporting military reform in the Armed Forces of the Philippines (AFP). Weak or failing states are the greatest security threat to American interests in Southeast Asia. Before 1992, the US had subsidized the AFP budget,

providing US\$200 million in military assistance. This aid was tied to American access to Philippine air and naval bases. With the closure of the military bases and the termination of military assistance in 1992, the AFP was seriously underfunded and its capabilities eroded. After 9/11, however, American military assistance to the AFP resumed, though at a much lower level (US\$19 million in 2001). The AFP immediately requested fighter aircraft and other weapons systems necessary to provide external defense. The US, however, was not enthusiastic in 2001 in supporting these requests and instead, recognizing the terrorist threat in the southern Philippines, urged the AFP to focus on internal security. Initially, the US and the AFP sought to treat symptoms of the AFP's military weakness by supplying parts and equipment rather than attacking the underlying causes. Soon, however, Americans and Filipinos both realized that the AFP needed to transform itself, first by developing the ability to conduct operational planning and then by putting in place operational systems to support its forces. In short, the AFP needed a full-scale reform program. In 2003 Presidents Bush and Arroyo agreed to undertake this effort.

Presidential meetings continued to be an important element of the Philippine Defense Reform Program, demonstrating to both the U.S. military and the AFP that the relationship enjoyed high level support. Colonel Walton observed that a well-structured AFP budgetary plan was crucial for military transformation. In addition, the PDRP included private defense contractors funded by the US and embedded in the AFP to orchestrate change. The close relationship between the two countries may serve as a model for implementing defense reform in other countries. The military in other Southeast Asian states, however, may not have the same close partnership as between the Philippines and the United States, nor may other states be as open about their defense needs as the Philippines was in seeking assistance from the U.S.

In his previous position with the Defense Security Cooperation Agency, Mr. Ed Ross (President, EWRoss International LLC) served as U.S. Co-chairman of the Executive Committee of the Philippine Defense Reform Program. Mr. Ross admitted to an initial pessimism regarding the prospects for military reform in the Philippines. But he was impressed by President Arroyo's commitment to AFP reform, indicated by her appointments of senior defense officials dedicated to making the PDRP work.

Of course, there were competing agendas for reform, beginning with the issue of where to start. At the outset, Deputy Assistant Secretary of State Richard Armitage stressed that the U.S. would only support a program that addressed fundamental, long-term reform so that the AFP would be healthy even after US support ended. The US also wanted the Philippines to take ownership of the reform program and match American aid. Other challenges included Philippine statutory prohibitions on the use of government funds to pay for expert contractors.

Mr. Ross pointed to some challenges ahead for military reform in the Philippines, including changes in the administration (both civilian and military). But, the Filipino people will continue to demand reform in the military. Indeed, reform in the military may drive the expectation for reform in other sectors of the government.

United States has 11 other defense reform projects worldwide, including those in Eastern European countries aimed at preparing them for accession to NATO. The methodology employed by the US is more effective in the Philippines than in these other countries. The key difference is the involvement of senior government officials in both the Philippines and the US. In many European countries, the participation of senior military leadership was lacking.

During the open forum, the panelists made the following points in response to questions and comments raised by other participants in the audience:

- Continuity of defense reform will be ensured if there is institutionalization of the program and expansion of its support base within the military.
- Defense reform in the Philippines has an indirect “rubbing off” effect on the AFP becoming increasingly aware of human rights concerns. In Mindanao, for example, where there is an American advisory presence, there are few reports of extrajudicial killings (EJK). In 2007, human rights training for the Philippine Army personnel from squad leaders up was provided and funded under the PDR program which contributed to the declines in EJKs. U.S. law prohibits American support for militaries that commit human rights violations. EJK is a complex issue; dealing with it depends on how the central government perceives the acuteness of this problem and the way the military commanders provide feedback from the field. With regard to the Philippine National Police (PNP) elements committing EJK, the training of the military on human rights may also spill over into the police establishment.
- As the AFP assumes more external defense posture, PNP must pick up responsibility for maintaining internal peace and order. Currently, there are statutory barriers for the US military to help the Philippines in promoting police reform.
- Domestic politics in the Philippines has not disrupted the AFP reform process, given the strong commitment of President Arroyo to this program. Nevertheless, there is concern about coups that could lead to cutting off American aid, thereby undermining the reform process.
- Military reform will strengthen the chain of command and consequently contain military adventurism in the long run. PDR has also implemented a number of recommendations of the Davide Commission (e.g., housing, procurement reform, increase in salary of the military, and better equipment for emergency evacuation of injured soldiers). While President Arroyo’s sincerity is reflected in the individuals she has charged with the reform program, sustained support at the presidential level is vital.

D. Armed Challenges: How Can the Philippines Manage Internal Conflicts?

Mr. Eugene Martin (Executive Director, Hopkins-Nanjing Center) pointed to the important link between this panel and the previous session on military reform.

Mr. Gines Jaime Ricardo D. Gallaga, Deputy Chief of Mission Philippine Embassy, delivered the paper of Mr. F. Augusto Mier Jr of the National Security Council of the Philippines. Mr. Mier's paper discussed the historical, political, and socio-economic contexts of armed conflicts in the Philippines. The underlying causes of these conflicts are the deep frustration and resentments that stem from the uneven distribution of wealth, and the injustices in the country. The two important threats to Philippine national security are the nature of Philippine politics (which he attributes to declining credibility of the multi-party system, rent-seeking behavior of elites, and graft and corruption) and weak bureaucracy. Some important turning points in the history of armed conflicts in the Philippines include 1) the attempt of the Aquino administration to encourage insurgents to join the mainstream of society; 2) countering separatism by the Moro Islamic Liberation Front (MILF), which developed after the signing of the peace agreement between the government and the Moro National Liberation Front (MNLF) in 1996; and 3) the passage of the anti-terrorism law under the Arroyo administration.

Mr. Mier identified past handicaps of the state in dealing with armed conflicts, such as: 1) institutional, leadership, and policy discontinuities in addressing the problem due to the economic and political system of the country; 2) inexperience and immaturity of the civilian bureaucracy; and 3) over-reliance on the conventional military approach in dealing with largely unconventional armed guerrilla groups fighting the government. With the adoption of the National Internal Security Plan (NISP) under the Arroyo administration, some refinements were introduced to address these handicaps: turning over anti-poverty thrust to economic managers; empowering local chief executives through alliance building with democratic forces in the local communities, and jumpstarting local economic development; and building/enhancing capabilities of the law enforcement institutions to address the insurgency, separatism, and terrorism. With regard to managing the peace process, certain changes were also incorporated in the NISP, such as active pursuit of normalcy at the local level through a social integration program intended to achieve demobilization, disarmament, and reintegration of rebels into mainstream society; implementation of an improved amnesty program for former rebels; and execution of a human rights program nationwide.

Mr. Mier concluded his paper by discussing conflict management in the Philippines. Increasing pressure on the Philippines from international bodies and other nations to meet human rights standards has resulted in promoting human rights as a major part of the internal security program. Improved performance of the Philippine economy would have positive repercussions for government efforts to end insurgency, separatism, and to keep terrorists in check since economic development constitutes the companion strategy of the Philippine government's national peace and security policy. The Philippine government is open to other improvements in its conflict management approach. The new tack in addressing armed conflict in the Philippines is expected to facilitate the significant decline of major national security threats by the end of the Arroyo administration's term.

Dr. Susan Russell (Northern Illinois University) described her involvement in peace-building efforts in Mindanao for the past five years. Peace-building is a "soft" complement to an overall national security strategy and has two important advantages: 1) it is cost-effective; and 2) it involves sectors in society beyond conventional approaches.

Mindanao became an important focus of US development aid and military training because the area was an “ungoverned” territory through which individuals and illegal funds and equipment moved without much regulation. Mindanao also has very rich resources and the Philippine government has plans for its development. But, the humanitarian costs are draining the Philippine economy, as resources are diverted to conflict areas. These are a number of challenges to peace-building in Mindanao: 1) political corruption by traditional politicians; 2) mutually-held negative images of different ethnic groups; 3) failure of the Philippine government to push for development of national identity; 4) Moro struggle and longing for self-rule; and 5) the turbulent Philippine political system that makes it difficult for the government to negotiate a political solution.

The conflict in Mindanao has left the Autonomous Region of Muslim Mindanao (ARMM) very poor. More than 127,000 people have died and millions have been displaced as a result of the conflict. Many countries are interested in helping the Philippine government in its search for a solution to conflict in Mindanao. Long-term recommendations include providing more personnel support from foreign countries; encouraging Islamic political parties to emerge to help transform the MILF into an unarmed political movement; and providing development aid. There is a Muslim-Christian imbalance in the work of civil society groups in Mindanao. The most effective ones are the Christian NGOs, but they need to be brought into an effective Muslim network.

Dr. Russell identified some of the peace-building efforts of civil society groups, including the creation of peace zones, peace movements and alliances, peace education, reconstruction, and truth commissions. Peace zones, however, are still not widespread. Most campuses in Mindanao offer peace courses but it is not certain how popular they are among students. Peace journalism is another effort to contribute to peace building by educating media practitioners on the conflict and presenting it in a fair manner. Northern Illinois University has a youth peace project that invites young people from Mindanao to attend a five-week program on how to overcome ethnic biases. These peace-building projects fall under the rubric of public diplomacy. Peace-building coalitions working from the ground up probably help in improving the internal security of the Philippines.

Mr. Eugene Martin, panel chair, noted that the armed challenges in the country have different causes and should be managed using different methods. The government should address the underlying causes, which are poor administration of justice, economic injustice, elite feudal politics, corruption, false sense of democracy, and vote buying, among others. In the Philippines, there is little sense of social responsibility among elites. Anything goes, if it benefits the family or clan. Filipino elites and politicians have a sense of privilege. As a consequence, poor governance leaves people with little respect for government officials and forces many to find justice by other means, which includes engaging in violent and criminal activities.

Mr. Martin agreed with having the US military’s civic action program as part of a strategy for dealing with armed conflict, but the elected officials also have a responsibility to

deliver basic services. The inability of the government to effectively deliver basic services is due to the centralized system of decision-making where political decisions are made in Manila. Most of the wealth is concentrated in urban areas of the Philippines, and there is an increasing rural-urban imbalance. Economic growth has not resulted in poverty alleviation, and OFW remittances have kept the economy afloat. The leadership thinks growth will solve the country's problems, but this will only be true if wealth is more evenly distributed. Growth in the Philippines is in shopping malls, not in productivity.

Managing internal conflicts in the Philippines requires knowing differences in the nature of these armed rebellions. The Communist Party of the Philippines/New People's Army/National Democratic Front (CPP/NPA/NDF) is the most serious threat because it is nationwide in scope. The CPP is not serious about negotiation. The way to manage this problem is through improvement in governance. The government has to monitor performance of local government officials, professionalize the PNP, revitalize the justice system, and improve support for prosecutors through training and better pay. The military should also be involved in infrastructure projects. The government must work on improving distribution of economic opportunities and wealth. Despite the communists' intransigence, the government should open peace talks with the NDF and use the Norwegian mediation channels.

Meanwhile, the Moro conflict is both the easiest and the most difficult problem to solve. It is the easiest, because the MILF is prepared to negotiate with the government, the issues are known, and a peace agreement is almost in reach. However, the problem is also quite challenging because of difficulties in overcoming ethnic biases. The Philippine government and public, therefore, should accept Moro identity and cease attempts to assimilate them into the mainstream body politic. It is important to move the peace process forward in phases and encourage local officials to support it, or at least not to oppose it. Terrorism may be related to the Moro conflict, but it is also different. More police and less military pressure should be used. Direct economic development assistance is useful, but for now the priority of the US is to focus on military training in Mindanao.

During the open forum, the panelists and some participants made the following points in response to questions and comments raised by other participants in the audience:

- The Government of the Philippines has been attempting to reopen negotiations with the CPP/NPA/NDF, but the leadership of communist party has rebuffed these initiatives. Although the Sison-faction of the CPP/NPA is still dominant, splinter groups no longer recognizing the authority of Sison have entered into peace negotiations with the government at the local level.
- Ancestral domain remains a critical issue in the peace negotiations with the MILF. Some Moros in the MILF fear the government will not honor its commitment in the peace agreement because of past experiences. Complicating this matter is the large imbalance of Christians and Muslims in Mindanao. Although land is the basis for claiming ancestral domain, giving Moros shares in corporations in lieu of land is an alternative that could be explored.

- The Philippine NSC needs to move away from the security paradigm in dealing with internal armed conflicts. It should be more of a risk manager, looking at environmental factors prospectively and proactively, and managing the environment as these factors evolve. Insurgencies are evolving political organisms that change over time.
- The problem in the South is also burdened by old concepts. There is a need to account for significant ongoing emigration of Muslims from Mindanao to other parts of the Philippines. Essentially, failed governance is the source of the conflict in the South, and it is an area losing its small population. Muslims are moving not for religious reasons, but due to the absence of economic opportunities. They are moving to places where they can do business.
- Inter-ethnic dialogue could just be putting a “band aid” on a gaping wound, but has some value as a conflict-transformation effort that seeks to change the perception and attitudes of people.
- MNLF forces have not turned in all their arms, which makes it still a revolutionary organization (although some have been integrated into the AFP).
- Sharia law in ARMM is limited even as conflicts are resolved through traditional mediation channels (e.g., elders, sultan). Only the wealthy and devout Muslims use the Sharia courts, which are confined to family law cases.
- Media in the Philippines is Manila-centric and the coverage of Muslim issues is quite limited.
- Charter change and federalism still have a long way to go. Federalism may also pose some problems in dealing with the conflict in Mindanao.

E. Beyond the Security Alliance: Philippine-US Relations in the 21st Century

Dr. Karl D. Jackson (Director of Asia/Southeast Asia Studies, SAIS) chaired the panel.

Mr. Scot Marciel (Deputy Assistant Secretary of State for East Asian and Pacific Affairs), observed that the two countries have an enduring security alliance and share common values such as respect for freedom and democracy. The United States has significant interests in the Philippines, and seeks: 1) a strong, independent, and prosperous country; 2) close bilateral relations through increasing trade, investment, and dialogue; and 3) an effective security alliance, through increasing cooperation as partners on global and regional issues.

The US recognizes the efforts of the Philippine government in improving democracy and protection of human rights. But it is critical that the Arroyo administration’s failure to further reduce extrajudicial killings (EJK). The US encourages the Philippines to undertake structural reforms, and is providing assistance through the Millennium Challenge Corporation (MCC). However, the Philippines faces three important threats: corruption, weak governance, and weak judicial institutions. The US supports current efforts of the Philippines to achieve agreements with insurgent groups and has provided security and development assistance, as well as military training programs. This assistance complements efforts of the Philippines, and does not represent a unilateral American approach.

Although attention has been focused on the security relationship, other components of our bilateral relations are critical. The United States remains as the number one investor in the Philippines. There are estimated 130,000 Americans in the Philippines and some 2.5 million Filipinos in the United States. Some 120 Peace Corps volunteers are also in the Philippines. The Philippines plays an important role in ASEAN and the US appreciates President Arroyo's strong statements on Burma/Myanmar in that forum. The Philippines is active in peacekeeping around the world, which the United States welcomes.

Mr. Carlos Sorreta, Minister and Deputy Chief of Mission, Philippine Embassy, Washington DC, stressed that there is more to Philippine-US relations than the mutual security alliance. He identified a number of economic and cultural affinities between the two, ranging from shared language, trade and investment practices and education, to diverse social interaction between American and Filipino peoples. Trade and investment between the two countries is robust, although the legal structure in this area needs updating. The Philippines and the US should explore having a Bilateral Investment Treaty. The eligibility of the Philippines to receive money from the Millennium Challenge Corporation would open up new opportunities in the bilateral relationship and would serve the interests of both countries well. Mindanao is another dimension of Philippine-US relationship that is special, as it could demonstrate the road to reconciliation between East and West.

Dr. Steven Rood (The Asia Foundation-Manila) said national public opinion data indicated there is a very high level of trust among Filipinos (85 percent) that the United States will act responsibly in the world. In another survey in the ARMM, the net satisfaction rating about the US is zero, which is high by Muslim world's standard given that it is not negative. Overall, Filipinos are very supportive of American military presence in Mindanao (62 percent in favor, 21 percent opposed). Within ARMM, 42 percent were in favor, versus 39 percent not in favor of American presence. Notwithstanding these favorable perceptions of the US, there are issues that also negatively affect Filipino public perception of the United States: 1) lingering resentment in the US created by the strain in bilateral relations over the Angelo dela Cruz incident in 2004; 2) unverified reports about civilians affected by joint Philippine-US military operations in parts of Mindanao; 3) the rape of Filipina OFW in Okinawa by an American serviceman; and 4) unsubstantiated rumors that there are expired medicines being distributed in American military medical missions in Mindanao.

Dr. Rood also mentioned discussions in Philippine cyberspace that raise questions about the real intentions of the US in Mindanao. Some of these discussions appear to adopt a triangular perspective concerning Philippine relations with the US and China. In particular, there is some worry about the possibility that the US will back a separate homeland for Muslims in Mindanao as a strategic move to deal with the growing closeness of the Philippines with China. The actions of the current US ambassador to the Philippines (e.g., meeting with MILF leaders, expressing concerns over the ZTE and Spratlys exploration) are seen in this triangular framework. At the same time, China is the dragon in the room. China's foreign assistance to the Philippines no doubt is making a big difference. In ending his presentation, Dr. Rood asked how ASEAN-US relations would affect Philippine-US bilateral relations in the future.

Dr. Noel M. Morada (Visiting Professor of Southeast Asia Studies, SAIS) picked up from where Dr. Rood ended, saying that his presentation would look at Philippine-US relations in the larger ASEAN context. Based on his experience and involvement in Track II diplomacy in Southeast Asia, he identified two important elements of ASEAN-US relations: 1) the lack of an institutionalized mechanism for dialogue between ASEAN and US think tanks compared with mechanisms that have been in place vis-à-vis China, Taiwan, Japan, and even South Korea; and 2) lack of appreciation for and understanding on the part of many American think tanks on the importance of ASEAN processes. The latter is exemplified in the ASEAN-US dialogue in Singapore in October 2007 where many American think tank representatives complained about two things: why so much was made about Secretary of State Condoleezza Rice skipping the ASEAN Regional Forum (ARF) meeting, and why ASEAN cannot simply do away with cultural shows in its ministerial meetings. On the other hand, there was also extreme dismay in ASEAN when the anticipated ASEAN-US Summit that was scheduled in the last quarter of 2007 was cancelled.

Despite these irritants ASEAN-US relations have reached a new level of partnership with the issuance of the Joint Vision Statement on ASEAN-US Enhanced Partnership by President Bush and ASEAN leaders in November 2005. A Plan of Action (PoA) was formulated to implement the Vision Statement in the next five years (2006-2011). The PoA follows the three pillars of the ASEAN Community idea. A number of specific projects were identified for political-security, economic, and social development cooperation between ASEAN and the United States. Surprisingly, the PoA did not have much to say about the promotion of human rights (except in the context of counter-terrorism) and good governance. The document also had extensive list of projects for enhanced cooperation in dealing with terrorism. The US should begin to focus on the third pillar, socio-cultural cooperation, especially in promoting participatory regionalism. This becomes even more important considering the looming food crisis in the region which could create social tensions. The United States should continue to promote good governance because it impacts on human development in the Philippines and ASEAN. Additionally, the US should play an influential role in security sector reform, not only in the Philippines but elsewhere in Southeast Asia.

Dr. Jackson characterized Philippine-US relations as being governed by three tyrannies: the tyranny of geography (the Philippines is offshore from the rest of Asia, which makes it closer to the United States); the tyranny of history (both countries share a common history – with some ups and downs – but still in a relatively positive position, especially after 9/11, which ended the decline after the closing of American bases in 1992); and the tyranny of culture (people in the Philippines are better American handlers than anybody else in Asia, which leads to better interaction and a good reservoir of dependability).

During the open forum, the panelists and some participants made the following points in response to questions and comments raised by other participants in the audience:

- China is increasingly important for the Philippines. At the height of strained bilateral relations with the US following the decision President Arroyo to

- Cooperation with China creates both opportunities and dangers not only for the Philippines, but also for other countries in Southeast Asia. The current controversies and scandals surrounding Chinese Official Development Assistance (ODA) to the Philippines is no different from American and Japanese assistance after World War II and in the 1960s, respectively, which were also mired by scandals. These controversies could be avoided if there were better management of assistance money. This would bring more benefits and reduce negative side effects.
- China is not yet behaving in accordance with international norms on transacting business and extending ODA to other countries. China is awash with money and its attempts to buy strategic businesses have also created controversies, even in the United States.
- On agricultural cooperation with ASEAN, China works at both bilateral and regional levels and through other means.
- The Philippines is doing what it can on Burma in the context of ASEAN but this should not in any way be interpreted as being coordinated with the United States.
- There is a perception in ASEAN that the US has been too preoccupied with international terrorism, that it has not been significantly engaged on other issues relevant to the region.
- The US has good relations with ASEAN as an evolving institution. At the same time, bilateral relations are also important. There are neither purely bilateral nor purely ASEAN projects, as these overlap. There are similarities in the way that the United States handles its relations with ASEAN and that of the EU and its members.
- American military efforts in the Philippines are not directed against the MILF, but against the Abu Sayyaf. The US is also not directly involved in negotiations with the MILF but supports the peace process. Some Philippines officials have expressed concerns about reported meetings between American officials (e.g., Ambassador Kenney) and MILF leaders. There are perceptions within the MILF that the Philippine government is not serious about reaching a peace agreement, so that it may be necessary to promote external pressures (including American pressure) to push the peace process.
- The fundamental interest of the United States in Southeast Asia is for the countries of the region to be strong, stable, prosperous, and independent. The US wants countries of the region to achieve their own goals and supports their reform efforts.

In conclusion, Dr. Morada emphasized the importance of looking at bilateral relations between the Philippines and the US in the context of regionalism in Southeast Asia. Mr. Sorreta pointed out that the relations between the two countries are very deep. Our determination to keep it that way should not be dampened by changes in the international environment. Dr. Rood stressed that, by and large, Philippine-US relations are very close and quite important. Finally, Mr. Marciel

reiterated his confidence about the bilateral relationship and said the US the considers the Philippines as an important partner and ally.

In closing the conference, Dr. Jackson, lamented the fact that although the Philippines is an important country in Southeast Asia, it is the most neglected country in dialogues in Washington DC . He expressed hope that the conference has opened opportunities for something new that would allow further discussion of these important topics in the future.

PROFILE OF CONFERENCE PANEL CHAIRS AND SPEAKERS

Col. Gregorio Catapang is currently Chief of the Program Development and Administrative Staff, Philippine Defense Reform Office of the Department of National Defense in the Philippines. Col. Catapang is a 1981 Graduate of the Philippine Military Academy.

Mr. James Clad currently serves as the Deputy Assistant Secretary for South and Southeast Asia with the United States Department of Defense. Mr. Clad had several previous terms of service with the U.S. government, including as White House detail in Baghdad from April to June 2003. Prior to his current government service, Mr. Clad was a Professor of Near East and South Asian Studies at the National Defense University in Washington DC, where he worked closely with national security strategists from Morocco, Pakistan, and other countries. Mr. Clad was also Professor of South and Southeast Asian Studies at Georgetown University's School of Foreign Service (1995-2002) and a director at Cambridge Energy Research Associates (1997-2002). He wrote for the *Far Eastern Economic Review* in the 1980s, and has held fellowships from St. Antony's College/Oxford, the Carnegie Endowment for International Peace, the Woodrow Wilson International Center, and Harvard's Center for International Affairs. Mr. Clad authored *Behind the Myth: Business, Money and Power in Southeast Asia* (1991) and *After the Crusade* (1996). Mr. Clad has appeared frequently on NPR, CNN, the BBC, and CNBC news, as well as on Nightline, MoneyLine, and other programs. As a Senior Fellow at the Hudson Institute, he concentrated on seeking ways to improve America's effectiveness in foreign interventions. He speaks fluent Spanish, Italian, Indonesian, and Amharic.

Dr. Karl D. Jackson is the Director of the Asian Studies Program of the School of Advanced International Studies of Johns Hopkins University. Concurrently, as C.V. Starr Distinguished Professor of Southeast Asian Studies, he serves as the Director of the Southeast Asia Studies Program at SAIS. Until 1991, he was Professor of Political Science at the University of California, Berkeley, where he began teaching in 1972. Mr. Jackson served as the National Security Advisor to the Vice President from 1991-1993. Prior to that, he was Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs at the National Security Council. Dr. Jackson served as the Deputy Assistant Secretary of Defense for East Asia from 1986-1989. From 1995-2005, Dr. Jackson was the President of the U.S.-Thailand Business Council. In 2005-2007, Dr. Jackson served as Advisor to the President of the World Bank and to the Executive Vice President of the International Finance Corporation. Dr. Jackson authored *Traditional Authority, Islam and Rebellion: A Study of Indonesian Political Behavior* (1980) and edited *Cambodia 1975-1978: Rendezvous with Death* (1989) and *Asian Contagion: The Causes and Consequences of a Financial Crisis* (1999). In addition to numerous articles, he co-edited *Political Power and Communications in Indonesia* (1978), *ASEAN Security and Economic Development* (1980), *ASEAN in Regional and International Context* (1986), and *United States - Thailand Relations* (1986).

Mr. Brett Decker is senior vice president for the Office of Communications at the Export-Import Bank of the United States. As a member of the Bush Administration, he articulates the Bank's mission of supporting U.S. jobs through exports. Decker joined Ex-Im Bank in June 2004 after being appointed as a speechwriter and spokesman.

Previously, he was based in Hong Kong as an editor and editorial page writer for *The Wall Street Journal*. He has held positions with the *Washington Times*, the *Evans & Novak Inside Report*, and *Insights with Robert Novak*. Decker also served as a speechwriter to former House Majority Leader Tom DeLay. A former Governor of the Hong Kong Foreign Correspondents' Club, Decker has written articles for the *New York Times*, *The Wall Street Journal*, the *International Herald Tribune*, *Far Eastern Economic Review*, and *International Economy*. A native of Michigan, Decker has a bachelor's degree in political science from Albion College, a master's in government from Johns Hopkins University, and a master's with distinction in national security and strategic studies from the U.S. Naval War College. He currently teaches Asian politics courses as a professor of government at Johns Hopkins.

Dr. Paul Hutchcroft has research and teaching interests in comparative politics and Southeast Asian politics. He has written extensively on Philippine politics and political economy, as well as on the politics of corruption, and is the author of *Booty Capitalism: The Politics of Banking in the Philippines*. In his current book project, "The Power of Patronage: Capital and Countryside in the Twentieth-Century Philippines," he analyzes central-local relations in the Philippines from the early American colonial period through the Local Government Code of the 1990s. Mr. Hutchcroft also organized a July 2005 international workshop in Manila that provided comparative, theoretical, and historical insights into the debates over political reform and constitutional revision in the Philippines.

Dr. Ifzal Ali is the Chief Economist, Economics and Research Department (ERD) of the Asian Development Bank. He assumed the position on 1 August 2002. The Office of the Chief Economist plans and coordinates the Department's work program, and undertakes research. It also interfaces with other departments in promoting ADB's knowledge management. ERD provides support to ADB operations, extends services to its developing member countries, and networks with the international research community, through economics and policy research, country economic studies and monitoring, methodology development, maintenance of database, knowledge dissemination, and capacity building. Dr. Ali's career in ADB began in 1984 and since then he assumed various key positions, the latest being Deputy Treasurer. He also served as Economist/Senior Economist, Sr. Strategic Planning Officer, and Assistant Treasurer, Financial Policy Division. Prior to ADB, he was Professor/Chairman of Economics Area in the India Institute of Management in Ahmedabad where he was a faculty member from 1977-1984. From 1970-1971, he worked as a Lecturer, Delhi School of Economics. Dr. Ali holds a Ph.D. in Economics from Johns Hopkins University, a Master's degree in Economics from Delhi School of Economics, and a Bachelor's degree from St. Stephen's College, Delhi. Dr. Ali's current research interests include the role of macro and microeconomic policy reforms in the context of globalization and competitiveness for the developing countries of Asia.

Dr. Veronique Salze' Lozac'h is Regional Economic Director at The Asia Foundation with over fifteen years of experience in the development of the Small and Medium Enterprise (SME) sector in the developing world. Based in Cambodia, Ms. Salze-Lozac'h provides technical assistance to other offices of The Asia Foundation, and is currently involved in the design and implementation of economic programs in Sri Lanka and Bangladesh. Prior to joining The Asia Foundation, Ms. Salze-Lozac'h worked for a French agency on business environment issues and Foreign Direct Investments, working extensively throughout the Indian Ocean area, including Madagascar, Mauritius Island, South Africa, as well as to countries in Europe and Asia. More recently, as the manager of her own consulting firm, VSL Consulting, in France, she worked on a variety of private sector development projects for both the public and private sector. Dr. Salze-Lozac'h received her PhD from the University of Pittsburgh and has a M.A. in Public and International Affairs, University of Pittsburgh; M.A. in International Affairs and Economics, Institut d'Estudes Politiques de Paris; and an M.A. in English, Universite' Sorbonne in Paris.

Prof. Alexander R. Magno was appointed by Philippine President Gloria Macapagal Arroyo as Director of the Development Bank of the Philippines. Prof. Magno was later appointed to concurrently serve as a member of the Consultative Commission for Charter Change, an independent body tasked to study and make recommendations for changes in the 1987 Philippine Constitution. A professor of Political Science at the University of the Philippines, Prof. Magno has served as Consultant for various government agencies including the Department of Trade, Department of Finance and the Philippine Senate. He was also Consultant for the Peace Process for the Office of the President of the Philippines in 1996. He also worked as a special adviser for the Speaker of the House of Representatives from 1996 to 1998. Prof. Magno is the President of the Foundation for Economic Freedom and is an editorial columnist for The Philippine Star. He is also a contributing columnist for the Asian Wall Street Journal and Gulfnews.

Mr. Scot Marciel currently serves as Deputy Assistant Secretary, East Asia and Pacific Bureau, responsible for relations with Southeast Asia and ASEAN. Mr. Marciel, a career member of the Senior Foreign Service, joined the State Department in 1985. His most recent assignments were as Director of the Department's Office of Maritime Southeast Asia, Director of the Office of Mainland Southeast Asia, and Director of the Office of Southeastern Europe. Mr. Marciel also has served in Vietnam, the Philippines, Hong Kong, Brazil, and Turkey, as well as in the Economic Bureau's Office of Monetary Affairs. Mr. Marciel grew up in Fremont, California. He is a graduate of the University of California at Davis and the Fletcher School of Law and Diplomacy.

Mr. Eugene Martin is director of the Washington Office of the Hopkins-Nanjing Center for Chinese and American Studies (HNC). Gene joins SAIS from the United State Institute of Peace, having served as executive director of the institute's Philippine Facilitation Project in the Center for Mediation and Conflict Resolution. A retired Foreign Service officer, Mr. Martin served twice in the Philippines, as deputy chief of mission in 1996-99 and as a political military officer in 1987-90. His other Foreign Service assignments include deputy chief of mission in Beijing, consul general in Guangzhou, and earlier tours in Rangoon, Hong Kong, and Taipei. During assignments in Washington, D.C., he served as special assistant to the deputy secretary of state, special assistant to the assistant secretary for East

Asian and Pacific affairs, a congressional fellow, the Burma desk officer, and the deputy director of the Office of Chinese Affairs. Raised in India, he graduated from Kalamazoo College and did his graduate work at Syracuse University.

Dr. Felipe Medalla has been active in academia, having conducted extensive research on exchange rate policies, economic crises, and economic growth. Since 1976, he has taught at the University of the Philippines, where he is currently Professor in the School of Economics. He was former Secretary of the National Economic and Development Authority, the Philippines' social and economic development planning and policy coordinating body. He holds a Ph.D. in economics from Northwestern University.

Mr. F. Augusto J. Mier currently serves as the Assistant Director-General of the Office of Security Policy with the Philippine Government's National Security Council.

Dr. Noel M. Morada is currently a Visiting Professor of Southeast Asia Studies at the Paul H. Nitze School of Advanced International Studies (SAIS) at the Johns Hopkins University in Washington D.C. Dr. Morada is an Associate Professor of Political Science at the University of the Philippines (Diliman), where he served as Chair of the Department of Political Science from 2003 to 2007 and also served as Executive Director of the Institute for Strategic and Development Studies, an independent think tank affiliated with the regional ASEAN Institutes of Strategic and International Studies.

Dr. Morada earned his Ph.D. in Political Science from Northern Illinois University on a Fulbright scholarship, and was also awarded the Gerald Maryanov Fellow for academic excellence. His areas of specialization include Southeast Asian security, Comparative Politics of Southeast Asia, and ASEAN relations with China, Japan, and the US. He is a member of the International Advisory Board of the Asia Pacific Centre for R2P (Responsibility to Protect) based in The University of Queensland in Australia. He is also a member of the Editorial Board of the *Global Responsibility to Protect*, an international refereed journal published by Martinus Nijhoff/Brill Academic publishers in The Netherlands.

Dr. Steven Rood is The Asia Foundation's country representative for the Philippines and Pacific Island Nations. In his concurrent role as Regional Advisor for Local Governance, he helps to build local government, decentralization, and municipal government programs throughout the region. Dr. Rood, an expert on local government, decentralization, and public opinion polling, has been a consultant to both government and non-governmental organizations, including Associates in Rural Development Inc., The Social Weather Stations in Manila, and USAID. Dr. Rood served as professor of Political Science at the University of the Philippines College Baguio from 1981 until joining the Foundation in 1999, and was the only foreign faculty member with tenure in the University of the Philippines system. Dr. Rood is the author of a number of works on Filipino politics, with a special focus on democracy and decentralization. His most recent publications are *Forging Sustainable Peace in Mindanao: The Role of Civil Society; Decentralization, Democracy, and Development in The Philippines at the Crossroads; NGOs and Indigenous Peoples*, in *Organizing for Democracy: NGOs, Civil Society, and the Philippine State*; "An Exploratory Study of Graft and Corruption in the Philippines" (with Linda Luz B. Guerrero) in *The PSSC Social Science Information*; "Elections as Complicated and Important Events in the Philippines," in *How Asia Votes*. Dr. Rood received his

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