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Kinship politics in postwar Philippines: The Lopez family, 1945–1989

Roces, Maria Natividad, Ph.D.
The University of Michigan, 1990

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KINSHIP POLITICS IN POST-WAR PHILIPPINES:
THE LOPEZ FAMILY, 1945-1989

by

Maria Natividad Roces

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy
(History)
in The University of Michigan
1990

Doctoral Committee:

Associate Professor Victor Lieberman, Chair
Professor Karl Hutterer
Professor Rhoads Murphey
Professor Bradford Perkins
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For my Father

Alfredo R. Roces
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maraming salamat po.
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CHAPTER I
INTRODUCTION

On being awarded the Legion of Honor by President Corazon Aquino, Joaquin "Chino" Roces, publisher of The Manila Times, pleaded with the president:

Please al' ow me to remind you, first. That our people brought a new government to power because our people felt an urgent need for change. That change was nothing more and nothing less than that of moving quickly into a new moral order. The people believed, and many of them still do, that when we said we would be the exact opposite of Marcos, we would be just that. Because of that promise which the people believed, our triumph over Marcos was anchored on a principle of morality. To our people, I dare propose that new moral order is best appreciated in terms of our response to graft and corruption in public service. We cannot afford a government of thieves unless we can tolerate a nation of highwaymen.1

Roces' statement summarized a persistent theme in Philippine post-war political history: charges of graft and corruption are continuously levied against an administration, foreshadowing its demise at the next election contest, only to be replaced by a regime riddled with equal culpability. The 1986 'revolution' which brought Corazon Aquino to power found many supporters among those who believed that the corruption and excesses of the Marcos regime had gone too far. However, as the Roces speech poignantly illustrated, the Aquino regime which replaced it was itself guilty of similar crimes formerly attributed to the Marcos years preceding it. The irony of it all was that it was Roces who first sought the two million signatures that convinced Corazon Aquino to run for president in the first place.

Such fluctuations in Philippine politics have been an established pattern since independence was granted in 1946. Presidential administrations exposed for blatant graft and corruption, were summarily voted out of office by an outraged public, only to be replaced by an administration that eventually committed the same sins as its predecessor. Manuel Roxas, the first president of the 1946 republic died in 1948, three years after assuming office and thus was spared judgement at the polls. Vice-president Elpidio Quirino, who succeeded him and was elected president in 1949 on the other hand, quickly launched an administration peppered with scandals involving the president's family and his own party, the Liberal Party. It was at this time that Senate President Jose Avelino delivered his famous statement: "What are we in power for?" prime admission that political office was perceived to be a vehicle for personal or familial aggrandisement. The president himself was constantly accused of nepotism, of establishing a political dynasty which included promoting the political interests of his younger brothers Eliseo and Antonio. The first family was criticized for flagrant overspending as bills for refurbishing Malacanang were discovered including the overpriced "golden orinola" (chamber pot). Such a reputation played a large role in Quirino's defeat in the 1953 elections which brought Ramon Magsaysay into office.

Magsaysay himself was killed in a plane crash in 1957 and his vice-president Carlos Garcia received presidential mandate in the 1958 elections. Garcia's policy of "Filipino First" espoused by the economic nationalists as the means through which foreign-owned corporations would be turned over to Filipinos became unpopular as soon as favoritism and corruption again permeated its practice. It became obvious that prominent families and those close to the president received the best favors and special franchises. When Garcia ran for reelection his unhappy record ensured his defeat and the triumph of

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his opponent, Diosdado Macapagal. Although Macapagal's administration was relatively
less free of scandal, charges of corruption were nonetheless made. His campaign against
the powerful families, particularly the Lopez family, compelled these families to back the
election of Ferdinand Marcos who assumed the presidency in 1966. For the first time in
post war election history, one president (Marcos), was re-elected in 1969 for a second term
of office.

The Marcos regime was the longest in Philippine post-war history for after his
second term of office ended in 1972, President Marcos declared martial law and launched
an authoritarian regime which lasted until 1986. The excessive corruption of this regime
has been much documented, the first family and its 'cronies' becoming the sole
beneficiaries of political and economic rewards. Such corruption which reached hitherto
unprecedented heights gave Corazon Aquino the public support, the 'people power' which
legitimized her ascendancy to the presidential office. But as the above quotation from
Roces revealed, President Aquino was criticized for her lack of moral leadership, and for
allowing her family (the Cojuangcos) to acquire some of the wealth previously associated
with the Marcos clique. The media lamented that 'cronyism' has been replaced by
"Coryism".

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How can one explain such 'cycles' in Philippine post-war history? This thesis proposes a framework for analysis. It argues that a conflict between traditional social values embodied in *política de familia* or kinship politics and western values inculcated in the colonial period accounts for these cyclical trends. Traditional or pre-European, political organization is seen as being based on *política de familia* or kinship politics. This concept is used here to mean a political process wherein the kinship groups operate for their own interests interacting with other kinship groups as rivals or allies. *Política de familia* thrives in a setting where elite family groups and their supporters compete with each other for political power. Once political power is gained by one family it is used relentlessly to accumulate family wealth and prominence, pragmatically bending the rules of the law to gain access to special privileges.

The colonial period introduced a number of western values which eventually became incorporated into the cultural milieu of political behavior. Some of these values were in direct conflict with the traditional elements of kinship politics. The set of western values which penetrated and influenced Philippine political culture may be classified into three categories. First, ethics and morals, introduced in the Spanish period through the vehicle of Catholicism provided a new set of standards with which to conduct and judge behavior, often intruding into the established methods of comport. Secondly, bureaucratic professionalism inculcated in the American colonial period, emphasized a novel method of participating in politics and business—that of utilizing impersonal norms, the assessment of people on the basis of achievement, and maintaining objectivity in major decisions involving personalities. Finally, the concept of loyalty to a nation-state, an entity far surpassing the specific confines of the family or village began to emerge as nationalist ideas spread throughout the archipelago from the revolutionary days to the movement for independence in the twentieth century.

Once independence was granted and Filipinos assumed the mantle of full political leadership, tensions between these two opposing sets of values surfaced. This
unreconciled tension explains the peculiar behavior of post-war politics where there was a
cyclical rise and fall of governments as each administration was voted out of office for graft
and corruption. Families who operated in the traditional style found themselves exposed
and criticized in the free press by rivals who used the rhetoric of western values to attack
the families in power. Having been shown to have neglected the national interest in favor
of the familial one, these families failed to retain their power beyond one administration. It
must be stressed at this point that the call to a more rigid application of western values was
not always merely rhetoric. True, western rhetoric was often used as a ploy to discredit
other families in power and justify a rival's assumption of political office. But, in many
cases the western values were actually implemented at the beginning of the administration
only to be thwarted later by the stronger forces of política de familia. The fact that in 1986
the middle class stood before armored personal carriers in a valiant attempt to risk their
lives for the restoration of western democratic values, was concrete evidence that for some
people western values meant more than mere rhetoric.

The term family used in throughout this dissertation refers more specifically to the
family alliance group. This group refers to the bilateral extended family, the wider circle of
ritual kin, and the close friends, employees, workers, clients and allies of the family who
are personally loyal to the family patriarch. For example, a journalist who works for for
the Lopez-owned newspaper The Manila Chronicle is considered by all as a Lopez man and
is personally loyal to the Chronicle publisher Eugenio Lopez. The employees of The
Manila Times called the late publisher Joaquin "Chino" Roces, "tatay" (father) and his
sister Isabel "Bebeng" Roces, "nanay" (mother). The elite family's allies are directly loyal
to their employer (the family patriarch) and not the the family-owned company in which
they work.

But although the family network ostensibly included the alliance group, the allies
themselves were constantly shifting their allegiance. Thomas Kiefer used the adjective
"fluid" when he described the relationship between Tausug leaders and their allies because
individuals constantly changed sides in situations of political violence. And since in the Tausug world view whoever is not one’s friend is undisputably one’s enemy, such fluidity accounts for extremely unstable alliances. The characteristics of politica de familia are markedly similar to that of Tausug behavior in conflict.\footnote{The definition of family alliance has been influenced by Thomas Kiefer's study on the Tausug. See Thomas Kiefer, \textit{The Tausug Violence and Law in a Philippine Moslem Society}, (New York, 1972), especially pp. 8, 59-75.} Politica de familia presupposes a contest for power between rival elite family alliances and allies are free to switch loyalties from one family group to the other.\footnote{Scholars who have studied the structure of Philippine politics argued that this fluidity has resulted in the formation of unstable political factions composed of elite family groups. See Carl Lande, \textit{Leaders, Factions, and Parties: The Structure of Philippine Politics}, Yale University Southeast Asian Studies Monograph Series No. 6, New Haven, 1965, Alfred W. McCoy, "Yloilo: Fractional Conflict in a Colonial Economy, Iloilo province Philippines, 1937-1955", Ph. D. dissertation, Yale University, 1977, and Mary Hollnsteiner, \textit{The Dynamics of Power in a Philippine Municipality}, (Quezon City, 1963).} Thus, it must be stressed that the family alliance group is composed of members both kin and non-kin who are temporarily allied with a family leader or patriarch.

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explain overall political trends or fluctuations in administrations.\(^9\) Jean Grossholtz's study on Philippine politics first observes the conflict between traditional values and western values in her analysis of Philippine political culture. In this conflict she correctly perceived the dominance of traditional values over the more recent values which opt for universalistic codes. For Grossholtz the explanation for this dominance is rooted in the kinship structure and system of obligations:

...the communication process has not managed to illustrate the specific functional requirements of a modern political system and has failed to engender an adequate set of criteria for judging political action. The dominance of the older attitudes toward dependence on others in an alliance system conditioned by kinship and social obligations has prevented complete transition to a more complex set of quid pro quos that would hold politicians responsible for policy decisions more universal in scope. As we shall see in our analysis of the interest articulation and aggregation functions, the relevance of traditional behavior to political action creates a standard for judging political behavior on highly personal criteria and makes it difficult to build organizations committed to broad policies of common interest.\(^10\)

In a recent article, political scientist Justin Green has studied the inconsistencies between personal values and institutional values (really \textit{politica de familia} and western values respectively) in order to predict the likely success of democratic values in a post-martial law Philippines. He has observed that the strong hold of personal values make it difficult for democratic values to take root.\(^11\) Green and Grossholtz were the only scholars who looked at the conflict of values as an important framework of analyzing the idiosyncracies of Philippine political culture in the post-war period.\(^12\)


\(^12\)Studies on bureaucratic corruption in Asia have also focused on the conflict between traditional norms and legal norms as an explanation for the persistence and
In the realm of family politics or the study of family dynasties, only two articles, published very recently are available. One of the articles, on Cacique democracy is written by Cornell political scientist Benedict Anderson and argued that the Cacique elite families had political control in the Philippines from the colonial era to the present. President Ferdinand Marcos, as dictator in the martial law era is thus presented as a super cacique.\textsuperscript{13} The other study is a journalistic piece written for the Far Eastern Economic review by John McBeth. The article spoke of "Bossism" a phenomenon wherein elite families, not unlike feudal lords, complete with private armies, ruled their regional territories under the influence of strong family leaders.\textsuperscript{14} Upon closer analysis the caciquism and 'bossism' described by both Anderson and McBeth is another way of describing politica de familia.

But despite the fact that many scholars have acknowledged the importance of families and personal networks in Philippine political behavior\textsuperscript{15}, no one has investigated in detail the nature of kinship politics itself (politica de familia) through the vehicle of family history. Family history and even effective biography (most family histories and

\footnotesize{tolerance of bureaucratic corruption in these societies. See Rance P. Lee, "Bureaucratic Corruption in Asia: The Problem of Incongruence between Legal Norms and Folk Norms", in Ledivina Cariño (ed.), Bureaucratic Corruption in Asia, (Manila, 1986), pp. 69-108.}

\footnotesize{\textsuperscript{13}Benedict Anderson, "Cacique Democracy in the Philippines: Origins and Dreams", New Left Review, No. 169, May/June, 1988, pp. 3-33.}

\footnotesize{\textsuperscript{14}John McBeth, "The Boss System", Far Eastern Economic Review, September 14, 1989, pp. 36-43.}

\footnotesize{\textsuperscript{15}For an analysis of personal ties and factionalism in Philippine politics see Carl Lande, Leaders, Factions and Parties, Alfred W. McCoy, "Yolilo: Factional Conflict in a Colonial Economy", and Mary Hollnsteiner, The Dynamics of Power in a Philippine Municipality. For an analysis of patronage politics or patron-client ties and Philippine political behavior see Benedict Kerkvliet, The Huk Rebellion, Willem Wolters, Politics, Patronage and Class Conflict in Central Luzon and Amando Doronila, "The Rise of the Patron State in the Philippines".}
biographies are really hagiographies\(^{16}\) remain undeveloped fields in Philippine scholarship. Those studies that exist on the structure of Philippine politics undoubtedly acknowledge elite families as the basic building blocks of factionalism or patron-client ties, the major protagonists in the political sphere. Carl Lande, Alfred W. McCoy and Mary Hollnsteiner revealed how factions were composed of families and their supporters. Benedict Kerkvliet presented the Tinio family as significant landlords of San Ricardo, Talavera, Nueva Ecija, and Willem Wolters noted the various alliance of families which created the factions in his municipality of Barranca. (He even devoted one chapter to the Tangcangco family.) Remigio Agpalo described politics in Mindoro Occidental as the

competition and bargaining for power and status by the leading families of the province and supported by other significant families and their followers.¹⁷

Nevertheless although these studies feel compelled to touch on elite families in their discussion, the treatment of families as agents of kinship politics remain peripheral to the main concerns of the work. Agpalo is more concerned with modernization; Lande, Hollnsteiner and McCoy with the dynamics of factionalism; Kerkvliet and Wolters with patron-client ties and the erosion of landlord-tenant relations, and Amando Doronila on showing how patronage politics later evolved into the creation of a patron state under Marcos. At the same time, although these studies described for us exactly how the Philippine political structure operates, they do not provide answers to the hitherto unasked question of why such structures persist from the post-war period until the present. What compels individuals and families to coalesce into tenuous factional alliances? Why do powerful families succumb to a period of graft and corruption for the sake of a family empire? This thesis intends to provide answers to these questions through the presentation of two major themes: the conflict between the two sets of values and an in depth analysis of the mechanics of traditional politica de familia.

The thesis argues through a detailed analysis of kinship politics, that politica de familia, (or the traditional values of Philippine society which compel individuals to think in terms of family solidarity to the detriment of any other socio-political unit outside the family), is what motivated political and economic behavior in post-war Philippines. It is politica de familia that motivates families to ally into temporary factions to fulfill familial economic ambitions. Traditional values ensure that the Filipino is more inclined to perceive the world in terms of how outside resources could be used to improve the status of the family in socio-economic terms. Examined through this prism, factionalism and patron-

¹⁷Agpalo, p. 376.
client ties, elements that the above scholars have isolated as the main structures of Philippine politics, are reduced to mere symptoms of kinship politics or *política de familia*. Kinship politics is what motivated individuals and families to run for office, make or break political alliances, to legislate on behalf of the family, and to expose graft and corruption of those outside their family group in the press. The Filipino's primary allegiance is undisputably still to the family, dwarfing any sentiments that emphasized loyalty or consideration for the national interest. And the family's desire to wrest political power in order to promote its economic wealth, using kinship connections and the interlocking network of social obligations, is the 'stuff' behind Philippine political behavior.

While there is no study of kinship politics in Philippine studies (in history or anthropology), Latin American history, where elite families also predominate in both the regional and national levels, can boast of a sophisticated body of literature on family histories, the conflict between family power and state power, and family networks in politics and business. Unfortunately no study has attempted to analyze such family politics in terms of a tension between traditional methods of kinship politics and new cultural values of western origin introduced during the colonial period. The term *política de familia* itself was taken from the Latin American literature. Although the scholars themselves never actually bothered to define this terminology, the studies are excellent models of the idiosyncracies involving the actual practice of kinship politics.

Billy Jaynes Chandler's study on the Feitosa family of northeast Brazil argued that the government's attempt to break the powerful hold of the family in the Ceara region, and

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18Diane Balmori used the term *política de familia* to mean kinship politics, see "Family and Politics: Three Generations (1790–1890),* Journal of Family History, Vol. 10, No. 3, p. 247. Linda Lewin writing on family-based politics in Brazil discovered that the private correspondence of the Paraiba local bosses and of other state and national politicians defined local politics as "política de familia". In her work she used the term to describe the way a family network shared regional political posts. See Linda Lewin, "Some Historical Implications of Kinship Organization for Family-based Politics in the Brazilian Northeast", *Comparative Studies in Society and History, Vol. 21, No. 2, April, 1979, p. 265."
substitute it for the impersonal, orderly, hand of government authority have resulted in a history of continuous conflict between private power and public power. Government officers found themselves embroiled in a never-ending struggle for supremacy in the backlands of northern Brazil. In this contention, the family, with its talent in acquiring personal alliances, succeeded in subverting government attempts to encroach on its domain. Chandler discovered that the parentela was the important social unit where the individual found security and where justice and protection where dispensed according to the family's own standards. These family standards also espoused that public institutions were to be dominated by the family one. For Chandler, the parentela and its power stood as a barrier to the achievement of publicly imposed order.

Although Chandler provided insights into the political behavior of a dominant parentela, he did not elaborate on politica de familia and the relationship between economic power and political power. Mark Wasserman on the other hand makes this connection evident in a book which concentrated on the fortunes of the Terraza family of Chihuahua, Mexico in an attempt to explain the revolution of 1910 in that province. He argued that the family's all-encompassing hold on the political and economic life of Chihuahua, Mexico meant that the unrest which led to the Mexican revolution of 1910 would naturally seek its

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20Chandler defined the parentela as a large kinship group which consisted of all of one's recognized relatives including those inherited from the parents as well as those acquired through marriage. It also included other persons not linked to the family by blood or marriage but who live near the margins of its circle like tenants or employees or friends of the family. See ibid., pp.2-3. For another study on kinship politics which uses the concept of the parentela for the basic kinship group see Linda Lewin, Politics and Parentela in Paraiba, A Case Study of Family-Based Oligarchy in Brazil, (Princeton, 1987).

21Ibid., p. 4.

overthrow: "Thus the very omnipotence of the Terrazas not only produced discontent but
united the dissidents."23

The detailed account of the rise of the Terrazas family provided numerous insights
in to the nature of politica de familia. Most of the family members were both astute
businessmen and prominent politicians. Political office was then used to further expand a
thriving business empire as they secured extensive landholdings at low cost, branching out
to manufacturing, in textiles and flour milling.24 The family monopolized banking in
Chihuahua after 1900 and later expanded their economic interests in cattle, mining, meat
packing, beet sugar, a brewery and transportation.25 Furthermore, their political clout
secured for them extraordinary privileges such as substantial tax exemptions and subsidies
for their business investments. More important, to safeguard them from any threat of
competition, any economic undertaking in the province required the approval of the
Terrazas.26

By focusing on the family as an agent of socio-economic change, Latin American
historians without explicitly stating it, have diagnosed the essential components of politica
de familia.27 They have documented the step by step process in which a family utilized
political power and personal ties to acquire the special privileges that enabled them to build

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23 Ibid., p. 156.

24 Ibid., pp. 44-45.

25 Ibid., pp. 44-47 and p. 53.

26 Ibid., pp. 45-47.

a major financial empire. The studies can therefore serve as models for an analysis the mechanics of *política de familia* in post-war Philippines. Through the use of a case study of one of the most powerful families—the Lopez family, this thesis like the Latin American family histories, can document the process through which a family becomes a major political and economic powerbroker in the Philippine setting.

Although the studies discussed investigated the conflict between state power and family power, the Latin American family histories have not attempted to explore the conflict between the traditional style kinship politics and western values introduced in the colonial period. In this sense this thesis is more ambitious because it intends to focus on such a conflict and its role in shaping trends in the national politics of the post-war years. Viewed from this angle, the Latin American studies provide insights to only one aspect of the político-cultural milieu. At the same time no attempt was made to link the family histories to general political trends spanning several eras. (Wasserman's study relates the family history to only one major political event: the Mexican revolution of 1910.)

The conflict hypothesis advanced by this thesis not only puts the analysis of family politics within the confines of political culture, it also suggests an explanation for the cycles of administrations in the republican years, and the rise and fall of President Ferdinand Marcos. In this framework of analysis, the martial law regime is thus seen as the epitome of pure *política de familia* where only one family alliance had monopoly of political power and control of economic resources for an indefinite period. The unresolved tension between the two sets of values: of *política de familia* versus western values accounts for the rise of prominent families, and the graft and corruption they practice, as well as the opposition which criticizes and exposes them often resulting in their fall from power.

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A case study of one of the most prominent families of the era, the Lopez family, is used to provide empirical evidence for the conflict hypothesis. The Lopez family entered the national political arena immediately after World War II. Two brothers, one a skilled politician and the other an astute businessman, built a formidable business empire through the aggressive practice of kinship politics. In the republican period--1945-1972, they used political power to acquire the special privileges that enabled them to launch a plethora of corporations overnight. Fernando Lopez's climb from Iloilo mayor, to vice-president, facilitated his brothers' acquisition of special loans from government banking institutions providing the capital for investment. Once in power however, other rival families, as well as those politicians intent on implementing policies of free enterprise (as opposed to special privileges) criticized the family for its kinship politics.

In 1972, President Marcos declared martial law vowing to destroy the oligarchy and end the era of special privileges at last. The Lopez family was stripped of its economic empire and deprived of political power. Since the family empire was built on special privileges, loss of political power signalled its sudden economic demise. Ostracized by the powers that be, the Lopez family joined the opposition to Marcos that campaigned for an end to Marcos style kinship politics and the return of western democratic values. The 1986 'revolution' that brought Corazon Aquino to power however, allowed the Lopez family to stage a comeback. The family found itself embroiled in the struggle to rebuild its lost empire again through the methods of politica de familia---methods which they themselves criticized in the recent Marcos era.

Sources

Research for this dissertation was conducted in 1987-1988 in Canberra, Australia and in Manila, Philippines. One week was also spent as a guest of Don Fernando Lopez in Iloilo and Bacolod, in the Visayas. A genealogical study has been written on the Lopezes
by the family scholar. Oscar Lopez has edited a three volume work on the genealogy and early history of the Lopezes in the Spanish period. The family owns a library and museum in Manila (The Lopez Museum) which kept several scrapbooks on Don Eugenio Lopez, the Meralco annual reports and files on the Lopez business enterprises. Newspapers are an important source for scholars studying elite family history. Many elite families own newspapers as a political weapon and venue for the family interests. Hence The Manila Chronicle, (1947-1972--it was bought by Don Eugenio in 1947) which was family owned and run for family interests, (It never made any money, it was used as a vehicle for the political campaigns of Don Fernando Lopez and as a mouthpiece for Lopez interests), was an extremely valuable source of how the family used media for its own interests. As a source of political views of the Lopez family the newspaper yielded a gold mine of information. A close reading of the reportage of the Chronicle for the twenty four years of its operation, recorded in detail the mechanics of Lopez politica de familia as the newspaper was used to serve their business and political ends, prime examples of which will be presented in the case study. The Times of Iloilo (also Lopez owned) was also investigated in the period when Don Fernando was mayor of Iloilo (1946-1947). The Manila Times (1945-1972) and The Philippines Free Press (1945-1972) were excellent sources where rivals of the Lopez family exposed the family scandals or criticized the family. Don Eugenio Lopez himself fought every president and their political discourse was published in all these papers, with The Manila Chronicle consistently taking the side of the Lopezes and the other papers attempting unbiased reporting. The Fookien Times Yearbook (1945-1972) and the Central Bank Annual Reports (1945-1972) provided general information on the economic history of the period.

The Securities and Exchange Commission (SEC) provided documentation on the basic skeleton characteristics of the Lopez family corporations. The presidential papers (Quirino, Roxas, and Macapagal) yielded some data on complaints and court cases involving the Lopez family. The court cases pending today where the family is attempting
to regain the properties and corporations taken by President Marcos were important for an investigation of their businesses. Finally, interviews with the family members as well as their rivals, and other prominent politicians, were crucial to the investigation of family behavior. Interviews were also conducted with well-known economists and technocrats of the period to provide material for two subjects: the 'professionals in government'; that is, those that do not operate through kinship politics, and to investigate the role of technocrats in politica de familia in the 1960s and the martial law years. Since there were really no known studies on this topic, there was little direct archival material---I discovered that since I was not looking for 'official' answers the best way to corroborate a lot of the evidence was through direct interviews. Official documents were also written by those who were also looking at the topic from the point of view of western models. I have around 200 hours of interviews on tape--and I have cross-checked the sources--that is, I interviewed rivals and critics of the Lopez family as well as their allies.


Research on three other families was conducted in a more superficial level. Since the other families did not have that much documentation (except perhaps the Roces family who published The Manila Times), most of the data was taken from interviews with family members. In the case of the Rodriguez family where a Eulogio Rodriguez foundation existed, personal speeches and scrapbooks of the family patriarch were examined.
CHAPTER II

POLITICA DE FAMILIA

The Elements of Politica de Familia

Politica de familia or kinship style politics did not suddenly appear in the post-war years. Factionalism and patron-client ties, obvious symptoms of kinship politics, had been observed even in the limited political arena where Filipinos could participate under colonial auspices. Yet anthropological studies on the characteristics of politica de familia only surfaced in the 1960s, so that although one was presented with a cogent picture of the behavior of kinship politics in the post-war years, it was difficult to extrapolate such observations backwards in time through to the pre-colonial era. But the studies outlined the basic tenets of kinship politics, traits which also appear in the contemporary literature, albeit sketchy, of the colonial period. This chapter will examine the cultural baggage inherent in the operation of politica de familia in the Philippines. It will begin with a discussion of such traits in the anthropological literature done in the 1960s. The rest of the chapter will present evidence of these traits in colonial history.

Since kinship politics by definition necessitates Filipino participation in politics, a distinction should be made between the different eras of pre-war political history. The Spanish period for example had a very limited Filipino political participation and thus evidence for the dynamics of politica de familia must be gleaned from the few studies written on local government in the nineteenth century. More evidence for Filipino behavior in local government would undoubtedly be found if Spanish records were used but this was not a major aspect of this thesis. The revolutionary period, (both the first phase
against Spain and the second--the Filipino-American war) and culminating in the Malolos Republic was ideal for an examination of this phenomenon as Filipinos for the first time attempted to administer a revolutionary government. The American colonizers were the first to replace indigenous modes with a professional, democratic government system. In their attempts to institute fundamental changes, they inevitably had to confront Philippine style kinship politics. Some administrators complained about such indigenous behavior which they believed hindered their attempts at democratic tutelage. These comments nonetheless provided insights into the nature of kinship politics at the turn of the century.

The main problem with this pre-war period is that there is no study on Filipino family behavior per se and the paucity of material makes it extremely difficult to present adequate, descriptive accounts of the behavior of Filipino families in these years. It seems that hardly anyone, contemporary writers included, wrote specifically about this phenomenon. Instead, the sources reveal much evidence for factionalism and regionalism, both symptoms of kinship politics. Because the data is minute and dispersed, this chapter will focus on a few classic examples that illustrate such behavior in each major epoch in pre-war history.

Although the examples acknowledge the strong hold of kinship style politics motivating the behavior of aspiring Filipino politicians, it is difficult to then try to trace its intensity or the changing aspects of politica de familia through time. Some tentative assumptions however, may be proposed. The Spanish colonial system encouraged the already strong kinship base of political organization. Factionalism was already present in the local level elections presided by the Spanish friars and officials. The institution of caciquism which the new American rulers associated with the Spanish colonial style may be seen as another symptom of politica de familia.

During the revolutionary period, regionalism began to be observed by some perceptive Filipinos involved in the struggle itself as the main threat towards national unity. For first time Filipinos themselves start to notice the existence of kinship style politics
although they may not have been able to find the means to deal with it. In the American period, conscious efforts were made to curb kinship style politics as part of the democratic tutelage for self-government but by the end of the Taft era Americans had to make adjustments to a political style that was not to be so easily eradicated. Despite American attempts to replace it, by the eve of World War II it was obvious that politica de familia was going to remain an important feature of Filipino political culture even if it had to acknowledge the new institutions of democratic government that the Americans had so painstakingly labored to enforce.

**Anthropological Literature**

The term family more specifically refers to what Latin American scholars of family history have called the parentela. It is defined as a large kinship group which consists of all of one's recognized relatives including those inherited from both parents as well as those acquired through marriage. It also includes friends of the family, perhaps linked to the family through ritual kinship or compadrazco¹. Anthropologists describe Philippine social organization as 'familial'²:

The basic social unit of the society is the elementary family of mother, father, and children, and the extended bilateral family, which includes consanguinal relatives of both the mother and father. The influence of the family permeates all facets of Philippine

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society. It is the primary unit of corporate action about which social, economic, and religious activities revolve. 3

Religious life is home centered and each home has a family shrine. The images of saints carried in processions are owned and kept by the more wealthy families. 4 Economic activities are organized around the family whether in agriculture, fishing, or industry. Many business corporations, and even universities are family-owned with family members serving as members of the board. 5

Through the family whether elite or plebian, the individual receives his identity and finds security in an outside world of chaos. 6 The Filipino family unit itself is basically very enterprising. Most wives hold the purse strings and are involved in one way or another in a small business "on the side" to supplement the family income. The family is traditionally the main source of capital for economic endeavors with family members all working together as business partners. 7 Because it is the institution which provides employment, education, funds, moral support, identity, and security, family solidarity is all


5HRAF, p. 1., John J. Carroll, S.J., The Filipino Manufacturing Entrepreneur, (Ithaca, 1965). There is no literature on family-owned universitiestes but it is common knowledge that the Laurels own the Lyceum University, the Benitezes, Philippine Women's University, the Reyes's, Far Eastern University, and the Lopezes, University of Iloilo and Iloilo Colleges to give a few examples.


important. Parents make sacrifices to send the children to school, aware that education improves the economic potential of children and therefore the family's economic future. Orphaned elder siblings will go to work and support their younger brothers or sisters through college, despite the fact that they themselves did not receive this education. Even if they are aware that the brother or sister they are helping will probably never amount to anything they still feel the obligation. Children working in Manila will send money periodically to their parents in the provinces. Many Filipino immigrants overseas, earning dollars, continue to send material support to family members back home. At present, the money sent by Filipino workers overseas (especially from Saudi Arabia and the Middle East) is an essential source of income for many families in the homeland.

Each family also aspires to increase its source of personal alliances through the system of ritual kinship or compadrazgo and thereby enlarge its kinship network. Friends and influential people are asked to become godparents of a child in baptism, confirmation, or marriage cementing a spiritual as well as a social relationship. In this way friends or patrons become 'related' to the family itself, forming what Filipino scholars call the bilateral extended family. In the Filipino kinship group a godparent is not only obligated to look after the spiritual development of the child but also his material well-being. The godparent may be asked to help provide a job for the child in the future. It is no wonder then that many powerful persons in government are asked to be godparents. Public officials are popular principal sponsors (godparents) at weddings. The godparents and the parents of the godchild are also bonded in alliance to become curpadres and be incorporated into the family network. Some families even go to the extent of appointing


multiple godparents for their children, thus maximizing the opportunities for expanding the kinship network.

Individual interests of a family member are sublimated in favor of the more important, larger interest of the family. Marriage for example is seen as an alliance of two families and not just of two individuals. Among the Tagalog, there is a period in courting called nanlulusong, in which the boy works with the parents of the girl so that the parents can observe him. If he is not acceptable, the courtship is generally terminated. \(^{10}\)

An offense against one member of a family is perceived as a threat to the whole family. Likewise a transgression whether illegal or immoral by a family member brings shame (hiya) to his family. Nonetheless a wrongdoer is still shielded by the moral support of his family members who feel it is their duty to support him. \(^{11}\) In the same view, an individual’s achievement brings prestige to the entire family. Relatives of powerful public officials are viewed with deference as they prosper. A fashionable slang expression today is to ask if so and so is 'DBF' (which stands for de buena familia—from good family). An individual's worth is therefore inextricably bound to the prestige of his family name.

The emphasis on family solidarity thus implies that an individual's paramount duty is to support the family interest. This familial orientation, which upholds family solidarity as the ideal, tends to hinder an attachment to a wider level of social organization, like a barrio, a town, a province, and even a nation. Anthropologist Robert Fox even goes as far as to posit that from this viewpoint, "the government is often conceived of as an instrument of exploitation (taxes, regulations, and control), and a wide gap frequently separates the rural barrio people from the formal political structure"\(^{12}\). According to Fox, political

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\(^{10}\)Ibid.

\(^{11}\)Ibid.

\(^{12}\)Robert Fox, HRAF, p. 2.
organization is weakly developed in the typical barrio or village since group activities are organized on the bases of familial alliances as well as similar economic and ritual interests. The dominant family or families (here based on wealth or the size of the kin group) consequently assume village leadership. With the slight exception of emergency situations, the general reaction of barrio people to outside help and assistance is one of apathy.\textsuperscript{13} All this is merely an aspect of the personalized nature of Filipino relationships, that is, the tendency to mistrust anyone who is not a relative or close friend.

Economic historian Frank Golay supports Fox's analysis in the business sphere:

\begin{quote}
Intense family loyalties of Filipinos result in minimum identification of individual welfare of institutions outside the family. Security and status are derived from family membership, and universal recognition of the loyalties and responsibilities of family membership has handicapped the development of cooperative business organizations and the expansion of government functions and responsibilities.\textsuperscript{14}
\end{quote}

The family corporation is still a major, popular business organization and large conglomerates are often composed of extended families and the\textsuperscript{15} close allies. The top corporation in the Philippines in 1969 the San Miguel Corporation, and still one of the leading corporations today, was family owned until recently.

These traditional values which emphasize the solidarity of the family are transposed into the political arena. Local and national politics is often reduced to elite family contests for power. Because political independence ushered in an era of United States style democratic elections, certain families have become inveterate rivals to this day-- the Laurels and the Levistes in Batangas, the Cuencos, Duranos, and Osme\~nas in Cebu, the

\begin{footnotes}
\textsuperscript{13}Ibid.


\textsuperscript{15}"Top 100 Corporations", \textit{The Manila Chronicle Special Report}, September 22, 1969, pp.4-5. A dispute within the Zobel family in the late 1980s resulted in one member selling shares to a non-family member.
\end{footnotes}
Cojuangcos and Aquinos in Tarlac, the Rodriguezes and Sumulongs in Rizal, and the Zuluetas, Lopezes, Ledesmas, Confesors, and Carams in Iloilo, to cite a few well-known examples.

*Concepts Associated with Política de Familia*

Each person has a role to play within the family as a whole, as a sister, son, mother daughter, or *cumpadre*, and each role is equipped with its corresponding obligations. These obligations are controlled by the social values, the two most important being *utang na loob* (debt of gratitude) and *hiya* (shame). Mary Hollnsteiner (ar: anthropologist who specializes in the study of reciprocity in Philippine values) sees *utang na loob* reciprocity as an ancient, Filipino operating principle. It occurs...

...when a transfer of goods or services takes place between individuals belonging to two different groups. Since one does not ordinarily expect favors of anyone not of his own group, a service of this kind throws the norm into bold relief. Furthermore, it compels the recipient to show his gratitude properly by returning the favor with interest to be sure that he does not remain in the other's debt. The type of debt created is called *utang na loob* (literally debt inside oneself) or sense of gratitude.\(^{16}\)

All Filipinos should be aware of their *utang na loob* obligations and although repayment cannot be measured, one should always attempt to repay it. Failure to fulfill one's *utang na loob* by repaying with interest brings *hiya* or shame on the side of the guilty party. *Hiya* may be translated as "a sense of social propriety". Violation of social norms elicits a deep sense of shame and to call a Filipino *walam* *hiya* or "shameless" is to wound him deeply.\(^{17}\)

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\(^{16}\)Mary Hollnsteiner, "Reciprocity in the Lowland Philippines", in Frank Lynch and Alfonso de Guzman II, *Four Readings in Philippine Values*, IPC Papers No. 2, (Quezon City, 1973), p. 73.

\(^{17}\)Ibid.
Although *utang na loob* does exist between non-kinsmen, when transferred to the realm of the nuclear family, the emotion attached to it goes far deeper. Children must be forever grateful to their parents not only because of all that they have done for them but more fundamentally for giving them the gift of life. Parents never develop *utang na loob* toward their children although they have a duty to rear them. Hollnsteiner sums up the unique importance of parent-child *utang na loob* very well:

This complementarity breeds a special closeness among family members, imposing on them a deep-seated obligation to cling to one another. They have no choice but to help their closest relatives when the situation demands. Furthermore, whereas the parties to a nonfamilial *utang na loob* relationship may calculate whether or not the return payment has indeed been made with interest, this kind of thinking is foreign to the family. One does one’s duties and performs one’s obligations as need arises; failure to do so arouses deep bitterness and the feeling that a sacred unifying bond has been torn asunder and a family betrayed.  

Values such as *utang na loob* and *hiya* are the regulators that pressure individuals to conform to their social obligations. Family members must fulfill their assigned roles since to label a person *'walong hiya'* is tantamount to breaking relations. In a society where personal relations and connections are necessary for success, ostracism, resulting from being branded *'walong hiya'* or *walong utang na loob*, is a punishment that could severely cripple one’s success.

Another operating principle of *politica de familia* strengthening family solidarity is the social value of *pakisisma*. This Tagalog word is derived from the root *'sama'* which means ‘accompany, go along with’. This value may be described as "the lauded practice of yielding to the will of the leader or the majority so as to make the group decision unanimous".  

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18 Ibid., p. 76.

suggestions of the group leader. In areas of conflict one may be told "pagbryan mo na siya" (let him have his way) in order to promote smooth relations within the group.

Ideally, one must observe pakikisama with one's kin group and not with one's enemy. If one family member is seeking the company or 'going along with' members of the family's rival he is told to back off with the question: "Bakit ka pakikisama diyan?" (Why are you associating with them?)

The tone of the question is a reprimand which should act as a stern warning.

One other Tagalog concept is associated directly with politica de familia: palakasan. The word 'malakas' literally means 'strong' and the word 'mahina' designates the opposite - 'weak'. In a political sense a person who is malakas is one who in a position of power would use that power unscrupulously to benefit his kinship group. For example, in government, a politician can procure government jobs for all his relatives and provincemates. A person who is malakas is very influential since he is able to bend the rules of the law for the members of his kin group. A malakas person would not hesitate to use his power to gain even more power since the assumption is that power and influence is to be used, and used most especially for the benefit of the kinship group.

One who does not want to use his position or power to help his kin group is 'mahina'. And to be branded "mahina ka" (you are mahina--weak) is pejorative. In the cultural value system 'malakas' is a virtue. One who is malakas is looked at with awe and it would enhance one's position to work for such a malakas person. Thus, one's being malakas or mahina becomes a culturally-defined yardstick of a person's prestige, power, and influence. If a family is malakas, many would want to work for it or desire an alliance with it. The unabashed ability to display how 'malakas' one is by using one's power to

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give one's family special privileges and concessions in business is received with great admiration.

Palakasan is the system wherein those in power compete with each other in obtaining special privileges, exemptions from regulations and bending the rules of law for their kinship group. For the palakasan system to function, there must be various groups of family rivals all attempting to exercise power in the pursuit of family wealth and privilege. Each family then tries to outdo the other in being "malakas". George Guthrie defines palakasan as "competition for favors based on power". Although there are some good studies written of utang na loob, hiya, and pakiksama, there is no study of palakasan. (Even Guthrie devoted only two paragraphs to this phenomenon in his discussion). Journalists, on the other hand, especially columnists, have written on the palakasan system when criticizing the politics of the post-war era.

In the 1960s Manila Times columnist Alfredo R. Roces devoted a number of columns to politica de familia but which he termed policracy. He pointed out that the prevalence of inequality before the law has led many to believe that a double standard was applied in the Philippines -- one for the rich and another for the poor. He argued that more accurate division of Philippine society to which the double standard is applied is that between the malakas and the mahina. For example, in the case of tax payments, there were

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some rich who paid their taxes and some not so well off who evaded payment and in doing
so became wealthy. Those who paid were looked upon as mahina.

It is not actually wealth, as much as political influence or social
power, that perverts justice, although we readily concede that wealth is a
major weapon. All things being equal in other words, a rich man has a
better chance in the courts than a poor man because he can hire superior
lawyers but the real factor that makes the difference is the question of who
is malakas, and this is a matter of kinship with the powers that be, or
influence, or patronage. To a large extent people in this country belong to a
"following", and their actions are based on this allegiance. The yardstick
often used whether one is malakas or mahina is the manner in which one
can demonstrate one is above the law.23

In the case of tax evasion alluded to above, palakasan is used not merely to bend the
rules of the law but actually to break the law. One who is malakas can break the law and
escape punishment. Because of this, there exists what Roces calls the malakas-criminal;
the son of a congressman, mayor or wealthy tycoon for example, who grows up
surrounded by bodyguards and petty officials who ingratiate themselves with his father.

After his brushes with the law he is naturally protected by the father.
In our familistic society, it is a father’s social obligation to help his son.
Furthermore, the family name and prestige also force him to cover up the
sins of his kin. Hiya values what society will say is a concept of family
honor based on appearances.24

The palakasan system is therefore inextricably linked to politica de familia; one who is
malakas uses his power for his own family’s privilege including shielding one’s criminal
kin from the law.

These concepts associated with the mechanisms of kinship politics demonstrate that
politica de familia is intricately bound to Philippine familial values. One’s obligation to
one’s kinship group compels one to support his family. A father must protect his son,
even if the son is guilty of a crime. Exposing his son to the police would make him a bad

23 Alfredo R. Roces, "Faulty Yardstick", Light and Shadow column, The
Manila Times, January 25, 1968, p. 4A.

24 Alfredo R. Roces, "Peculiar Problem", Light and Shadow column, The
Manila Times, August 4, 1966, p. 4A.
father in the eyes of society. Relationships of reciprocity also inevitably dictate behavior
upholding the kin group. A ninong (godfather) who may be a senator feels obliged to give
his aijado (godson) a job in the civil service even if he knows the man is unqualified. A
cabinet minister is asked by one with whom he owes an utang na loob to bend the laws for
a family business and he feels he must grant the request. Such values reinforce the
distinction between the family and the outside group and outlines the complex layers
implied in the operation of the social values, hiya, and pakikisama in particular. For
example kinship values stress 'do not embarass me outside my kinship group'', but within
the family, the kin members cover up the hiya brought about by one member. Despite the
fact that the family acknowledges that the offending kin member behaved wrongly, the
family itself would refuse discuss it.

The style of kinship politics or politica de familia discussed in this thesis is the
family's use of political office to enhance its own business empire. The solidarity of the
family and the values that perceive the welfare of the family as paramount, legitimizes
within the family itself, kin behavior in the procurement of family power. The outside
members of society may censure such actions or label a non-kin walang hiya but such an
accusation does not undermine the unity of the family. Since chapter three will discuss
how the introduction of western values added another complex level to the way politica de
familia is perceived, the discourse on politica de familia will stop here. Instead the rest of
this chapter will present evidence of politica de familia as it appeared in the various eras of
Philippine history although at present no conclusions may be made (pending further
research) on the evolution of politica de familia through historical time.

Política de Familia in Philippine History

There is no possible way one could accurately display evidence for kinship politics
in the pre-colonial period given the nature of the sources, but one important point may be
made about the pre-colonial settlement patterns that has bearing on the subject of kinship politics. The basic unit of settlement was the barangay which was composed of a kinship group. The Philippines was settled in trickles rather than in migratory waves, trickles composed of kinship groups. When the Spaniards came to the Philippines a centralized state apparatus did not exist beyond this conglomeration of kinship groups (with the minor exception of the Islamicized settlements in Manila and in the south). The scattering of many independent barangay units throughout the archipelago reinforced the fragmentary nature of the existing socio-political structures.25 The ease with which the Spaniards succeeded in subjugating the peoples lay in precisely the fact that fragmentation precluded organized resistance in a large scale.26 Some barangays may have seen the Spaniards as a welcome ally against rival barangays as in the case of the dispute between Datu Lapu-Lapu and Datu Humabon which resulted in the death of Ferdinand Magellan.27 The early Spanish conquistadores in their efforts to create a local government built on the existing system when they appointed the barangay leaders as cabezas de barangay as the barangays were transformed into barrios. Although beyond this assertion nothing much may be inferred about the origins of politica de familia in pre-colonial society, it is important to note


26 Robert B. Fox, Looking at the Prehispanic Community", p. 358.

27 The conflict between Lapu-Lapu and Humabon may be perceived as the first factional quarrel recorded in Philippine history. Humabon sought the aid of the Spaniards in his dispute with Lapu-Lapu. Ferdinand Magellan's involvement in this struggle cost him his life. Interestingly Filipino nationalists like to interpret such an incident as the fight between the 'collaborator' Humabon and the nationalist hero Lapu-Lapu with the later often portrayed as the first Filipino hero. In reality the incident showed the behavior of two rival barangays in this time period.
that when the Spaniards came Filipinos were not exposed to any other political system above the barangay or kinship group level.

Late Spanish Period

Filipinos were denied access to political office except in the local level during most of the Spanish colonial era and thus evidence for kinship politics is practically nil. However, in the late nineteenth century, (post 1850) the enlargement of the government bureaucracy provided opportunities for jobs in the civil service. Historian Michael Cullinane thus argued that at this point there were two venues for Filipinos who aspired for political office. On the one hand one could participate in local municipal politics and vie for the elective posts of gobernadorcillo, capitán municipal, and teniente mayor, for example. On the other hand one could concentrate on national politics at the capital, Manila, where the new bureaucratic jobs furnished prestigious employment. Lawyers aspired to be prosecuting attorneys, (fiscal) or judges (juez ed primera instancia), and doctors aimed at appointments as heads of health boards (medico titular). Although of course one had to have received the necessary education to be considered, positions however, were not acquired by merit or the successful passing of standard examinations, but through the politics of patronage. Naturally, personal ties would be milked in the procurement of a job encouraging the practice of kinship politics. Unfortunately such a politics of patronage was difficult to document. But the practice encouraged the use of personal and kinship ties in the pursuit of bureaucratic office.

In the local level, Glenn May's study of Batangas presented elections as major contests between factions, not so much for the salary or the prestige such a position accrued, but for the privileges that accompanied it. Not being the faction (and here May refers to a powerful local family) in power also meant that one would have to endure certain disadvantages. For example, a family's influence over the gobernadorcillo ensured that new roads and bridges led to their sugar estates. Their influence in the judiciary meant that any cases brought against their family could be quelled. Furthermore, in assessment of taxes and fees it would be possible for the gobernadorcillo to bend the rules of law in favor of the family that sponsored his election.\(^{29}\) Because these important privileges were at stake, factions did not hesitate to employ illegal means to win at any cost.\(^ {30}\) Factional contests between contending families were therefore already prominent in the late nineteenth century in the municipel contests engineered by the Spanish regime. Finally, May perceived such kinship politics as being so ingrained in Philippine culture that Americans experienced difficulty in replacing them with democratic ideals:

In retrospect, however, it seems obvious that the root cause of the perceived problem (or at least, one of the causes) was not too little political experience but rather too much. What the Americans were struggling against was, in large part, the political legacy of Spanish colonialism. Under Spanish rule, the leaders of Philippine communities had learned not how to serve government, but rather how to use it. The holding of office was seen to be not an end in itself, but rather a means to the end of promoting particular interests.\(^ {31}\)

The Spanish system was probably conducive to the practice of kinship politics in a culture where family values were paramount. Although May limited his focus to a study of factions and neglected to investigate how these powerful families behaved as leaders of


\(^{30}\)Ibid., p. 35.

\(^{31}\)Ibid., pp. 36-37.
factions, his work exposed the fact that in the late nineteenth century families were already involved in *política de familia* at the local level when the national arena was still denied to them.

**Revolutionary Period**

Personal disputes peppered the activities of the protagonists involved in the Propaganda Movement (1880-1895) whose ideas gave birth to the revolt against Spain. Such personal disputes between the major *ilustrado* leaders however were not clearly indicative of *política de familia* at work.\(^{32}\) Perhaps because they were a tiny, select group who largely remained ensconced in Spain, circumstances never permitted grounds for political intrigues and disputes. Once the revolt was launched and talk of the formation of a Philippine revolutionary government became imminent, the symptoms of kinship style politics began to emerge as Filipinos tried their hands in organizing and implementing their own administration. In fact, one could argue that the revolt against Spain (the first phase, 1896-1897) failed because kinship politics succeeded in undermining unity among the rebels who were confronted for the first time with fighting for a cause that superceded their own regional boundaries. The assassination of Andres Bonifacio, (the leader of the Katipunan, the secret society which initiated the revolt) under the orders of General Emilio Aguinaldo lay bare the weakness that would inevitably whittle away revolutionary ardor, blatantly exposing the triumph of regionalism over national unity.

The uprising in Cavite suffered military losses due to the mutual suspicions between two rival factions, the Magdiwang and the Magdalo. Andres Bonifacio, leader of the revolution, although not a Caviteño was asked to mediate and solve the question of

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leadership in that province. Unfortunately, some of his behavior irked the Magdalo faction who perceived his actions as impartial. For example, at the convention Bonifacio summoned the Magdiwang Ministers to sit at his right side. Bonifacio was merely acting with regard for his wife’s uncle who was president of the Magdiwang. But his kinship relation with the Magdiwang president consequently aggravated the situation. It also signified that even the supremo who began the revolt to form an independent nation automatically thought of fulfilling his kinship obligations, unaware that even such a seemingly insignificant gesture would produce disastrous results.

Ultimately both factions decided that a convention be held in Tejeros, Cavite were elections could be held for the new Philippine revolutionary government. Already strong regional sentiments permeated the highly tensed atmosphere. Santiago Alvarez, a Magdiwang took the floor in anger and declared:

We, the rebels of Cavite, especially those under the Magdiwang, recognize the Government organized by the Association of the Sons of the People. And if you want to set up another form of government, you can go back to your own province and wrest the authority from the Spaniards, as we have already done. As such, you can do whatever you want to and nobody would interfere with you. We of Cavite,...do not need and will never need any adviser of your own standing only.”

Bonifacio himself noted the atmosphere of suspicion that Caviteños held of those not of their province:

Moreover, before the election began, I discovered the underhand work of some of the Imus crowd who had quietly spread the statement that it was not advisable that they be governed by men from other pueblos, and that they should for this reason elect Captain Emilio as President.

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33 Teodoro Agoncillo, *The Revolt of the Masses*, (Quezon City, 1956), pp. 204-205.

34 Quoted in, *ibid.*, pp. 210-211.

35 Quoted in *ibid.*, p. 216.
The result of the elections caused further divisions. Emilio Aguinaldo was elected president, with Artemio Ricarte as Captain-General and Andres Bonifacio, Director of the Interior. Hurt by the denial of the Presidency and insulted by Magdalo Daniel Tirona's remark that Bonifacio's lack of legal education excluded him from assuming an office he acquired through election, Bonifacio and his supporters left Tejeros and shortly formed their own government in a document called the Acta de Tejeros. In this document Bonifacio revealed that they would maintain the status quo prior to the Tejeros convention. The existence of two revolutionary governments signalled the end of Filipino unity in the revolt against Spain and reduced the struggle to the level of a factional fight. General Artemio Ricarte (considered a Caviteño although not originally from that province), who at first refused to take his oath of office because it would cause misunderstandings, lashed out at his critics with bitterness:

I have made a promise to fight for the independence of the Philippines, but unlike you and others here, I have not made any promise to serve one person or persons belonging to only one province of the Islands.\(^{36}\)

In order to preserve the unity of the rebels, General Aguinaldo ordered the capture and execution of Bonifacio and his brother. Only one revolutionary government now reigned but the assassination of the supremo was an unsavory incident, a thorn on the side of the victorious Caviteños. Historian Teodoro Agoncillo concluded "The attendant conflict of power, heightenèd by regional prejudices and love of personal glory, almost led to an untimely failure for the Revolution."\(^{37}\) More significantly, it meant the rise of the Caviteños (all the officers of the revolutionary government were Caviteños) as


\(^{37}\)Agoncillo, Revolt, p. 291.
powerholders. Although the Batangeños declared allegiance to Bonifacio in the
revolutionary split, inevitably they had to concede to the new government in Cavite.

The Pact of Biak na Bato which signalled the end of the first phase of the revolution
forced Aguinaldo and his main supporters to begin exile in Honkong. Hostilities between
the Spanish army and the Filipino insurgents were to cease and the Spaniards agreed to pay
a sum of P800,000 in three installments. Once Aguinaldo left for Hongkong with
P400,000, dissent began to permeate the leaders of the revolt, many of whom remained
in the Philippines. It was agreed among the insurgents that the money would be saved to
buy arms to continue the revolt in the future. However, personal jealousies again interfered
between the members of the Hongkong junta (as those in exile in Hongkong were dubbed)
and those who stayed in the Philippines. Aguinaldo was disappointed that the P200,000
given to the insurgents back home was already divided among themselves, while Isabelo
Artacho left Manila for Hongkong demanding half of the funds deposited in the Hongkong
banks. Artacho even sued Aguinaldo for the money (unless he was paid P40,000) so that
Aguinaldo had to sneak out of Hongkong.38 Such actions only weakened the unity of the
rebels and at the same time underscored the importance of the struggle for independence
since personal interests intermittently came to the fore taking precedence over the over-all
goal of the winning freedom from the colonial power.

The inauguration of the first Philippine Republic at Malolos unleashed once again the
regionalism and factionalism that so undermined the first phase of the revolution. At this
point the Filipinos were already contending with the possibility of fighting a new
adversary—the United States. The approval of the Malolos constitution and the declaration

38 Teodoro Agoncillo, Malolos The Crisis of the Republic, (Quezon City,
1960), pp. 53-64. Eventually Aguinaldo paid Artache P5,000 for his silence. See also
Ricarte, Himagsikan, p. 138. Ricarte even argued that the quarrels between Aguinaldo and
Artache over money would have worsened had it not been for the advent of the Spanish-
American war which reinvigorated the revolt against Spain.
of Philippine independence however, masked the disunity that persisted in the upper eschelons of the new government. There was competition between the Paterno-Buencamino *ilustrado* faction and the Mabini Cabinet (Apolinario Mabini served as Emilio Aguinaldo's adviser and was given the epithet "the brains of the revolution" in its second phase—the war against the United States). The *ilustrado* group who composed the board members of the Department of the Treasury\(^{39}\) sought to establish a bank that would deal with the national loan. The stipulation was that the bank would take over the government's income from the personal taxes in the event that the government failed to pay the yearly interest. It was an attempt by this faction to control the actions of President Aguinaldo for as Mabini aptly warned him: "Since it is the Treasury that supports you, (it follows) that the wealthy men who control the Treasury would have you in their clutches."\(^{40}\) This *ilustrado* group was aware of Mabini's strong influence on Aguinaldo and intended to oust him. Although the fall of the Mabini Cabinet has been attributed to differences in policy regarding America,\(^{41}\) and although there was no record of whether the bank was established, historian Agoncillo perceived the event as the desire of the Paterno group to wrest power for themselves.\(^{42}\) Facionalism continued to threaten the already precarious stature of the first Philippine Republic.

The bonds of regionalism severely crippled the military strategies once the Filipino-American war erupted. The assassination of General Antonio Luna was a major turning

\(^{39}\)This group later became the first group of *ilustrados* who collaborated with the Americans. Prominent among these were Pedro A. Paterno, Felipe Buencamino, Benito Legarda and Ambrosio Rianzares Bautista. See *ibid.*, p. 393.

\(^{40}\)Quoted in *ibid.*, p. 394.

\(^{41}\)The Paterno-Buencamino group favored the American promise of autonomy while Mabini was against it: "I laugh at all this because those who get tired after months of struggle will be of no servie except to carry the yoke of slavery." *Ibid.*, p. 404.

point in the military aspect of the insurrection against the United States. Luna was 
assassinated by Kawit men (Caviteños) whom Luna sought to punish for insubordination.
Aguinaldo’s support of the Kawit men and his refusal to back Luna’s assertion that the 
Philippine army must maintain a standard of discipline in order to win the war, illustrated 
both his fear of Luna as a political threat, and his preference for his fellow Caviteños. In 
the words of Mabini:

If Aguinaldo, instead of killing Luna, had supported him with all his 
might, it would be too much presumption to say that the revolution would 
have triumphed; but I have not the least doubt that the Americans would 
have had a higher idea of the courage and military capacity of the Filipinos. 
If Luna were living, I am certain that the deadly blow given by General Otis 
would have been checked or at least avoided in time, and Aguinaldo’s 
incapacity in the military command would not have been clearly 
demonstrated. Moreover, to get rid of Luna, Aguinaldo availed himself of 
the same soldiers the former had punished for the breach of discipline; then 
Aguinaldo killed the discipline, destroying his own army. With Luna its 
firmest support, the revolution fell...43

Mabini’s own analysis for the failure of the revolution (one which Ricarte also 
endorsed) focused on Filipino regionalism and factionalism.

In brief, the revolution failed, because it was badly directed; because 
its director gained his place, not by meritorious, but by reprehensible 
actions; because, instead of sustaining the most useful men for the country, 
he rendered them useless by jealousy. Believing that the aggrandizement 
(sic) of the people was but his own personal aggrandizement, he did not 
appreciate the merits of men by their capacity, character and patriotism, but 
by the degree of friendship and kindness that tied them to him; and wanting 
to have his favorites ready to sacrifice themselves for him, he became 
indulgent even with their faults. For having thus despised the people, he 
was abandoned by the people; and for having been abandoned by the 
people, he fell down like a waxen idol, melted to the heat of misfortune. 
May we not forget so terrible a lesson, learned at the expense of 
unspeakable sufferings.44

44Ibid., pp. 50-51. See also James LeRoy,(ed.), "Apolinario Mabini on the 
Failure of the Filipino Revolution", reprinted from the American Historical Review, vol. 
XI, No. 4, July, 1906, Worcester Philippine Collection, University of Michigan. Ricarte 
quotes this same passage in explaining the failure of the revolution, Himagsikan, pp. 78- 
79.
Here again the strong tendency towards regionalism and factionalism, both symptoms of kinship politics undermined Filipino unity from the tender moments of the fledgling republic.

In the provincial and municipal levels, at least in Luzon, kinship politics was manifest in the role of elite families in the revolution. Milagros Guerrero writing on Luzon elites in the revolution argued that the continual entrenchment of political powerful families in some municipalities roused protest from rival elites as well as the common folk. In Kandaba, Pampanga, for example, election fraud impelled residents to petition to Aguinaldo. Apparently the Evangelista family and their relatives managed to capture the offices of town president, councillor of justice, councillor of taxes, and head of the poblacion. The collection of taxes apparently went to the family's private coffers rather than the general welfare of the town. Guerrero pointed out however that the Insurgent Records "provide scanty information on the nature of the support for these powerful families and the character of the factions (partidarios) responsible for the opposition to familial politics". She also pointed out that the Malolos Republic itself did little to correct "the evil aspects of regnant familism", perhaps because it had to contend with American intervention and in the quest for support probably had no other alternative but to recognize the domination of the powerful provincial families. In this manner kinship politics was permitted to thrive unchecked even by the First Philippine Republic.

These examples of the behavior of those active participants in the Philippine Revolt against Spain, the Malolos Republic and the war with the United States illustrated the

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46Ibid.
pervasive hold of kinship politics manifested in factionalism and regionalism.

Unfortunately, nothing much has been written on the specific behavior of families at this point like the Evangelista case discussed by Guerrero above. More research on this aspect would probably display intricate connections between powerful families and the major protagonists of the Philippine revolution and the first Philippine Republic. At this point however, and in relation to this thesis, it would suffice to argue that the Filipino propensity to operate according to the dictates of politica de familia was a major factor in undermining national unity, and crucial in contributing to the failure of the Philippine revolt against Spain and the crisis of the Malolos Republic.

American Period

There is ample evidence for the florescence of kinship politics in the American period. American administrators determined to inculcate a system of good, clean, and efficient government constantly complained that their failure to apply such techniques in the Philippine context was a result of their adjustment to what Felix Keesing, an early twentieth century ethnographer, and historian Michael Cullinane termed 'the Hispano-Malayan' forms of authority.\(^{47}\) In a study of the introduction of American institutions in the first decade of American occupation (the Taft era-1900-1913)\(^{48}\), Cullinane observed that in the


\(^{48}\)Michael Cullinane points out that all the basic American democratic institutions were introduced in the Philippines in the Taft era (1900-1913). Some of these include the electoral process, a civil service based on merit, an extensive judicial mechanism, a bill of rights, a functioning system of municipal, provincial and national governments, a Filipino legislature, and a political party system. See chapter three for a detailed discussion of this. Michael Cullinane, 'Implementing the 'New Order': The
local levels American colonial officials exerted little influence over daily life in the barrio. Because Americans needed initially to utilize the Filipino ilustrado elite in the bureaucracy and later in local and national electoral politics, "the eccentric behavior of local officials and their enthusiasm for politicking could be tolerated."\textsuperscript{49} Cullinane concluded that Americans experienced difficulty in trying to control and supervise Filipino political behavior in the local and municipal levels so much so that

> The "democratization" of the Philippines was carried out more by the Filipino leaders, operating within their own cultural values and their own conceptions of American democracy, than by the colonial "supervisors." Without fully intending to, the Americans permitted the political process to conform more to "the customs, the habits, and even the prejudices" of the Filipinos, or more specifically those of the elite, than they initially realized. Over thirty years later, Joseph Ralston Hayden concluded that, "Despite Manila supervision, to a considerable degree the quality of Philippine local government has been determined locally," and political behavior remained "genuinely representative of the ideas and other forces which dominate Filipino life."\textsuperscript{50}

What exactly comprised what Keesing, Cullinane, and Hayden labelled the Filipino (or even Spanish) political behavior? Although none of these authors explicitly outlined in detail what they meant, examples from the studies and other American contemporary accounts provide some information on kinship politics at the turn of the century until the 1930s. The problem with the contemporary accounts of the Philippine situation was that most of them were written by American ethnographers, officials or bureaucrats with the primary purpose of brandishing arguments for the American occupation of the Philippines. Hence, most of them envisioned the American regime as the savior that would deliver the common Filipino tao from the evils of the Spanish legacy of caciquism. Nonetheless some

\textsuperscript{49}Ibid., p. 37.

\textsuperscript{50}Ibid., pp. 39-40.
descriptions of Filipino perception of political office and the nature of caciquism, albeit exaggerated, merit emphasis.

William Cameron Forbes, governor-general in 1909 for four years wrote that American officials taught the principle, "...new to the Filipino, that a public office was a public trust, that a government officer was to labor for the welfare of his community, and that the public revenues were used for the public benefit and for no other purpose." Katherine Mayo also made this point and quotes W.H. Taft on this same observation. Taft wrote:

The idea that a public office is a public trust had not been implanted in the Filipino mind by experience, and the conception that an officer who fails in his duty, by embezzlement or otherwise, was violating an obligation that he owed to each individual member of the public, he found it difficult to grasp.

Forbes advocated strict supervision of such Filipinos because "In the light of centuries of examples of the other sort, where the appointed officials systematically enriched themselves and rendered little service in return for their pay, it was not surprising that, wherever supervision was relaxed, the old order of things should immediately crop up again." Nicholas Roosevelt in a book intended to outline Philippine problems was more explicit when he pointed out that Filipinos were more interested in obtaining power and privilege than in carrying out the American political experiment; "they seized the spoils and divided them among their supporters and relatives." He argued that among the Malays, (and here he specifically refers to Filipinos and the Javanese), loyalty is strong to a person rather than to a cause: "This personal loyalty is one of the reasons why political unity is

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53Forbes, pp. 166-167.
practically impossible either in Java or in the Philippines." May 56 Critical of what he termed 'the policy of overhasty Filipinization', Roosevelt deduced that the problem of Filipino politicians was their monopoly of power within legal and illegal means for the promotion of their personal ambitions as 'they made business out of politics'. Mayo, who claimed that her study investigated the plight of the common tag in the countryside, revealed in her anecdotes and stories that the Filipino is outraged if a crime is committed against a family member but sees nothing in it if it happens outside his family group. Furthermore, in her examples of cacique dominance she pointed out that the powerful politician and his 'parientes' (relatives) were above the law.

A favorite incident cited by most accounts to illustrate the evils of Filipino corruption was the Philippine National Bank (PNB) fiasco. In 1918 a major scandal was exposed concerning the behavior of Filipino bureaucrats in the upper echelons of the PNB. The bank became a vehicle for patronage. The president General Venancio Concepcion brought with him "an extraordinary network of personal links" as he sought "to guide the bank, the economy, his friends, and his personal fortunes through the heady excitement and risks of the wartime boom". Dummy loans were made to two of the bank's directors on Concepcion's authority. Many of the loans were unquestionably unethical with excessive loans made to prominent political figures. Directors of the banks

55Ibid., p. 64.
56Ibid., p. 24.
57Mayo, p. 21.
58Ibid., p. 19.
60Ibid., p. 244, and Mayo, p. 114. Mayo disclosed that one loan of $50,000 was made to Mr. Quezon without security with the directors paying it once it was discovered by the examiner.
for example, authorized large loans to companies in which they themselves were investors, with many of them to finance personal consumption instead of encouraging production or commerce. From this behavior historian Peter Stanley deduced that "Plainly, the bank had become a vehicle for elitist profiteering and back-scratching, an institutional reflection of the dyadic and familial character of Philippine personal ethics".

The American administrators were obviously appalled at such blatant corruption which in the words of the Wood-Forbes report comprised "one of the most unfortunate and darkest pages in Philippine history". Clearly, what they perceived to be professional incompetence, mismanagement or corruption, was in reality Filipinos operating according to the rules of política de familia where privileged positions were utilized for the enlargement of one's family enterprise. What was so poignant about the experience was the PNB debacle became the precursor of the pattern of political scandals that so characterized the kinship politics of the post-war years.

The development of Filipino political parties from the turn of the century to 1907 revealed Filipino ilustrados engaged in kinship politics as they jockeyed for political positions in the new colonial regime. In 1900 the only party that enjoyed favor with the American colonial administrators particularly with governor-general William H. Taft was

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61Ibid., and Mayo, pp. 199-111. Mayo cited an incident where Bank Director Vicente Singson Encarnacion received a loan from the bank in favor of Compania Naviera de Filipinas where he as both President and substantial stockholder. The loan was for the purchase of three boats which when liquidated lost money for the bank. Bank directors Singson Encarnacion, Vicente Madrigal and Ramon J. Fernandez lent to themselves as stockholders in three companies. The bank president himself, General Venancio Concepcion loaned money to corporations where was a substantial stockholder. This all occurred despite Article 35 of the Bank Act which forbids the PNB to grant loans to the banks' Board of Directors. In fact, many of the Directors themselves were among the banks' heaviest debtors.

62Stanley, p. 244.

the Partido Federal. The Federalistas were composed of *ilustrados* who were the first to cooperate or collaborate with the Americans primarily because they were given political roles denied to them by the previous Spanish regime. In 1901 all governmental posts above the municipal level were appointive, making it absolutely essential for aspiring politicos to have close personal ties with the Americans in power. The Federalistas, the only ones with access to high ranking Americans, particularly governor general Taft, had sole monopoly of political patronage so much so that any aspiring bureaucrat needed the endorsement of these *ilustrados* in their quest for public office. Those who aspired to be a member of new colonial bureaucracy therefore needed to utilize the personal network that identified them with the Federalistas.

Every manner of social device and relationship was utilized for personal advantage. Many of these intricate mechanisms were little understood or even observed by Taft and the American Commissioners, who unless they had specific reasons of their own to favor or reject a particular candidate for office, surely deferred to their Filipino counterparts.

Federalista control over political patronage was the basis of the party’s support in the provinces, since affiliation with the party, especially after peace was established, was the surest means for a would-be provincial leader to realize his ambition.64

Given the privileged position of the Federalistas, opposition to the group developed primarily because of resentment to Federalista monopoly of political patronage.65 Those who had no close relationships with the Federalistas felt excluded from all possibilities of government office. The Federalistas themselves were divided over petty personal quibbles on who should be bestowed the mantle of leadership.66 Eventually as new doors for

64Michael Cullinane, "Ilustrado Politics", p. 96.
65Ibid., p. 112.
66Ibid., p. 115, also pp. 146-153.
political office were opened in the field of electoral politics, at first in the municipal and provincial areas, a more elaborate and lasting source of patronage developed. The new parties that arose no longer depended on Federalista support or close alliances with the American governor-general. A more intricate web of personal networks with local, provincial and municipal leaders as well as ties with American bureaucrats became the new strategy for political power. By the time of the victory of the Nationalista Party in the elections for the National Assembly in 1907, new venues for political power had emerged. Competition for governorships for example led to the formation of family alliances (early factions) in the intense struggle for dominance in a province.67

Once electoral politics became the venue for political power, factionalism became the characteristic trademark of Filipino political behavior. Disputes between the major parties and dissentions among members of the same party could almost always be traced back to personal or kin disputes. In the only study of familial factions in the twentieth century, (actually World War II to 1953), Alfred W. McCoy argued that participation in the collaboration or the resistance in the Japanese occupation was motivated by familial alliances. Members of the two major factions in Iloilo (Caram-Confesor and Lopez-Zulueta) were to be found in both sides of the politica spectrum.68 Thus although after the war and prior to the elections, the Confesor faction branded the Lopez-Zuluetas as wartime collaborators, and although the Lopez-Zulueta faction likewise opened murder indictments against Confesor, in reality these factions were interested in eliminating their rival's.

67Ibid., pp. 241, 513-514.

Behaving according to the norms of *politica de familia* in the province of Iloilo, these families struggled for power in the electoral field.

Beyond these snippets of information on factionalism and regionalism in the various epochs of Philippine history, there is not much else that would shed light on families exhibiting specific traits associated with the institution of *politica de familia* described in this chapter. How do family alliances use political power both for their interests and to eliminate their rivals? The examples of factionalism and regionalism pointed out here in the designated periods of Philippine history only confirm in a nebulous way that kinship politics was being practiced among Filipino elite families, the social values stressing family solidarity being the primary motivations for such behavior. More in-depth research on this phenomenon (though beyond the scope of this thesis) would probably yield a clearer picture of the background of *politica de familia*. Nonetheless, it is obvious that regionalism and factionalism not only have had a significant impact in important historical events, but also it seems to be the a common operating mode of behavior in political culture. Both contemporary Filipinos and Americans have observed and lamented its negative traits in the formation of a nation-state.
CHAPTER III

PRELUDE TO CONFLICT: INTRODUCTION OF WESTERN VALUES

The Introduction of Western Values

The western values introduced in the Philippines may be classified into three groups: the ethics and morals that came with Christianity, the concept of loyalty to the nation-state, and the professionalism associated with the merit system in the bureaucracy. The arrival of the Spaniards in the sixteenth century and the subsequent colonization and Christianization of the barangay settlements in the Philippine archipelago brought to the motley of kinship groups a different political and social culture. The scattered settlements were asked to coalesce in towns 'under the bells' - surrounding the town plaza and the church. The gradual conversion to Catholicism further inculcated another system of ethics and morals. Urbanization also introduced the finer aspects of Spanish high culture like etiquette ar diblicadeza.

In the nineteenth century the rise of the ilustrados, or the educated elite, inspired a movement for reforms to remedy what was perceived to be the evils or abuses of the Spanish colonial government. The most outstanding achievement of the campaign was the fostering of the sense of Filipino nationhood; a national consciousness which inspired the revolution of 1896, the Filipino-American war and the architects of the Malolos Republic. For the first time Filipinos were asked to pledge loyalty far beyond the confines of the kinship circle and make sacrifices in the name of the nation or the national interest.

Although such sentiments did not permeate much beyond Luzon at this point, the sense of
Filipino nationality was strong enough to make 'immediate independence' a popular issue in the advent of the American era at the turn of the century. It was the American half-century that ultimately injected a host of western institutions, many of which succeeded in penetrating down to the village levels throughout the archipelago through the mediums of public education, local and national elections, and the media. Compulsory public education was granted to the populace along with education for citizenship, a necessary adjunct required by the makers of colonial educational policy. Such a carefully constructed policy which stressed loyalty to the Filipino nation alongside loyalty to America helped to disseminate further the concept of the national interest, as Filipinos were taught how to be good citizens. Political tutelage where Filipinos themselves were increasingly given political office under the watchful eye of the American officials inculcated the values of government office for the national interest; a concept that was new and entirely in conflict with the standard practice of kinship politics that molded the political behavior of the previous century. The system of democracy and its necessary trappings, elections and a free press (relatively free considering some censorship was present due to the colonial status), the later creation of a constitution, and even a Civil Liberties Union (known even later to criticize Commonwealth President Manuel Quezon's authoritarian tendencies), were unabashedly present.

The American colonizers were the first to introduce the first real bureaucracy and modern, professional civil service. Professional business institutions such as banking and finance and the establishment of government corporations were also established for the first time. These elements compelled Filipinos to behave professionally; that is, to apply universalistic codes over personal ones, and abide scrupulously by the merit system. Following the general characteristics of all modern bureaucracies, acceptance of an office was not supposed to be for personal gain but was "considered an acceptance of a specific
duty of fealty to the purpose of the office in return for the grant of a secure existence.\textsuperscript{1}

These values were largely unfamiliar to the Filipinos whose own value systems stressed personal ties.\textsuperscript{2}

This chapter will trace the introduction of these three groups of western values brought to the Philippines by colonial rulers, first the Spaniards and then later the Americans. The emphasis will rest on the period of the late nineteenth century up until the eve of World War II. The transposition of these values into Philippine soil added a new dimension to the political culture. Since the new set of values did not merely replace the existing Filipino values of kinship politics, both systems, largely contradictory, existed side by side, laying the groundwork for an inevitable conflict. Such a conflict which had its early roots in the late nineteenth century had an important influence in the shaping of some major political events before the war.

**The Spanish Period: Ethics and Morals**

The Spaniards were the first to transpose a new value system in the Philippines by introducing Christianity and the ethics and morals accompanying it. The injection of Christian values however, did not necessarily replace existing indigenous ones. Filipinos instead selected and stressed certain features of Spanish Christianity giving it a distinctively Filipino flavor, and prompting observers to label it folk Christianity.\textsuperscript{3} One scholar noted that the simultaneous existence of both traditional and Christian values resulted in 'Split-Level Christianity'.

\begin{itemize}
\item\textsuperscript{1}Max Weber, *Economy and Society*, edited by Guenther Roth and Claus Wittich, (Berkeley, 1978), vol. 2, p. 959.
\item\textsuperscript{2}See chapter 2.
\end{itemize}
Split-level Christianity may be described as the co-existence within the same person of two or more thought-and-behavior systems which are inconsistent with each other. So it is with the split-leveled person: at one level he professes allegiance to ideas, attitudes and ways of behaving which are mainly borrowed from the Christian West, at another level he holds convictions which are more properly his "own" ways of living and believing which were handed down from his ancestors, which do not always find their way into an explicit philosophical system, but nevertheless now and then flow into action.\textsuperscript{4}

Bulatao illustrates this concept with several examples, two of which deserve mention here. One is that of a policeman who attends mass regularly and considers himself a Catholic. At the same time, he collects "tong" from the small store in the district as protection money. According to him he has the right to collect "tong" since he protects the store against gangsters. The split here is the "modern Catholic principles of justice versus a feudal attitude that the lord may tax those whom he protects."\textsuperscript{5} Another example concerns an A.B. graduate (cum laude) from a Catholic boys school who marries after college and settles in Negros. When he visits Manila he sees other women but when he suspects his wife of adultery he hits her and drives her out of the house. When charged with inconsistency, he says "I was never serious about those other women. My wife has no right to go out with other men." When he is asked to look at this double standard in the light of the principles learned in school ("Thou shalt not commit adultery") he answers: "It's just human weakness. In Negros every hacendero has a querida (mistress). Some have several." The split here is between Catholic rules regarding marriage versus cultural norms.\textsuperscript{6}


\textsuperscript{5}Ibid., p. 19.

\textsuperscript{6}Ibid., p. 20.
The essential aspect of this split-level phenomenon is that the individual experiences a sense of the rightness of both systems and the inconsistencies are either not deeply felt or not perceived at all.

Consequently there is no particular drive to make one system conform to the other either by a change in behavior or by the elaboration of a conceptual system capable of somehow reconciling both. Both systems are left to co-exist without disturbance and without guilt.  

This coexistence between the two value systems in direct opposition to each other is one possible explanation for the conflict between politica de familia and Christian ethics and morals. In the political arena one sees many political families profess Christian values and yet behave according to traditional norms. But the most salient point the Bulatao article makes is that both systems are considered equally important in the society. This Christian value system is the first modern ethic introduced into the mainstream of traditional Filipino social and political values.

The urbanization of parts of the Philippines also infused Spanish cultural values associated with the urbanite. The physical organization of the town centered around the plaza and the municipio, with the prominent families residing close by. In the nineteenth century one of the most popular books among Filipinos was written by a Tagalog priest named Don Modesto Castro. The book entitled Urbana at Feliza (in Tagalog and because of its success was translated into other Philippine languages such as Bisaya, Bicol and Ilocano), was a book of etiquette written in the form of a correspondence between two women. Such a book on etiquette with expositions of proper behavior presented another moral aspect for the Filipino who aspired to be an urbanite and accepted in the new Spanish-Filipino cultural milieu. The fact that it was written by a priest illustrated that the behavior it suggested was considered morally upright.

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7Ibid., p. 22.
The popularity of the book was evidence for a strong desire to adopt Spanish or European manners of decorum since the book was largely about European etiquette. The author for example wrote against habits that were normally acceptable to Filipinos but were considered unclean or inelegant by Europeans. It was the first book in Tagalog which described in detail the values and structure of the Filipino family and also was an attempt to propagate Hispanicized Tagalog culture at a time when Tagalogs felt a need to learn western manners. The book provided Tagalog mothers with a manual for proper behavior with which to educate sons in the European style. By the 1930s however, such a manual became outdated.

Another Spanish value introduced into Filipino culture was the concept of delicadeza. Delicadeza may be defined as noblesse oblige or the obligation to exhibit the honorable, generous and responsible behavior associated with high rank or birth. It meant that respectability implied responsibility, that a certain prominence in society demanded a certain code of behavior. For example, prominent people should not aggressively seek wealth or money, or even talk about money. It also implied refinement and tactful behavior; one must behave with subtlety and avoid confrontation with others. It was also assumed that one should not dirty one's hands with politics. A politician with delicadeza would not accept a bribe. If both persons had delicadeza than a bribe would not even be mentioned. This belief is tied up with delicadeza as noblesse oblige; that is, one is in

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9 Ibid.

10 Personal communication with Alfredo Roces, Sydney, April 28, 1989.

11 Personal communication with Dr. Paz Buenaventura Naylor, Linguistics and Tagalog Professor, University of Michigan, Ann Arbor, July 3, 1989.

12 Personal communication with Alfredo Roces, Sydney, April 28, 1989.
political office to serve and not for gain. If one possessed \textit{delicadeza}, one would never aspire for a position for personal gain. \textit{Delicadeza} was also linked to ethics and morals in the sense that one is \textit{delicado} about things that rub against one’s feeling of righteousness.\textsuperscript{13} Such a value was definitely in direct opposition to \textit{politica de familia} where one did not experience a responsibility beyond one’s kinship circle. Although the word \textit{delicadeza} was still used in the post-war media to refer to politicians possessing varying degrees of such a value, after 1946, its importance and practice declined. Tagalog linguistics expert Dr. Paz Buenaventura Naylor argued that the wartime experience forced people to bend the rules in order to survive and the standards of \textit{delicadeza} eroded.\textsuperscript{14}

\textbf{Introduction of the Concept of Loyalty to the Nation-State}

\textbf{Spanish Period}

In the late nineteenth century the \textit{ilustrados}, a group composed of the Filipino educated elite launched a movement to request reforms in the current Spanish colonial administrative system and the abuses of the Spanish friars. Although such a movement failed in achieving its primary aim, that of complete assimilation of the Filipino and the Spaniards, giving the Filipino equal rights with the Spanish citizen, they succeeded in giving Filipinos for the first time a sense of national identity and unity, a consciousness that they were a nation with a common heritage and a common destiny, especially in the provinces of Luzon.\textsuperscript{15} The ideas generated by the \textit{ilustrados} of the Propaganda Movement

\textsuperscript{13} Personal communication with Dr. Paz Buenaventura Naylor, July 3, 1989.

\textsuperscript{14} Ibid.

provided the ideology for the Philippine revolt against Spain in 1896 and the subsequent Malolos Republic.\textsuperscript{16}

These ilustrados were Spanish speaking and many received higher education in Spain. The ideas and demands which they put forward were those popular among Spanish liberals, remnants from the eighteenth century enlightenment.\textsuperscript{17} In fact the underlying moral strain that permeated the political ideas of such ilustrados like Jose Rizal and Apolinario Mabini showed a basically Western European influence.\textsuperscript{18} A brief examination of the writings of both individuals whose philosophy inspired the revolutionaries would establish the fact that in the late nineteenth century Filipino ilustrados began to see the conflict between the existing kinship style politics and their ideal of building an independent nation concerned with the welfare of all its citizens.

Jose Rizal's two novels, The Social Cancer and The Subversive both outlined what he believed to be the basic evils of the Spanish colonial regime, and the Filipinos who were willing participants in the system. Rizal portrayed the corruption of the Spanish government, the abuses of the friars, and the guardia civil, as well as the miserable economic plight of the oppressed Filipinos. Despite these predicaments, Rizal hesitated to advocate violent revolution. In The Subversive, the revolution failed twice, in both cases because it was motivated by purely personal reasons: the first time because the leader Simoun wanted to rescue his beloved Maria Clara and when he discovered she had died he


\textsuperscript{17}Cesar Adib Majul, The Political, p. 189.

\textsuperscript{18}Ibid., p. 39.
abandoned the cause, and the second time because the participants were only interested in revenge (also Isagani prevented the explosion because he wanted to save the life of his love, Paulita Gomez). At the very end of the novel Father Florentino's sermon to the dying Simoun summarized Rizal's attitude towards revolution:

If our country is some day to be free, it will not be through vice and crime, it will not be through the corruption of its sons, some deceived, others bribed; redemption presupposes virtue; virtue, sacrifice, and sacrifice, love!....

I do not mean to say that our freedom must be won at the point of the sword; the sword now counts for very little in the destinies of our times; but I do say that we must win our freedom by deserving it, by improving the mind and enhancing the dignity of the individual, loving what is just, what is good, what is great, to the point of dying for it. When a people reach these heights, God provides the weapon, and the idols and the tyrants fall like a house of cards, and freedom shines in the first dawn. Our misfortunes are our own fault, let us blame nobody else for them. If Spain were to see us less tolerant of tyranny and readier to fight and suffer for our rights, Spain would be the first to give us freedom because, when the fruit of conception reaches the time of birth, woe to the mother that tries to strangle it! But as long as the Filipino people do not have sufficient vigour to proclaim, head held high and chest bared, their right to a life of their own in human society, and to guarantee it with their sacrifices, with their very blood; as long as we see our countrymen feel privately ashamed, hearing the growl of their rebelling and protesting conscience, while in public they keep silent and even join the oppressor in mocking the oppressed; as long as we see them wrapping themselves up in their selfishness and praising with forced smiles the most despicable acts, begging with their eyes for a share of the booty, why give them independence? With or without Spain they would be the same, and perhaps, perhaps worse. What is the use of independence if the slaves of today will be the tyrants of tomorrow?...Mr. Simoun, as long as our people are not prepared, and enter the struggle deceived or compelled, without a clear idea of what they are to do, the best-planned movements will fail and it is better that they should fail, for why give the bride to the groom if he does not love her enough and is not ready to die for her? (emphasis added)\(^19\)

A number of insights may be gleaned from such a quote. The first few lines revealed that at this time (late nineteenth century), Filipino ilustrados already perceived corruption as something morally wrong. There was no indigenous Tagalog word for

corruption and it may be assumed that the concept of corruption as a morally contemptible institution was introduced by the west. Rizal feared that Spanish oppression would merely be replaced by Filipinos running a corrupt government. In The Subversive, Simoun's strategy for revolution was to: "foment the corruption and greed that so pervaded the government, driving the oppressed to revolt. "Now I have returned to destroy that system, to hasten its putrefaction, to give it the last push into the abyss to which it blindly runs, even if it should mean measureless blood and tears."20 Consequently, without a moral basis Riza! condemned such a strategy: "The glory of saving a country cannot be given to one who has contributed to its ruin."21

Rizal already recognized the inherent conflict between personal interests and the concern for the national interest. Although he did not label the Filipino propensity to consider personal and familial interests as politica de familia (the characters involved in the revolt were motivated by revenge against wrongs committed against their families), he saw such a characteristic as inimical to a successful revolution. Father Florentino's words in the above quote may be interpreted to be Rizal's prediction that in the conflict between personal interests or politica de familia with the national interests, unless Filipinos learned to love the nation enough to die for it, personal interests would triumph. Such a victory would only be temporary or illusory, since tyranny and oppression would still prevail. Rizal's prerequisite for a revolution was the establishment of a national community whose social direction was for the benefit of the society, where exploitation and tyranny were absent and where a national sentiment was dominant. "Rizal's premise...was that a revolution needed a moral basis and was bound to fail if it merely intended to satisfy individual interests or

20 Ibid., p. 48.
21 Ibid., p. 295.
those of a special segment of society, for if these were the case, then 'the people will hold aloof and refuse to support a revolution.'

Rizal was keenly aware that such a concept of a national community was still new to the Filipino (since it had roots in western values), and thus he believed that only education could generate the sense of unity and nationhood necessary for an independent nation. Education would ensure that in the conflict between the tendency to abide by the values of kinship politics and the ideals of nationhood, nationalism would remain the stronger virtue. Rizal's "The Indolence of the Filipino", his annotations of Antonio de Morga's *Sucesos de las Islas Filipinas*, and "The Philippines a Century Hence", looked back into the pre-hispanic past with the purpose of awakening a national consciousness and to instill pride in the Filipino national tradition. He organized the *La Liga Filipina*, an association to disseminate national consciousness beyond linguistic and regional barriers.

The crucial point for Rizal was that independence had to be deserved; Filipinos must possess the necessary civic virtues and sense of moral responsibility for their countrymen before freedom be acquired from Spain. He wrote:

> My countrymen, I have given proofs that I am one most anxious for liberties for our country, and I am still desirous of them. But I place as a proper condition the education of the people, that by means of instruction and industry our country may have an individuality of its own and make itself worthy of these liberties. I have recommended in my writings the study of civic virtues, without which there is no redemption.

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23Ibid.

24In *The Subversive*, Father Florentino chastizes Simoun: "...a God who punishes our lack of faith, our vices, the little regard we have for dignity and the civic virtues. We tolerate vice and thereby become accomplices in it, sometimes we go so far as to applaud it; it is only just, then, very just, that we should suffer the consequences and that our children should do the same." Jose Rizal, *The Subversive*, pp. 296-297. See also Cesar Adib Majul, *The Political*, pp. 24-25.

As an example illustrating in practice his own philosophy that Filipinos must want freedom
even to die for it, Rizal himself was executed by the Spanish government in December
30, 1896.

Andres Bonifacio the leader of the Katipunan, the secret society which ultimately
launched the revolt against Spain in 1896 was greatly influenced by Rizal’s writings.
Bonifacio’s poetry and essays, though few, stressed one underlying sentiment—love of
country. In his treatise for members of the Katipunan called "Duties of the Sons of the
People", Bonifacio implored: "Engrave in thy heart that the true measure of honor and
happiness is to die for the freedom of thy country."26 In a poem entitled "Love of Country"
(Pag-ibig sa Tinuhuang Bayan), Bonifacio argued that there was no other love greater than
the love of country, such love would compel one to sacrifice wealth, knowledge, even
one's life for his country.

What love can be
purer and greater
than love of country?
What love? No other love, none.

....

Nothing dear to a person with a pure heart
is denied to the country that gave him birth:
blood, wealth, knowledge, sacrifices,
E'en if life itself ends.27

In the same poem Bonifacio declared the higher importance of love of country over
one's familial obligations.

If this country is in danger
and she needs defending,
Forsaken are the children,
the wife, the parents, the brothers and sisters


27 Andres Bonifacio, "Love of Country", in Ibid., pp. 5-6.
at the country's beck and call.\textsuperscript{28}

Clearly Bonifacio espoused that ultimately obligations to one's country should be greater than those accorded to the family. This view was undisputably western and contrary to Filipino social values which placed familial values supreme.

Apolinario Mabini who played a pivotal role in the ideological trajectory of the Malolos Republic and the Filipino-American war, perceived the aim of the revolution in the same moral terms as Rizal. Mabini isolated two facets of the revolution—an internal revolution and an external one. The external revolution referred to the overthrow of the existing Spanish government. The internal revolution required the Filipinos to change radically their attitudes and behavior towards each other and their social institutions. Such a radical change should in theory establish a national community with definite commitments and expectations.

In order to build the proper edifice of our social regeneration, it is imperative that we change radically not only our institutions but also our manner of behaving and thinking. It is necessary to have both an external and internal revolution by establishing our moral education on a more solid foundation and purging ourselves of those vices, the majority of which we have inherited from the Spaniards. Should we not have these conditions, our people will find themselves daily more decimated and impoverished by civil war and internal dissensions until they will be completely annihilated, with the generous blood of our martyrs unable to prevent it.\textsuperscript{29}

Mabini was aware that the development of national consciousness was essential to preserve independence. Mabini, like Rizal was more concerned with the quality of the government once independence was achieved rather than the struggle for freedom itself. He recommended the republican form of government as the best medium for the fulfillment of what he perceived to be the objectives of government; where individual rights were preserved, where exploitation was absent, and where the people participated in the social

\textsuperscript{28}Ibid., p. 7.

\textsuperscript{29}Quoted in Cesar Adib Majul, \textit{Apolinario Mabini Revolutionary}, (Manila, 1964), p. 53.
decisions affecting their lives. Like Rizal he realized that such an ideal of a national community was still alien to the Filipino consciousness and hoped to hasten the formation of this consciousness through the "True Decalogue", the introduction to the draft of the constitution he prepared for the Malolos constitutional convention. The fourth provision stated:

 Thou shalt love thy country after God and thy honor and more than thyself: for she is the only Paradise which God has given thee in this life, the only patrimony of thy race, the only inheritance of thy ancestors, and the only hope of thy posterity; because of her, thou hast life, love and interests, happiness, honor and God.

Writing in exile in Guam, Mabini blamed the failure of the Philippine revolution precisely because such an internal revolution, such a change in attitudes did not occur. According to Mabini, Aguinaldo had not shown true patriotism, which Mabini defined as striving to do the greatest amount of good to his countrymen. Aguinaldo's decision to execute Bonifacio instead of seeking reconciliation was motivated by personal ambition:

When we consider that Mr. Aguinaldo had been the first responsible of insubordination to the chief of the Katipunan of which he was a member; when we meditate that the reconciliation was the only solution becoming to the critical stage of the revolution, the motive of the murder cannot be attached but to sentiments that highly dishonor him: by all means such a crime constitutes the first triumph of personal ambition upon true patriotism.

Mabini also criticized the undisciplined nature of the Philippine army and the abuses Filipino soldiers committed against Filipino women. In Mabini's analysis the failure of the revolution had its roots in Aguinaldo's personal ambition and the regionalism that shattered

30Ibid., p. 54.
31Ibid., p. 60.
33Ibid., pp. 54-55.
national unity. Mabini's dream of an internal revolution may be interpreted to mean a departure from existing Filipino values—those values which stressed personal interests and a weak attachment to an entity other than the family.

Lack of specific material on what Mabini included in a litany of Filipino vices, prevents from establishing a more direct link between what precise attitudes he wanted changed and its similarities with behavior characteristic of kinship style politics. But he was appalled at the personal interests that manipulated various members of the revolution. Such behavioral patterns displaying a lack of loyalty beyond the confines of kinship may be nothing else but the index of kinship politics in operation.

It was obvious that the underlying basis of the ideology of these men is that a revolution must have a moral basis. Freedom must be deserved by Filipinos who desire such a state for the benefit of the national community. This idea of a moral basis was western inspired. Both Rizal and Mabini were ultimately concerned with the type of community that would emerge independent. Both predicted a conflict between forces which stressed personal interests or corruption versus the genuine patriotism that would place the general welfare first. These ilustrados were also aware that genuine patriotism was still relatively new to their countrymen, so they advocated both education and spread of nationalist consciousness, or what Mabini termed the internal revolution. Since both were cognizant of Filipino weaknesses, they feared that unless Filipinos changed their attitudes, the revolution would be premature.

The ideas of these ilustrados inspired the Filipinos who participated in the revolt against Spain and the war to defend the Malolos Republic from American subjugation. Many of those who died in the battlefield believed in the sentiments of love of country espoused by these ilustrados. However there were also many who remained motivated only by personal or familial interests. Milagros Guerrero's study of the role of the provincial and municipal elites in the revolution in Luzon concluded that such elites emerged the victors of the revolution because they used the ideals of the revolution as a
means to promote their interests.35 Prominent families managed to entrench themselves in office like the Evangelistas in Pampanga who had a member elected town president of Kandaba, two nephews elected councillor of justice and councillor of taxes and rents, and a brother-in-law head of the poblacion. Furthermore, the taxes collected by the Evangelistas were used for the private interests of the family.36

Nonetheless, it was apparent that the ilustrado ideals which harkened to a paramount concern for the national interest had taken root. Right after the elections residents of the town complained to no less than President Aguinaldo himself, as they submitted a petition requesting the Malolos government to nullify the elections (which they argued were characterized by fraud).37 Apparently the Malolos government received a number of complaints and petitions signifying that for the first time Filipinos recognized the Malolos Republic as their own government, and believed that it would support their collective interests as a whole.38 This behavior suggested that the conflict between the two institutions of politica de familia and the ideal of loyalty to the national interest played itself out in the local elections of the Malolos Republic. Unfortunately, perhaps because the Malolos government was too preoccupied with fighting a war against the United States, and because to win the war one needed the support of the prominent and wealthy families of the provinces, the fledgling republic did little to answer petitions and thus control the hands of kinship style politics.39


36Ibid., pp. 170-171.

37Ibid.

38Cesar Adib Majul, The Political, p. 69.

Emilio Aguinaldo’s declaration of independence and the subsequent Malolos Congress and Malolos Constitution confirmed the desire to take concrete steps towards the establishment of a state machinery in which the independent Philippine nation would rest. The Malolos Congress which approved the constitution had visions of a popular, representative and responsible government rooted in democratic traditions. Felipe G. Calderon who wrote the constitution was inspired by the constitutions of Mexico, Belgium, Guatemala, Costa Rica, Brazil and France. The republican government that it established, though divided into the executive, legislative and judicial branches, opted for the strong legislature. The unicameral assembly had more power than the executive; a situation purposely created to prevent the executive (President Emilio Aguinaldo) from establishing an "oligarchy composed of ignoramuses" (refering to the army that stood behind him). The framers of the constitution though perhaps mostly elite members of the society, were adamantly launching a nation-state equipped with the trappings of modern western institutions.

American Period

Ironically it was the subsequent American colonial period that was responsible for providing the educational means to propagate these ideas of national consciousness professed by the _ilustrado_ architects of the revolutionary ideology. Initially, the nationalist sentiment that bloomed in the Philippine revolution was curbed by the new colonial power—the Americans—who aimed to quell any thoughts of Philippine independence. But despite

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41 Teodoro Agoncillo and Milagros Guerrero, _A History_, p. 237.
the "period of suppressed nationalism" (1901-1910), Americans were aware that some accommodation had to be made to subdue the unmitigated clamor for independence among the populace. The Americans promised eventual independence and gradual Filipinization of the government. They intended to teach Filipinos the essentials of self-government through political education under American supervision. Democratic principles were inculcated through the establishment of American-style elections. More important, the public school system, the first ever established in the country, was the method through which ideas of good citizenship and nationhood were further disseminated throughout the archipelago.

*Education for Citizenship*

The Americans instituted a school system whose primary purpose was to prepare the seven million Filipinos to cope with problems of modern life by modifying its social, political and economic institutions towards the formation of a democratic nation.

From its inception the educational program has been planned to end illiteracy, to give the people a common national language, to develop a spirit of nationalism and democracy, to stimulate the will and increase the ability of the ordinary man and woman to work at some useful vocation, and to build up the health and vitality of the race. The schools have also sought to inculcate high standards of manners, conduct and morality, and have had to deal with the problem of instruction in religion.42

In his study on the Philippines, Joseph Ralston Hayden, former vice-governor of the Philippines in the 1930s, appropriately entitled the chapter on educational policy, "Education for Citizenship". In order to prepare the Filipinos for self-government, it was necessary to inculcate the doctrines of Philippine nationality and patriotism. Loyalty to America and alongside this aspect, patriotism for the Philippine nation was emphasized.

The national heroes of the revolution against Spain were praised in classrooms and interest in native music, art, games and folklore were encouraged.\textsuperscript{43} The Philippine national anthem was played daily and the Philippine flag displayed beside the American one. Civics instruction for third grade boys in the early 1900s required teachers to devote special attention to "the development of civic patriotism and a true respect for the law and the rights of the people."\textsuperscript{44} The boys were organized into 'clubs' where they were taught "the parliamentary rules of order, the organization of municipal and provincial government, the powers and duties of elected officers, and the rights and duties of a citizen".\textsuperscript{45} In addition, the children were also asked to memorize "short recitations of a patriotic character", and organize a model municipal government. These 'clubs' and classes, (which in 1907 was extended to the fourth grade and required twice a week), enabled the teachers to praise democratic government and to denounce corruption and caciquismo.\textsuperscript{46}

In \textit{The Philippine Readers}, the primary textbooks written by Filipino politician Camilo Osias first published in the early 1920s, one lesson stressed that saluting the flag should remind the boys and girls that they have duties to their country.\textsuperscript{47} The same volume also had a text written by the author entitled "The Good Filipino Citizen's Patriotic Pledge" and the Philippine National Anthem (complete with notes) with the instructions "Every patriot should know by memory his national hymn. If you do not know yours, learn it

\textsuperscript{43}Ibid., p. 516.
\textsuperscript{45}Ibid.
\textsuperscript{46}Ibid.
now.\textsuperscript{48} Osias also included a section showing how every patriot loves his flag.\textsuperscript{49} (Book Four for example has a section on the history of the Philippine flag.\textsuperscript{50}) The \textit{Philippine Readers} also contained stories about the national heroes (Jose Rizal, Juan and Antonio Luna, Andres Bonifacio, and Apolinario Mabini), and even one of Rizal's most famous patriotic poems "Maria Clara's Song".\textsuperscript{51} A hymn suggested for Rizal day echoes the \textit{ilustrado}'s value of dying for one's country.\textsuperscript{52} In fact, stories about Rizal’s life, works and ideas, were a continuing thread in the series.\textsuperscript{53}

A major aim of the books which served as a criterion for the selection of the textual content was "to develop civic spirit and patriotism"\textsuperscript{54} and the presentation of the biographies of Filipino heroes were intended to "make you stand a little straighter and lift your head a little higher, and wish to be patriotic and useful yourself"\textsuperscript{55}. Book Seven for

\textsuperscript{48}\textit{Ibid.}, pp. 276-281.

\textsuperscript{49}\textit{Ibid.}, pp. 142-143, Book Two also has a basic section on the flag, how one should salute the flag and take off one's hat to the flag. See Camilo Osias, \textit{Philippine Readers}, Book Two, (New York, 1924, 1929, 1932), p. 162.


\textsuperscript{52}Camilo Osias, \textit{Philippine Readers}, Book Six, p. 295.


\textsuperscript{54}Camilo Osias, \textit{Philippine Readers}, Book Four, p. iii.

\textsuperscript{55}Camilo Osias, \textit{Philippine Readers}, Book Seven, p. iii.
instance contained Andres Bonifacio's "Duties of the Sons of the People", his poem "Love of Country", and Apolinario Mabini's "True Decalogue", emphasizing also Mabini's philosophy that "only he possesses true patriotism, who, in the station he occupies, be it high or low, tries to do the greatest possible good for his countrymen".\textsuperscript{56} Writing on American education in the Philippines, Lewis Gleeck argued that textbook material for the elementary grades since the early years (1905) were overwhelmingly Filipino (in the sense that a Filipino flavor was added to the text), but the values represented by the selections were unmistakably American; values that the public school system hoped to propagate.\textsuperscript{57}

In the early 1930s when a Filipino himself wrote a book on Philippine civics, comparisons were made between old style familial type of government and then present modern state. The barangay was the first Filipino unit of government in the pre-hispanic times. This socio-political unit was described by the author (Dean Conrado Benitez) as an enlarged form of the family under the paternal rule of the datu. In presenting the pros and cons of the family system, Benitez elucidated what he perceived to be the difference between the traditional politica de familia and the modern view of government:

Loyalty to the family moves one to help his relatives. Under a patriarchal system of government there is no conflict between loyalty to family and loyalty to the government, because the government is only an extension of the family. The government is a sort of property of the family and can therefore be used as such.

But at present the organization of government is no longer based on that of the family. Neither is it controlled by any one family and its members. Those who direct the government are individuals who have shown themselves qualified to occupy positions of responsibility and trust. They are not chosen because they come from certain families, but because of their own personal merits. Offices in the government are no longer

\textsuperscript{56}Ibid., "Andres Bonifacio", pp. 68-72, and "Apolinario Mabini", pp. 141-150.

\textsuperscript{57}Lewis Gleeck, American Institutions in the Philippines (1898-1941), (Manila, 1976), pp. 108-111.
passed from father to son by inheritance. They have become political positions, not family possessions.\textsuperscript{58}

Benitez therefore distinguished between two prominent types of government applicable to the Philippine situation--the familial and the modern democratic representative one. More important, he reinstated that kinship style politics was now being replaced by the modern form.

Alongside the lessons on Philippine civics, the public schools also taught courses on ethics under the heading character and conduct or character training. Rules of conduct were imparted such as truthfulness, fidelity, reverence, kindness, cleanliness, obedience, respect, politeness, duty, obligations, and good manners.\textsuperscript{59} The textbooks presented moral issues and imparted moral lessons through short stories, poems, legends, and fables. Such character training aimed to impart basic American values to Philippine school children: honesty, hard work, be kind to animals, thinking for oneself and "if you fail at first, try again."\textsuperscript{60} Later on, Filipino authors who compiled the stories illustrating moral lessons incorporated some Philippine excerpts to add a Filipino flavor to lessons which were largely peppered with Anglo-Saxon literature.\textsuperscript{61}

The public school system which taught these precepts of good citizenship was responsible for disseminating throughout the archipelago the concepts of loyalty to a nation-state, and consequently the nationalist sentiments first elucidated by the ilustrado heroes of the late nineteenth century. As Rizal had hoped to illustrate, such universal

\textsuperscript{58}Conrado Benitez, \textit{Philippine Civics}, (New York, 1932), p. 24


\textsuperscript{60}Glenn Anthony May, \textit{Social Engineering}, p. 102.

\textsuperscript{61}Sofia de Veyra and Carmen Aguinaldo Melecio, \textit{Character and Conduct}. See also Camilo Osias, \textit{The Philippine Readers}, Books Five and Six.
education on citizenship strengthened the new kind of ethos which superimposed loyalty to
the nation-state above that of the family.

Political Tutorage (Democratic Principles)

Political education began almost from the moment of American colonial rule. All
the basic American democratic institutions were introduced in the Taft era (1900-1913), the
first decade of United States presence. These institutions were: an electoral process, a
civil service based on merit, an extensive judicial mechanism, a bill of rights, a functioning
system of municipal provincial and national governments, a Filipino legislature, and a
political party system. At the end of the era, Filipinos filled seventy-one per cent of the
public service positions, ninety-nine per cent of all municipal government offices, and
ninety per cent of all provincial posts.62

American policy sought to impart the qualities of an 'honest and efficient'
government by having the American governor-general police the actions of Filipino
officials. In theory, in the area of local government, American provincial treasurers would
control the financial system and train the municipal officials. The provincial governor was
supposed to conduct projection visits to the town and was authorized to suspend unruly
officials on the spot. American provincial board members applied pressure on Filipino
provincial governors to take action against municipal officials suspected of misconduct.63
In reality, at least in the local level, Americans found it difficult to exercise a firm control.
Thus Filipino officials had a freer hand than was originally intended, succeeding in

62Michael Cullinane, "Implementing the 'New Order': The Structure and
Supervision of Local Government During the Taft Era", in Norman Owen (ed.), Compadre
Colonialism Studies on the Philippines Under American Rule, Michigan Papers on South
and Southeast Asia, Number 3, 1971, pp. 16-17.

63Ibid., pp. 20-21.
operating in their own version of American democracy. Nonetheless, many cases were decided against municipal officials after investigations of vote buying, misuse of public funds, and election protests.64 

In the national level, political parties were organized and elections contested for positions in both the local and national governments. Politicians in the higher echelons of the central government were increasingly given positions of greater responsibility as the process of "Filipinization" accelerated, particularly in the regime of governor-general Francis Burton Harrison. The American governor-general watched closely the behavior of the high level politicians who worked closely with their American mentors. When a scandal broke out in the Philippine National Bank for example, where privileged loans were granted to prominent politicians, bank president Venancio Concepcion was replaced by two American bankers.65 The other appendages of democracy that were established in the Philippines were a free press, and a Civil Liberties Union. The American success at imparting democratic principles was best illustrated by the fact that Civil Liberties Union was founded by Filipinos themselves who wanted to protect the democratic principles of freedom of speech, freedom of the press and basic human rights. "While the CLU's broader aim, as defined in its objectives, was to fight for nationalism, democracy and social justice in the Philippines, the focal point was the defense of civil liberties and the Constitution."66 It was organized in January 29, 1938 by thirteen colleagues from the law, journalism and business professions. Among its objectives were:

64Ibid., pp. 29-39.


3. To defend political democracy. Any move by a political officer or body that might tend towards:

(a) the concentration of political power;

(b) the strengthening of military power for any purpose other than to prepare against foreign invasion; and

(c) the emasculation of the people's instrumentalities in opposing dictatorship would be scrutinized and resisted, for this might be but veiled attempts to crush democracy and establish a form of dictatorship.

4. To defend the fundamental rights guaranteed by the Constitution, especially the freedom of association, the freedom of speech, the freedom of the press, the freedom of religion and the right of assembly and petition. Any move that would destroy the substance of these rights, leaving but the empty form, would be fought to the limit. 67

Clearly, absorption of democratic values was such that some Filipino professionals felt it was necessary to possess an organization that would ensure that these values were protected. The record of the Civil Liberties Union itself was outstanding during its early years, as critics of President Quezon's authoritarian tendencies and later as the few Filipinos who defied the Japanese during the war. Many important CLU members were martyred due to their participation in the Free Philippines, the name for the underground resistance. Among those who were captured and tortured in Fort Santiago, and later killed by the Japanese were CLU members, Rafael (Liling) R. Roces Jr., (who received the Medal of Freedom posthumously from the United States), Antonio Bautista (who died trying to escape), and Dr. Ramon de Santos, while Justice J.B.L. Reyes though imprisoned, survived. Unfortunately, the record of the CLU was much less impressive after the war since there were no heroes that adamantly stood up for civil rights when President Ferdinand Marcos declared martial law.

67Quoted in ibid., p. 3.
Establishment of Bureaucratic Institutions

It was only in the American colonial period that a genuine bureaucracy and civil service was created. The lack of a state organization in the pre-colonial barangay era confirmed the absence of a bureaucracy. Throughout most of the Spanish period (until the mid-nineteenth century) Filipinos occupied only a miniscule number of positions in the government and then only in the local levels as cabeza de barangays (heads of the village) and gobernadorcillos (town mayors). The Spanish system also did not abide by the qualifications of merit for assumption of office. Instead, in the late sixteenth century the established custom was that one purchased one’s position in the colonial bureaucracy. In the case of the Filipinos (indios) the gobernadorcillos and cabezas were chosen by means of an election where only a tiny number were qualified to vote (although originally these positions were hereditary until 1786 for cabezas). In reality however, it was more important that whoever served in these positions was acceptable to both the Spanish priest and the Spanish alcalde (provincial bureaucrat).

The positions themselves were far from lucrative and in fact the salary was often much lower than the amount of expenses that needed to be undertaken as part of the prestige and obligation of the job. At the same time the Filipino barely exercised any authority apart from tax collection since it was the Spanish parish priest who actually wielded power in the town or village. It should not be too surprising to discover that many abuses were committed by gobernadorcillos or cabezas who devised other means of

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supplementing their meagre salaries (unless of course the man was already independently wealthy). Writing on the history of the civil service, Visitacion de la Torre noted that many Spaniards and Filipino officials were not aware that public office was a public trust. Public office was viewed as "a commodity to be exploited or an investment where rate of return should be soonest and highest".\textsuperscript{70} Nepotism was prominent because of the strong hold of family ties and ritual kinship on Filipino values, while Spaniards themselves were accustomed to the practice of political patronage.\textsuperscript{71} In the mid-nineteenth century, new positions in the colonial bureaucracy in Manila were opened to Filipinos as prosecuting attorneys (fiscal), judges (juez de primera instancia), or heads of health boards. These positions were all appointive; although one needed the educational qualifications for such a position, it was not granted through examinations or the merit system. Instead, positions were acquired through what historian Michael Cullinane has termed the 'politics of patronage'. Personal ties to the powerful Spanish officials enabled these ilustrados to obtain such coveted prestigious offices in the expanding colonial bureaucracy.\textsuperscript{72}

Thus the first real introduction of the superstructure of a modern bureaucracy where a merit system, competitive examinations, standardization, professionalism, and adequate salaries were instituted, occurred in the first decade of American colonial rule, 1900-1913 (the Taft era). Alongside the creation of the skeleton of the civil service, the Americans also sought to inculcate the values of professionalism and responsibility in office. For the first time, Filipinos were told that 'public office was a public trust', a concept that was new and entirely in opposition to the customary practice that public office was a vehicle to be

\textsuperscript{70}Visitacion de la Torre, \textit{History}, p. 37.

\textsuperscript{71}Ibid.

used for personal or familial aggrandisement. That Americans were absolutely serious
about such a value was made evident when in 1903 the sixteen Americans who defalcated
with government funds were punished and jailed. Such disciplinary action was
unprecedented in Philippine history, and Filipinos were very much impressed with
American standards of justice and integrity.73 Bureaucrats were also prohibited from
engaging in private business, an undertaking perceived to be in conflict with their duties as
government civil servants since it would affect administrative efficiency and may lead to
maladministration.74

The merit system was adamantly enforced through the examination procedure.
Former vice-governor Joseph Ralston Hayden emphasized that "Constant efforts were
made by the highest officials to indoctrinate all employees of the government and the
Filipino people as a whole, with the idea that the strict application of the merit system was
an absolute prerequisite to the establishment of honest, efficient and democratic government
in the Islands."75 Salaries were adequate and commensurate and members could look
forward to security of tenure and possible promotions as well as a prestigious career.76

Unlike the Spanish period where Filipinos were only given positions in the lowest ranks of
the hierarchy and then only in local government until the late nineteenth century, American
policy opted for the gradual Filipinization of the civil service up to the highest offices. By
1907, Filipinos had already elected a national assembly and by 1919 Filipinization was
practically accomplished:

73Corpuz, The Bureaucracy, pp. 170.
74Ibid., p. 171.
75Joseph Ralston Hayden, The Philippines, p. 94.
76Onofre Corpuz, The Bureaucracy, pp. 167-168, and Visitacion de la Torre,
History, pp. 46-47.
A net total of 1,863 Americans had been separated since 1913, constituting no less than 71% of the average number of Americans in the previous period of 1907-1913. There were in the insular, provincial, and municipal branches of the Philippine civil service in 1919 only 760 American officers and employees, of whom 356 were in the teaching service. The American segment of the insular bureaucracy was then less than six per cent of the total (12,807). 77

It is difficult to make any conclusions about the actual performance of Filipinos in the civil service or bureaucracy during this period. Unfortunately, the authors who have discussed the history of the bureaucracy in the Philippines (Onofre Corpuz, Visitacion de la Torre, Joseph Ralston Hayden, Lewis Gleeck (American Institutions in the Philippines) have not included in their analysis an assessment of the performance of Filipinos indoctrinated into the new philosophy of the merit system. Thus it cannot be demonstrated with specific examples, the exact manner in which the conflict between western values and politica de familia made its appearance in the creation of the modern bureaucracy. Lewis Gleeck’s American Institutions in the Philippines had as its constant theme the contrast between American values and Filipino familial values (Gleeck referred to it as family barangay values), with the object of stressing the difficult drawbacks the Americans had to confront in their attempts to impose their institutions. Gleeck enumerated Filipino values which included the primacy of family loyalty in all situations. In his view, if Filipinos were to be motivated to adopt American institutions, either the institutions had to be compatible with American ones or the new American values had to supplant the older Filipino traits. 78 In the realm of the civil service such a contrast was obvious:

The facts were, of course, that the merit system clashed frontally with Filipino ideas of family loyalty, social stratification and the meaning of government service. Their previous experience with the Spanish had only reinforced Malay notions of family and small group loyalties, while the

77Onofre Corpuz, The Bureaucracy, p. 201.

ruling Spaniards frequently looked upon government service as a prized opportunity for self-enrichment. 79

Gleeck however, did not document with examples or other data his basic theme concerning the clash of institutions. Hence the analysis was left incomplete even though his impressions were probably valid and could have been supported with evidence. For example, he remarked that newspapers in the Philippines remained weapons for the achievements of personal family or class goals. 80 But he neglected to enumerate the newspapers that were family owned and show through various examples of news coverage style how these newspapers spoke for family interests. (Chapter four will illustrate how the families used the newspapers specifically through the news reports of the Lopez family owned The Manila Chronicle in the years 1946-1972.) Because of these limitations in the analysis of bureaucratic behavior in pre-war Philippines, one can only assume that the conflict between the two kinds of values affected Filipino performance but the actual details of the sort of behavior produced by this conflict may only be gleaned from the post-war examples. (There are some studies of the conflict of the two kinds of values in post-war Philippines. Those writing on the bureaucracy in the pre-war years did not approach their studies by taking into consideration the possibility of conflict, and neither did they present examples of Filipino behavior at the time. 81)

79Ibid., p. 131.
80Ibid., p. 201.

81For a study of bureaucratic behavior (specifically corruption) in the post-war Philippines and Asia as a whole see Ledivina Cariño (ed.), Bureaucratic Corruption in Asia: Causes, Consequences and Controls, (Quezon City, 1986), especially the article by Rance P. L. Lee, "Bureaucratic Corruption in Asia: The Problem of Incongruence Between Legal Norms and Folk Norms", where he interprets corruption as the result of a conflict between the law and traditional customs.
The three groups of western institutions--Christianity's ethics and morals, the concept of loyalty to a nation-state, and the professional ethics that accompanied the bureaucracy whether in the civil service or in business corporations, introduced a new set of values that eventually became a part of Philippine political culture, operating alongside the older system of *politica de familia*. Both sets of values were being absorbed by the Filipinos but neither was completely internalized. Since neither set of values was completely absorbed, a conflict occurred. Philippine society has absorbed to a significant degree these three groups of western values. But in the same vein Philippine society has also refused such values and kinship politics remained the predominant norm. Some of the western values still needed to penetrate more strongly into existing value systems or some aspects of kinship politics still needed to be modified in order to prevent a conflict between the two contradictory sets of values. In the moments of crisis for example, like the second world war, Filipinos tended to abide by traditional family values. A novel set in the Japanese occupation entitled *This Barangay* illustrated that in this crucial period people had to rely on family support for survival.\(^{82}\) When one listened to stories of war experiences in the Philippines, a common pattern was that many escaped in groups of families. If one's guerrilla son for example was captured by the Japanese, one would approach family or personal friends in the collaboration government to solicit help for his release. Similarly, another crisis was the change of government from the Marcos regime to the Aquino administration in 1986. Former Marcos cronies would approach their family members or friends close to President Aquino to ensure that their family or their property would not suffer punishment. And family members, regardless of political leanings nevertheless would feel the need to come to the aid of their kin.

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\(^{82}\) J. C. Laya, *This Barangay*. (Manila, 1954).
The concept of loyalty to the nation-state has permeated all levels of society through the American public school system which emphasized education for citizenship. But that did not necessarily imply that Filipinos had learned to experience a sense of loyalty beyond the confines of kinship. The fact that Bonifacio’s poem ‘Love of Country’ has been set to music and was sung by former political detainees of the Marcos regime as well as the New People’s Army (NPA), was evidence for the validity of the values of patriotism until the present age. And yet it was obvious that the NPA believed that it was still necessary to generate the ideals expressed by Bonifacio’s poem—precisely because such ideals were yet not widely accepted by those who believe that the poem romanticized patriotism. At a general level, loyalty to the nation-state was a value to be held in high esteem, and yet at the same time those politicians who are malakas are likewise also looked at with awe.

It is difficult to defend the proposition that in the conflict kinship politics dominated, but it can be proven that such a conflict existed. Chapters four to six will present empirical evidence through the case study of the Lopez family for such a conflict in the years 1945-1989. It is however, not possible, unless more research is undertaken, to present such empirical facts, for the pre-war period. Instead, this chapter cites the indications of such a conflict in its early forms, brought about by the introduction of these new western institutions.

The conflict between these two opposing sets of values shaped the pattern of some of the major events of Philippine history in the colonial period. In the period of the Philippine revolt against Spain and the subsequent Filipino-American war at the turn of the century, the results of such a conflict was poignant. It was the western value of loyalty to the nation-state which inspired the ilustrados and later the revolutionaries to launch a revolt that demanded independence from Spain. Unfortunately, the revolution failed because of of various factors, an important one being the lack of cohesion or unity among the
revolutionaries. A major reason for this lack of unity was kinship politics.\textsuperscript{83} And yet while there were those that took advantage of the revolution to expand familial political and economic interests, their townmates or provincemates reported them to the new Maílós government in a petition condemning such blatant exercise of kinship politics.

In the American period the existence of corruption in electoral politics and in the bureaucracy was merely evidence of politica de familia imposing its will over the western value of concern for the national interest. Corruption was merely the family operating according to established practice of kinship politics. But the belief that corruption was bad is western, Tagalog itself not possessing a word for such a phenomenon\textsuperscript{84}. Ilustrado of the nineteenth century, Rizal paramount among them, had written in most explicit terms of the evils of corruption and the need for Filipinos to rise above such a self-destructive demeanor. Although the studies of Corpuz and de la Torre did not assess the degree (or even the possibility!!) that Filipinos were guilty of corruption, writing as they did from the western viewpoint a straightforward history of the bureaucracy, any Filipino would admit sheepishly that the bureaucracy had always been corrupt. Accusations of nepotism especially had always been common, and many also believe that palakasan politics is the trademark of the bureaucracy. The Philippine National Bank scandal in 1919 described in chapter two, and the various examples of corruption in local politics in the elections documented by Michael Cullinane for the Taft era\textsuperscript{85} confirmed the attempts of politica de familia to dominate the political scene in pre-war Philippines.

\textsuperscript{83}See also chapter 2.

\textsuperscript{84}There is no Tagalog word for corruption, usually Filipinos use the English word corruption to refer to it. There is a word though, kabulutan to describe the state of being crooked which in a sense could be linked to the concept of corruption.

\textsuperscript{85}See Michael Cullinane, "Implementing".
The end of the colonial period allowed these two sets of values to operate without the guiding hand of the colonial ruler. The conflict arising from the interplay of the opposing sets of values may be perceived more distinctly as it succeeded in shaping the cyclical pattern of the rise and fall of administrations in the years 1945-1989. The following case study of the Lopez family in this period will illustrate in more specific terms the nature and effects of such a conflict.
CHAPTER IV
THE LOPEZ FAMILY

Case Study of the Lopez Family: 1945-1989

The following chapter is a case study of the Lopez family. A background of the origins of the Lopez family up until the second world war shows the basis of the family's wealth and political influence in the province of Iloilo. The rest of the chapter discusses three major phases of the Lopez family history: the family's rise to national prominence until it reached the height of its wealth and political power, (here divided into two parts--1945-1960, 1960-1972), the family's complete fall from power in the martial law years (1972-1986), and finally, the family's ongoing attempts to restore its former power, (1986-1989). The case study illustrates the mechanisms of kinship politics practiced by a successful family; and at the same time provides some examples of the conflict experienced by Filipino families in their attempts to reconcile western values with familial obligations. Despite the fact that these three major phases in the Lopez family history cut across different political spectrums; that is, a democratic system in the 1945-1972 period, a dictatorship under President Ferdinand Marcos in the martial law years, 1972-1986, and finally a restoration of the democratic system after the February 'revolution' of 1986, the normative pattern of kinship politics remained intact as the family responded to each new phase in terms of politica de familia. At the same time the conflict between kinship style politics and western values remained unresolved in all three periods.
Eugenio Lopez, who was responsible for building the Lopez business empire was reported to be the author of the axiom: "To succeed in business, one must engage in politics." This proposition was an accurate assessment of the Philippine situation after the war. Elite families were averse to taking economic risks, unwilling to compete in the free market economy. Preference was undoubtedly for business monopolies or special franchises issued to specific families only. Political power was therefore absolutely essential because it was the venue that gave one access to the special privileges necessary to build a family business empire. Political power opened the door to several major prerogatives: families could receive credit from government financial institutions quite easily, the families could obtain exclusive rights to operate a business venture, and at the same time they were in a position to destroy their potential or current business rivals. Since a political foothold was a prerequisite for a family's prominence, the stakes were high at the local, provincial, and national elections. In the case of the Lopez family, Iloilo/Negros became an essential political base. Political hegemony in Iloilo/Negros was important as western Visayan votes were vital in winning political office for members of the Lopez family. Although for this purpose, the Lopez political ties to Iloilo were important, this case study does not concentrate at all on the family's regional ties. Instead, the study is more interested in family behavior once power is obtained, as well as the effects of loss of power on the family business and wealth. How does the family use its political power to build a business empire? How does a loss of political power affect a family's economic fortunes? To what extent is elite family behavior motivated by the precepts of *politica de familia* or western cultural values?

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The case study of the Lopez family confirmed Eugenio Lopez's axiom. The history of the family's rise and fall was inextricably linked to its political fortunes. When the family achieved the peak of political power, it also built a formidable business empire. In 1972 when the family fell from power, its major corporations were extracted from them and the family's economic fortunes declined. Then in 1986 when the family again assumed a modicum of political power, attempts were made to recover the family's pre-marital law wealth. Other characteristics that ensured success for the family were: family unity, the fact that the family made decisions as a family and never quarreled, maintaining solidarity throughout different political experiences, the family's closeness to the Philippine presidents, the control and use of media for the benefit of the family (the family newspaper and radio/television facilities were used to actively campaign for the family's political and business interests and were used ruthlessly to challenge enemies and criticize presidential policies contrary to the interests of the family), the family's ability to enlarge its kinship network and political connections, (former president of the Nacionalista Party Eulogio "Amang" Rodriguez summarized this aptly when he said "Politics is addition"), and the family's skill in subverting western establishments like banking, congress, the media, the bureaucracy, and the judiciary (the courts), supposedly unbiased, professional institutions, transforming them into instruments of *política de familia*.

Once the family acquired its business empire through the methods of *política de familia*, others castigated its behavior, applying the standards of western values. The family was exposed in the press for its abuse of special privileges. The use of political connections to obtain loans from government banks, loans which remained for the most part unpaid, were exposed and censured by rival politicians, outraged presidents and rival elite families. In 1972, such condemnation resulted in the family's fall from power, and subsequently in the post-86 period stood to block the family's attempts to recover its past business empire. The conflict between the Lopez family's use of *política de familia* and its
critics' who upheld the standards of western values, was inextricably linked to the cyclical rise and fall of the family's political and economic fortunes.

To what extent was the call to the standards of western values merely a ploy used by the rival families who only advertised such values in order to justify their attempts to vanquish a powerful family? Quite often, these very same families who fault their rivals for adhering to kinship politics, were themselves guilty of the same sins once they themselves acquired political power. It would be too simplistic to argue that yes, such a verbal brandishment of western values was a mere ploy, or its obverse that all rival families sincerely believed in the precepts upheld by the western values which placed national interest above the familial one.

Western values permeated the discourse of family politics in different levels. In some cases they were merely used as a ploy to justify the destruction of a rival family. The most obvious example of this behavioral pattern was the Marcos family in the martial law years. President Ferdinand Marcos claimed that he had chose to fight a war against the "oligarchs' in the favor of the national interest, but in reality he merely sought to destroy the old elite families and create his own elite with his family supreme. To fulfill his sinister aims it was essential that the old elite families like the Lopezes be destroyed. (See chapter five) There were also those who sincerely believed in the precepts of the western values, --for example those who stood in front of the military tanks in the 1986 'revolution' risked their lives not for their own families, but for a wider concern for the national interest (although it may be argued that some families had no choice but to do so since Marcos had ordered their arrest). Some politicians like president Diosdado Macapagal were sincere in their campaign to destroy the "era of special privileges".

For the most part many families were ambivalent: on the one hand they sincerely believed, from their education at school that corruption was bad, that the western values of professionalism, ethics and morals and the concern for the national interest should override the familial interests in the political sphere, and yet once they themselves assumed power
they behaved completely in accordance with *politica de familia*. These families applied one standard of values for others and a different one for themselves. They used the yardstick of western values when judging the behavior of other rival families but applied the family values of *politica de familia* to themselves. President Corazon Aquino’s own family, the Cojuancos for example have been continously criticized for their use of kinship politics, (see chapter five) but the president was constrained from castigating her siblings because that would make her a ‘bad’ daughter or a ‘bad’ sister. The strong hold of family values in the Filipino culture compelled them to place the family’s interest above all other things. As a result these families were blind to their own faults; not realizing that they were practicing kinship politics just like the families whose behavior they criticized. The following case study provides examples of this internal conflict, since the Lopez family experienced the same conflict between *politica de familia* and western values as did most elite families.

**Origins of the Lopez Family**

Although by the 1960s the Lopez family had become the most prominent family in national politics, it was a family with a very young history-- its origins made it barely a hundred fifty years old at the height of its power. Family genealogist and historian Oscar Lopez, traced the family’s ancestry to Basilio Lopez a Chinese mestizo and Sabina Jalandoni of Jaro, in the Visayan province of Iloilo. Basilio may have originally come from Mindoro or Batangas but once in Jaro he was adopted by a Spaniard who gave him the surname Lopez and a wealthy inheritance. Basilio eventually became a member of the *principia* class upon his assumption of the position of *Cabeza de Barangay* from 1842-1862.\(^2\) No baptismal records of Basilio has been found but since his first child was born

around 1834, one can date the origins of the Lopez family maybe a couple of decades before that date. The first Lopez couple had sixteen children, but Oscar Lopez traced the genealogy of only eight of the children. Of this eight, only one line is pertinent to this thesis—the line of the first Eugenio Lopez, the central figure in the second generation of Lopezes.

The first Eugenio Lopez was responsible for acquiring the vast amount of sugar lands that became the foundation for the Lopez family wealth and subsequent prominence in the western Visayas. Eugenio was among the first to acquire haciendas right at the time when sugar was being groomed to be the main industry that would replace the then booming weaving industry in the western Visayas. Between 1879-1880 Eugenio had already completed several big land purchases: seven haciendas in Cadiz Nueva, Negros, 1,500 in Balasan, Iloilo and 40 hectares in Sagay, Negros. In the 1890s he bought 80 hectares in Sicaba, Cadiz, a 535-hectare hacienda "Casalagan" in Pontevedra, 198 hectares in Pacpatao, Cadiz Nuevo, and 241 hectares in Talabaaan Diotay, Coiumela, Cadiz and 64 hectares in Tapon, Cadiz. All in all he accumulated 4000 hectares, 1090 hectares of which he sold, leaving 3000 hectares to his children.3

Eugenio was appointed Cabeza de Barangay of Jaro in 1870 and in 1876 was elected Gobernadorcillo (also of Jaro) for two years. Setting a pattern that would be repeated by the succeeding generations of Lopezes, Eugenio was a pioneer entrepreneur and successful businessman as well as a politician (to the extent that the word would be applicable in the Spanish period)4. For example, he was one of the first to use a steam-


powered sugar mill\(^5\), obviously he had moved from sugar planter to miller as well. Eugenio authored the family motto: Honor, Gloria y Riqueza (Honor, Glory and Riches).\(^6\)

One of the twelve children Eugenio fathered, Benito Lopez, actively entered politics and became governor of Iloilo at the turn of the century. Not much is known about Benito (Oscar Lopez' official history of the family stops with the first Eugenio Lopez). A couple of documents found in the Worcester Papers disclosed an unflattering account of Benito the Governor. Lopez was accused of buying votes before election time. The chief of the Law Division was of the opinion that although it was a common report in Iloilo that Lopez obtained his election by bribery of the voters, he doubted if much testimony could be obtained without the suspension of the governor. There was a hint that the governor was charged with countenancing and protecting corrupt officials but any further information regarding this matter was missing from the Worcester papers. It was obvious that the governor was fully aware of the need to acquire political office in order to prosper: one of the testimonies quoted the governor declaring that he was willing to spend the salary of two years as governor because it would be worth any means to get re-elected.\(^7\) Alas, once re-elected, Governor Benito Lopez was assassinated.

When Benito Lopez died he left behind two young sons, Eugenio (6 years old) and Fernando (3 years old). These sons were brought up by their uncle, Benito’s brother

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\(^5\)Amada Tipace-Valino, "Family Portrait: The Lopezes of Iloilo", Mr and Ms, July 31, 1984, p. 16, and Oscar M. Lopez, "A Man for all Seasons" (here Oscar Lopez pointed out that Eugenio Lopez had the first steam engine in Hacienda Maquina.)


\(^7\)"Gives the Result of Investigation of Joaquin Gil, Benito Lopez, Governor of Iloilo, and of Political Situation Generally in Iloilo, Particularly the Testimony of Quintin Salas", Manila, P. I., November 26, 1907, and "Report of the Chief of the Law Division in the Matter of Certain Charges Preferred by Joaquin Gil", found in the Worcester Philippine Collection, Documents, Vol. 1, Item No. 27, Department of Rare Books and Special Collections, Harlan Hatcher Library, The University of Michigan."
Vicente Lopez. Benito and Vicente's wives being sisters (Presentacion Javelona Hofileña and Elena Javelona Hofileña) it was only natural that Vicente would raise the two boys as his sons. Vicente managed the financial inheritance of the two boys until they were of age, treating both boys even better than his own children.8 These two brothers, Eugenio and Fernando, were to transform the Lopez family from a regional power to kingmakers in Philippine national politics, and in the process simultaneously build a formidable financial empire.

Eugenio Hofileña Lopez was born in Jaro, Iloilo, but was educated in Manila at the Ateneo for his bachelors degree, and the University of the Philippines for a law degree; followed by a post graduate degree from Harvard University in the United States. On his return from America, he practiced law in the firm of the most renowned lawyer at that time—Vicente J. Francisco.9 Fernando in turn, also received his education in Manila at the Letran College, and then at the University of Santo Tomas for law school. Fernando married ahead of his older brother, while he was still in the last year of law school. Thus, unlike Eugenio, he never did post-graduate studies in the United States.

Immediately after his marriage in 1928, Eugenio decided to return to the sugar plantation the brothers had inherited in Isabela, Negros Occidental, around two hours drive from Bacolod City. He gave up his law practice and began to establish businesses in Iloilo-Negros together with his brother Fernando. (The company with the name E & F Lopez as co-owners was started in 1926). He revived his father's newspaper the El Tiempo (1929) and its corresponding English daily, The Iloilo Times. In 1932 he founded

8Interview with Fernando Lopez, Manila, April 8, 1988.

Iloilo Shipping Company providing ferryboat service between Iloilo and Negros Occidental. He then expanded his transportation investments to include Iloilo Transportation Company (1932), an urban bus company, Iloilo Taxicab Company (1937) and an airline (1933), the Iloilo-Negros Air Express Company (INAEC). He also dabbled in real estate under the name Lopez, Inc. (1935) and a built a chain of cinema houses in the City of Iloilo. He was also in the food business with the formation of Velvet Ice Cream. All these investments made the Lopez brothers' commercial interests the largest in Iloilo City by 1940.

The first major business crisis occurred in 1937, over the struggle for Panay Autobus. Panay Autobus Company was owned by Miguel Borja and was a larger venture than Iloilo Transportation Company, with bus lines from Iloilo to Antique, Capiz, and along Panay Island. The Lopez-owned Iloilo transportation was limited to Iloilo City (with a line from Iloilo to Jaro). Historian Alfred W. McCoy writing on factionalism in Iloilo province argued that competition between the two buses for passengers precipitated a fiery conflict between Borja and the Lopezes. In this conflict, according to McCoy, the Lopez brothers through their allies among the comisionistas (equivalent to the city's criminal elements), were guilty of intimidating Borja into selling Panay Autobus. McCoy contended that the Lopezes escalated the level of violence, forcing Miquel Borja to exclaim to his daughter, who was recalcitrant to surrender to the Lopezes: "What do you want, my daughter, the Panay Autobus or the life of your father?"

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12 Alfred W. McCoy, "Iloilo", pp. 124-130. The above quote is in p. 130.
When questioned regarding these accusations of intimidation, Lopez family members and employees all agreed that the Lopezes quarreled with the Borjas but denied the use of force or threats of violence or murder. The Lopezes would probably not hesitate to use goons, or the family's lieutenants may have resorted to violence, but it was another thing to imply that they would resort to murder without sufficient evidence to support the allegation. The post-war family history revealed no concrete evidence of their having ever planned an assassination despite all that President Marcos has done to them, (although one in-law Steve Psinakis, was associated with terrorists). In fact, as will be shown in this narrative, although the family members were fighters, once threatened, their reaction was not to risk everything to win, but to consolidate forces and move their business interests elsewhere. Although McCoy's arguments are persuasive, the blatant use of violence was not characteristic of the Lopez business or political panache. Instead the Lopezes relied on political connections with the highest powers that be, who in turn were responsible for pressuring their rivals into capitulation to the interests of the brothers. In other words the Lopezes resorted to palakasan in the face of business and political rivalry. In the case of the Panay Autobus acquisition, the Lopezes used their closeness to President Manuel Quezon. In fact, McCoy acknowledged that the Lopez victory "was largely due to the strong coalition of factional alliances they were able to assemble at all levels of the political system and their unique ability to capture the loyalty of several bitter peer rivals", one such alliance being Quezon's support. Quezon was very close to the Lopez family and he was godfather to Eugenio Lopez's daughter Presy (Presentacion). He


14 See definition in chapter two.

would also stay with the Lopez family whenever he ventured to Iloilo and relied on the Lopez network of local leaders for political campaigns in his favor. The President's support of the Lopezes, was probably a major factor in Borja's decision to sell out to the Lopezes, just as later on in 1947, President Manuel Roxas' support of the Sorianos against the Lopezes, compelled Eugenio Lopez to sell his airline company (FEATTI) to the Soriano family's Philippine Air Lines (PAL). Whatever the methods, the acquisition of Panay Autobus in 1937 gave the Lopez brothers the monopoly over land transportation in Panay province.

The Panay Autobus incident was significant because it set the pattern for the acquisition of future business ventures. The family, typical of other prominent business families in national politics (see chapters 5 and 6) was adverse to competition and preferred to invest in businesses where they had a special franchise or a monopoly. Such an approach made political connections absolutely necessary. Political power enabled one to acquire the necessary special franchise or connection and at the same time the authority to quell all possible rivals by denying them such a franchise. This behavior was typical of Filipino kinship style politica de familia; in the case of the Lopez family it was used to build their business empire, and the narrative of their fortunes after the war illustrated how such amity or en...ity with Philippine presidents expanded or quelled their financial investments. After World War II Fernando Lopez formally entered politics at the precise time when Eugenio Lopez began the ascent from provincial millionaire to the country's most powerful tycoon.

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16 Interview with Pacita Moreno Lopez, Manila, April 9, 1988, interview with Pacifico Villaluz, Manila, July 5, 1988, and interview with Mariquit Lopez, wife of Fernando Lopez, Iloilo, April 17, 1988. Pacita Moreno Lopez even recalled that Quezon taught them how to dance the tango together with Mrs. Zobel when Quezon served as godfather to her daughter Presy.
Before the family began its rapid climb to national prominence it was already a major protagonist in the regional politics of its home province of Iloilo. Benito Lopez after all served as Governor of Iloilo in the early twentieth century. In the eve of the war, the Lopezes were associated with the Zulueta political faction and had important political links to local leaders and national leaders by virtue of the fact that they possessed the largest commercial interests in Iloilo. Commonwealth President Manuel Quezon for example was a close friend of the Lopezes and he made them local leaders of Iloilo.17

**World War II**

World War II put a temporary halt on many profitable business ventures. The Lopez-owned *El Tiempo* was taken over and used by the Japanese for their propaganda purposes. The Panay Autobus buses were first appropriated by the Japanese and then utilized by the USAFFE. Eugenio Lopez and his immediate family left for safety in the hills of Baguio in Luzon. Fernando Lopez and his family however, stayed in the vicinity of Negros Occidental and Iloilo province.18

McCoy argued that political factionalism prior to the war which pitted the Lopez-Zulueta alliance of families against the Confesor-Caram group, colored the behavior of these familial cliques in the war years. With both factions having supporters in both the collaborator and resistance camps, the behavior of both was motivated by the drive to benefit one faction at the expense of the other. The categories of collaborator/resistance were therefore irrelevant in trying to explain politics in the region during the war.19

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19Alfred W. McCoy, "Iloilo", and Alfred W. McCoy, "Politics by Other Means": World War II in the Western Visayas, Philippines", in Alfred W. McCoy (ed.),
McCoy's analysis of factionalism during the war years in effect provides additional evidence of the harmful effects of kinship politics in undermining the nationalist cause. Since the Japanese occupation was perceived by the Ilongo elite as merely an interregnum, the factions (composed of families) were driven not by the ideology of resistance or collaboration, but by the desire to monopolize political power in the subsequent post-war period. This desire to propitiate one's factional interest and destroy that of his rival promoted major dissent and conflict within the guerrilla resistance movement, with each faction attempting to destroy its rivals' organization.20 The family's aim to survive the war years in the best possible political position vis a vis its rival, was a stronger incentive than alliance with the American USAFFE, or the desire to free the Philippine nation from the clutches of Japanese imperialism.

However, since wartime conditions prevented the normal functioning of business, and disrupted the previous political routine, politica de familia had to confine itself to the more pressing goal of family survival. It was not possible to embark on huge financial investments at this point, and neither was it feasible to acquire sufficient political power for the purpose of amassing a fortune; the Japanese military had sole political control and there were few avenues for successful business. Kinship politics was practiced in the limited sphere of factionalism described by McCoy. For unlike the early American period when despite military rule there were attempts to rebuild the Philippine economy with obvious benefits to both the Filipino elite and the Americans, there was very little money to be made during the Japanese occupation except in the limited sphere of the sale of war materials. Those who made money during the war by providing supplies to the Japanese army were

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mostly individuals like Ferdinand Marcos and Sergio Osmeña Jr. (Serging). With the
exception of the Laurel family who emerged very wealthy after the war years presumably
helped by the fact that Jose P. Laurel was president of the wartime republic, family
dynamics was limited to the functions of survival.

Since the Lopez brothers were separated throughout most of the war years, their
behavior during this time could not be completely indicative of their usual pattern of politica
de familia in business. Eugenio Lopez marooned with his family in the mountains of
Baguio, confined his activities to basic subsistence and survival. Although McCoy wrote
about the activities of the Lopez-Zulueta faction during the war, the Lopez faction at that
time must be qualified and confined to Fernando Lopez only and not the Lopez family
(which would normally include the immediate families of both Eugenio and Fernando at
least). The Lopez owned Times was now reprinted as the Panay Shu-Ho, with Fernando
Lopez as publisher. In 1944, Fernando had a business involving the control of gambling
casinos in Iloilo City.21 Nonetheless, Lopez had ties with the guerrilla underground; a not
uncommon technique practised by many families who had members in both collaboration
and resistance camps.

The Lopez Family: 1945–1972

Profile of the Lopez Brothers

A major factor in the success of the Lopez family was the closeness of the two
brothers Eugenio and Fernando. Such unusual closeness was observed by all those who

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knew or worked with the brothers.22 At least one bank account was in the name of Fernando and Eugenio Lopez with the stipulation that either of them could withdraw any amount. According to one source, the joint account held a considerable sum around 8 million pesos in the 1950s.23 Fernando himself spoke of their relationship:

We are two brothers only, very close. Everything that was mine was the property of my brother. What was the property of my brother was mine. The only thing that was not ours was our wives. What I am today I owe it to my brother because my brother gave everything for me, more than me, and one time he was telling me 'I could have many wives, but I could have only one brother.'24

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22 Interview with Fernando Lopez, Manila, April 8, 1988, interview with Mariquit (Maria Salvacion) Javellana Lopez, wife of Fernando Lopez, Bacolod, April 16, 1988, interview with Oscar M. Lopez, Manila, March 27, 1988, interview with the Eugenio Lopez family and their spouses during their Sunday dinner reunion, Manila, March 27, 1988 (Presentacion Lopez-Psinakis, Oscar M. Lopez, Manuel M. Lopez, Roberto M. Lopez, Steve Psinakis, Connie Rufino Lopez, and Marites Lagdameo Lopez), interview with Pacita Moreno Lopez widow of Eugenio H. Lopez, May 17, 1988, interview with Eugenio "Geny" Lopez Jr., Manila, May 2, 1988, interview with Hilarion Henares Jr., economist, former vice-president of the Philippine Chamber of Commerce, and godchild of Fernando H. Lopez, Manila, June 30, 1988, interview with Marcelo Fernando, lawyer of Eugenio Lopez in the 1960s, Manila, April 12, 1988, interview with Alfredo Montelibano Sr. close associate of Eugenio Lopez in the sugar bloc and cumpadre of Fernando Lopez because one of Fernando Lopez's daughters married his son, Manila, April 20, 1988, interview with Pacifico Villaluz who worked with the Lopezes as accountant, treasurer and sometimes as secretary to their companies from the 1930s until the present, Manila, July 5, 1988, and interview with Lydia M. Fullon, Cashier of the Lopezes in the BISCOM and PASUMIL sugar centrals, and who worked for the Lopez family from 1937 to the present, Manila, March 18, 1988.

23 The wife of Eugenio Lopez, Pacita Moreno Lopez, and the children of Eugenio Lopez, Presentacion Lopez-Psinakis and Oscar M. Lopez deny this. Interview with Pacita Moreno Lopez, Manila, May 17, 1988, interview with Presentacion Lopez-Psinakis, Manila, May 26, 1988, interview with Oscar M. Lopez, Manila, March 27, 1988. However, Hilarion Henares Jr. who was close to the Lopezes claimed that he had seen this account, interview with Hilarion Henares Jr., godchild of Fernando H. Lopez, economist, former vice president of the Philippine Chamber of Commerce and columnist of the Philippine Daily Inquirer responsible for exposing the Lopez family scandal involving the Manila Electric Company in August 1988, Manila, June 30, 1988. This observation was confirmed by Pacifico Villaluz who worked with Eugenio Lopez since the 1930s with Iloilo Transportation Company as an accountant and worked with the family in the rest of the businesses, with Binalbagan-Isabela Sugar Company and the Manila Electric Company, Manila, July 5, 1988. He said both brothers could sign any amount they wanted.

24 Interview with Fernando Lopez, Manila, April 8, 1988.
The brothers trusted each other and never fought. In this partnership, Eugenio being the older one made most of the business decisions. Such family amity was mirrored even by the terms of familial address between the families of Eugenio Lopez and Fernando Lopez. The children of Fernando Lopez call their uncle Eugenio not 'tito' or 'uncle' but 'tatay Ining' (father Ining) and their aunt not "tita Nitang" but "nanay Nitang" (mother Nitang). In the same vein, Eugenio's children referred to Fernando as "tatay Nanding" and his wife "nanay Mariquit".

Despite such closeness the brothers had totally different personalities so much so that Eugenio's daughter Presy referred to them as 'night and day' and Fernando's godchild, Hilarion Henares, nicknamed them Dr. Jekyl and Mr. Hyde. Eugenio was strict, and authoritarian with a 'cara de pocos amigos' (a face of few friends) because he always looked so stern. Although all his children idolized him, they were all also terrified of him. He behaved with the utmost professionalism in his business companies expecting the best from all employees including his children who were scolded for their mistakes. Although his own sons, as well as his brother-in-laws Vicente Arenas (the brothers had an adopted sister Julieta who married Vicente Arenas), and Hector Moreno (His wife's brother), worked for him, Eugenio (known fondly by close friends as Ining or

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Eñing), preferred to hire the best professionals for his business enterprises. He demanded the best from them, but he paid them extremely well.\textsuperscript{30}

His friends, employees and even his enemies, admired his business acumen. Critics on the other hand harped on his 'feudal' authoritarian traits. A man of strong character who had no qualms about attacking presidents, Don Eugenio never vacillated over decisions. His wife recounted that he would wake up at 4 a.m. every day because "my enemies whoever they are, they are still asleep and I'm already planning how to attack them and deal with them."\textsuperscript{31} His daughter recalled how he would always tell his sons to make business decisions quickly and abide by them whether they were right or wrong, because if one wasted time weighing the consequences without making a decision, "naunahan ka na" (someone else would have gone ahead of you).\textsuperscript{32} Ever the ambitious businessman, he told his wife when they were just newly married that he would be a millionaire when he reached thirty years of age.\textsuperscript{33} When he fulfilled his goal he also knew how to enjoy his wealth: going on trips abroad every year, eating out at gourmet restaurants very often, and throwing elegant parties. He did not smoke, drink or gamble, but he was certainly ostentatious.\textsuperscript{34} Once the family moved to Manila after the war, business ties to Iloilo

\textsuperscript{30}Interview with Steve Psinakis, son-in-law of Eugenio Lopez who worked for Eugenio as one of the top executives of the Manila Electric Company in the 1960s before he married Presy Lopez, Lopez family reunion, Manila, March 27, 1988.

\textsuperscript{31}Interview with Pacita Moreno Lopez, Manila, May 17, 1988.

\textsuperscript{32}Interview with Presentacion Lopez Psinakis, Manila, May 26, 1988.

\textsuperscript{33}Interview with Pacita Moreno Lopez, Manila, May 17, 1988.

\textsuperscript{34}Interview with Pacita Moreno Lopez, Manila, May 17, 1988, interview with Presentacion Lopez Psinakis, Manila, May 26, 1988, interview with....
diminished. His younger children Manolo and Roberto shyly admitted that although they understand Ilongo they did not speak it that well.35

Fernando Lopez (Nanding) on the other hand, was always a charming, warm, if somewhat naive gentleman. He was the quintessential politician: "He would never hesitate to put his arms around just anybody".36 Nephew Geny Lopez pointed out that his uncle would listen patiently to someone's request for money, and despite knowing full well that the person was fooling him would put on a straight face and donate the money anyway.37 Friends and employees all considered him a very likeable man, "Don Fernando was loved by all" exclaimed one of the vocal critics of the Lopez family:

I would not mind fighting Iñing. But never would I fight Fernando. I owe him...He offered me his house in Guimaras (Roca Encantada-Enchanted Rock) for my honeymoon.... You don't find people like that. He provided us with servants, fruits and fish. I never had to pay anything. I never ceased to love the man. I would never hurt him. But he's such a nice guy!"38

He had a natural gift for reaching out and speaking to the common folk like most skilled politicians. His ties to Iloilo and Bacolod were always very intimate. All Fernando's children speak Ilongo and commute regularly to Iloilo and Bacolod. While Eugenio's huge mansion in Iloilo lay completely empty still waiting to be leased,


38Interview with Hilarion Henares Jr., Manila, June 30, 1988. It is interesting to note that a couple of weeks after this interview, Henares exposed the Lopez family (Eugenio Lopez side) in the scandal involving their claims to regain control of the Manila Electric Company. I was invited to a family reunion at the height of this scandal and Geny and Oscar Lopez could not believe Larry Henares would do such a thing to them because their uncle Fernando was so good to him, he was his godfather and even lent him Roca Encantada for his honeymoon. Interview with Geny and Oscar Lopez at the Lopez family reunion, July 17, 1988.
Fernando's own house next door was continually used by his family. Certainly ties to Iloilo were much more important to Fernando than to Eugenio because as a politician, he had to maintain a regional political base. At the same time, on a personal level Fernando and his family were really much more deeply attached to Iloilo than Eugenio's family. Fernando married a Visayan whereas Eugenio had married a Tagala.

While Eugenio was socially ostentatious and enjoyed spending his fortune, Fernando was known to be simple and even 'kuripot' (frugal--bordering on stingy). He preferred to eat Ilongo food than western gourmet meals. He dressed simply. This contrast in personalities in fact ideally suited their partnership: the tycoon managed the business end, while the politician maneuvered the necessary personal connections to benefit such businesses. One brother was the shrewd and ruthless businessman, the other provided the personal ties necessary to carry out such brilliant business ventures.

_Lopez Rise to Power_ 1945-1953

After the war the Lopez family moved to Manila and began to expand their business interests increasingly on a national scale. Business ties to Iloilo gradually weakened although the western Visayas would always remain the major political foothold in electoral politics. It was inevitable that Eugenio would move to Manila, Iloilo had become too small for his corporate plans. At this time, Fernando Lopez made his political debut. In September 29, 1945, President Sergio Osmeña appointed him mayor of Iloilo City. Eugenio Lopez reopened his airline company in Iloilo (INAEC) in July 31, 1945, and a few months later expanded its service nationwide as he renamed it Far Eastern Air

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39Interview with Oscar Lopez, Manila, March 27, 1988.
Transport, Inc. (FEATI). With planes acquired from the purchase of US surplus army planes, he was able to build up the first international airline service in the country flying routes to Shanghai, and San Francisco. The Lopezes received war damage payments for the loss of the buses of the Panay Autobus, money which may have been diverted to the airlines, although Fernando Lopez claimed that the brothers borrowed P150,000 from his wife Mariquit to start rebuilding their businesses after the war.

The airline company was making a lot of profit as a monopoly until President Roxas declared free skies and the Lopez FEATI had to compete with Philippine Airlines (PAL) which was much more organized. Since the family preferred to participate in businesses where they had sole monopoly or special franchise of the service or operation, there was a struggle between both families for hegemony over the airline business. Originally, the Lopez family had sole franchise of the airlines industry. But President Manuel Roxas denied the Lopez family the monopoly and in the dispute between the Lopezes and the Sarianos (PAL) sided with the later. The result was the PAL takeover of FEATI, as Eugenio Lopez sold his airline business to the Sarianos in May, 1947 for P3,000,000 according to the Chronicle report, and four million pesos according to the Times report. The FEATI was able to recoup its original investment of P2,000,000 before


43Interview with Fernando Lopez, Iloilo, April 17, 1988.

its sale to PAL.\textsuperscript{45} Eugenio Lopez pocketed a neat profit and spared himself difficulties (a FEATI plane crash several months before the sale had highlighted the problems of the airline business.)\textsuperscript{46} In a move typical of \textit{política de familia}, once the Sorianos had purchased the FEATI, swallowing their only competition, they themselves filed an application for exclusive rights to operate in all domestic and international trade routes.\textsuperscript{47} The struggle for control of the airline industry paralleled the struggle for Panay Autobus in the pre-war years, only this time the President did not support the Lopez family thereby resulting in their decision to pull out of the competition. Such a reaction indicated just how important a family's ties with the Philippine president is in the face of business competition. Kinship style politics propelled a family to use its political ties with the president in its efforts to consolidate and expand its business enterprises.

When President Manuel Roxas defeated President Sergio Osmeña, to become the first president of the post-war republic, he reappointed Fernando Lopez mayor of Iloilo.\textsuperscript{48} Thus the change in presidential administration did not adversely affect the career of Fernando Lopez, in fact it advanced it. Once elected, Roxas not only reinstated Lopez mayor of Iloilo but invited him to join the Liberal Party and then worked for his nomination as senatorial candidate two years later.\textsuperscript{49} At the end of July, 1947, Lopez launched his


\textsuperscript{49}Interview with Fernando Lopez, Manila, April 8, 1988, \textit{The Times}, July 24, 1947, p. 1.
campaign for senator in his home province of Iloilo, and resigned as Iloilo mayor a month later in order to concentrate on the senatorial campaign.50

At this critical point in the political career of Fernando Lopez, his brother Eugenio acquired a major national newspaper based in Manila, The Manila Chronicle in September 27, 1947.51 This newspaper then became the major political weapon of the Lopez family, aptly described by Lopez critics later as the 'mouthpiece' of Eugenio Lopez. When asked to explain why the family felt the need to purchase a major newspaper, family historian Oscar Lopez replied that his father was a newspaperman at heart and always admired William Randolph Hearst.52 But the most salient point to make about the Manila Chronicle as a Lopez investment was that it never made any money.53 Why did Eugenio Lopez, a hard businessman, then keep it running at a loss for twenty four years?

Media was a powerful weapon that could be used to attack all political and business enemies, even the president of the Philippines. Applying the values of politica de familia the Lopezes consistently used their newspaper to serve their familial interests. The paper was notorious for biassed reporting. It continuously endorsed Lopez political candidates, and castigated the Lopez enemies. During the campaigns of Fernando Lopez, every activity and every speech no matter how trivial, was reported in the Chronicle. The Lopez businesses were always highly praised in the Chronicle Supplements.


51The Times, September 27, 1947, p. 1.

52Interview with Oscar Moreno Lopez, Manila, March 27, 1988.

Eugenio Lopez's influence emanated from his leadership of the organization of sugar barons. The sugar industry was undoubtedy the highest dollar earning product in the Philippine economy even before the second world war. In the last decade before the war, sugar constituted 61% of the total value of Philippine exports, 30% of the total annual income of all sources of the Philippines. The government derived no less than 43% of its annual revenue from taxes paid by the sugar barons. The ten banks and three companies engaged in agricultural financing loaned 47% of its capital to sugar. The protected nature of the industry resulting from beneficial free trade with the United States, (and after the war the continued sugar quota system and gradual imposition of tariffs up until 1974), ensured a preferential treatment for the industry. After the war, priority was also given to reviving the industry. The planters and millers were given war damage payments to compensate for their lost crops, to replant sugar, and to rebuild the sugar centrals. Credit was extended to the planters on easy repayment terms. The Rehabilitation Finance Corporation (RFC) which was founded to create credit facilities for the rehabilitation of agriculture and industry damaged by the war, advanced substantial sums to sugar, and the province of Negros Occidental benefitted the most from the financial aid provided by the RFC. The RFC which later became the Development Bank of the Philippines (DBP) was the only government banking institution which granted long-term loans to the sugar industry. The Philippine National Bank (PNB) provided short term crop loans which were supposed to


be liquidated after every crop. Nonetheless the PNB was (and still is) the biggest commercial banking institution in the Philippines and if one was in political power it was easier to borrow money from the PNB. In fact, many a planter had been guilty of non-payment of loans. In 1948 for example, the Iloilo branch of the bank stood to lose P2 million because such crop loans were overdue.57 The importance accrued to the sugar industry was such that the PNB was usually headed by a Negrense (one from Negros in the Visayas, the backbone of the sugar industry).58 Powerful politicians had a major say on who would be president of the PNB, and Eugenio Lopez being both a Negrense and a leader of the sugar barons would naturally have some influence in the appointment of this crucial post in the sugar industry. Furthermore ever since the Lopezes became involved in the media with the purchase of the Chronicle and several radio stations (the television station is acquired later in the 1960s), the appointment of the bank president may be publicly lobbied, lauded or criticized.

The sugar barons were not only extremely wealthy but also very well organized, complete with their own association, the National Federation Of Sugar Planters (NFSP) which held yearly conferences. Oscar Ledesma and Alfredo Montelibano Sr., close friends and business associates of Eugenio Lopez both served as president of the NFSP at some point in their careers. The federation had allies in congress that ensured that legislation would be passed in favor of the sugar industry.59 Such a group was a potentially formidable political force in post-war politics. Aspiring politicians were cognizant of its


influence as they hoped to secure its support in order to get elected. In a campaign speech, Manuel Roxas for example, promised to aid the sugar industry "to the limit" if elected.60

The Lopez family's participation in the sugar industry should come as no surprise for apart from the fact that traditionally since the late nineteenth century the family was always involved with sugar, and Eugenio and Fernando both inherited vast sugar lands from the father, the sugar industry was a privileged one. It did not have to compete in the free market because of the special trade concessions with the United States. Sugar meant quotas and quotas meant privilege.61

In just two years Fernando Lopez rose from mayor of Iloilo to senator in December 30, 1947.62 Then in April, 1949, the sugar men groomed Lopez to be their vice-presidential candidate with Elpidio Quirino for president. (Manuel Roxas died before his term was over and vice-president Quirino had replaced him and in 1949, became the Liberal Party presidential candidate) 63 Quirino himself preferred to have Jose Yulo or Mariano Cuenco as his running mate. But the Visayan delegates, determined to have their way, threatened to bolt the Liberal Party unless Lopez was selected vice-presidential candidate.64

61 Interview with Conrado Sanchez Jr., Manila, June 5, 1988.
63 The Sunday Times Magazine. April 24, 1949, p. 35.
In the end, the sugar bloc persuaded Quirino to accept Iloilo's 'favorite son', and Lopez was proclaimed the official vice-presidential candidate.65

At least during the tight elections, Quirino would have no reason to regret relenting to the sugar bloc for in the hectic campaign months that followed, The Manila Chronicle not only published full page advertisements for Quirino-Lopez, but also repeatedly made clear the Visayan endorsement of the pair.66 Exercising its prerogative as an instrument of kinship politics, the newspaper did not run any advertisements for the opposition—the Laurel/Briones or Avelino/Francisco tickets. Such a vigorous campaign supported by the most powerful agricultural and industrial barons was crucial in later obtaining the victory of Quirino and Lopez who were proclaimed president and vice-president in December 14, 1949.67

Aside from his elective position of vice-president, Lopez was appointed chairman of the Government Enterprises Council (GEC) which was the highest advisory and policy-making group of the government in charge of supervising all government owned and controlled corporations.68 Barely four months in office together however, as early as April 25, 1950, there were already reports of a 'break' between the president and the Lopezes.69 Lopez desired the choicest cabinet position: Secretary of Agriculture and Natural


67 The Manila Times, December 14, 1949, p. 1


Resources. In this request he was supported by his Ilongo political allies who implored the president to accede to the request. Quirino was reluctant to grant the request and attempted to mollify Lopez with titular appointments as chairman of the Grant Integrity Board, head of the Department of Economic Coordination. Lopez was not easily appeased and the family applied pressure on the president by utilizing its most potent weapon—the media.

In August 19, 1950, The Manila Chronicle launched the first of a series of savage attacks against President Quirino. The columnist I.P. Soliongco satirized the president using the literary form of drama to deliver one message: Quirino was a lazy and stupid president with the result that: kaawaawa naman ang Pilipinas (pity the Philippines) At the same time Fernando Lopez began to lambast the administration in three months of speeches critical of the administration’s graft and corruption record. Such blatant criticism against the integrity and honesty of the administration, especially at the time the president was linked to a major scandal in which his family made a huge financial profit in kickbacks selling the Buenavista-Tambobong estate, (a scandal where he compromised himself in a letter to an American aptly called the “Burt Letter”), irked Quirino who accused the vice-

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70 The Manila Times, April 30, 1950, pp. 1 and 5, and interview with Fernando Lopez, Manila, April 8, 1988.

71 Telegram, Mayor Jalandoni to Malacan, September 12, 1950, Iloilo City, Quirino Papers, General Correspondence, Iloilo.


president of sabotaging his administration. Perhaps in capitulation to all the attacks on his person, Quirino finally appointed Lopez Secretary of Agriculture and Natural Resources in September, 1950.

At the same time that the Lopez family was marshalling all its resources to achieve political ends (practicing kinship politics), Fernando Lopez was making speeches reiterating that he was in the government service not for material considerations but solely to serve the people. To illustrate his point in concrete terms he pointed out that his salary as vice-president was only fifteen thousand a year, while he could earn five times more if he was engaged in private business practice. From the early days as mayor of Iloilo, Fernando Lopez had repeatedly announced that he had no personal desire to embark on a political career. President Manuel Quezon had offered him more powerful positions before the war but he had declined them. The only reason he felt compelled to accept President Sergio Osmeña's appointment in 1945 was his desire to improve the "sad plight" of the people of Iloilo ravaged by the war. At the same time the president had reminded him that it was his patriotic duty to help the government in its policy of war rehabilitation. In his 1947 senatorial campaign Lopez emphasized the same theme.

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76 The Sunday Times, April 16, 1950, p. 2.


78 The Times, January 18, 1947, pp. 1 and 4.
As vice-president and chairman of the integrity board (a position that unfortunately carried very little executive power), he inevitably had to make a strong stand for the policy of clean and honest government. Furthermore, vice-president Lopez was acutely aware of the unhappy symptoms of politica de familia that were detrimental to the national interest:

I have observed that nepotism and favoritism and political regionalism have been rampant for many years and have developed into a problem of serious proportions today, resulting in discontent and unbridled disillusionment with our government employs....And usually a humble applicant does not get any recommendation or a small employee a deserved promotion unless he is the comprovinciano, the relative, the padrino, the compadre or the political protege of the powers that be.79

Lopez lamented that the situation was exacerbated by the fact that it was the more prominent politicians who were guilty of these mistakes, setting a bad example to all ordinary employees of the state.80 To solve these problems, vice-president Lopez advocated unequivocally the dismissal of the erring officials----"...the erring officials must go, regardless of their station or political connection" because "the sooner the government is rid of such leeches and parasites to the community, the better off we shall be."81 Despite Fernando Lopez' critique of palakasan in the realm of personalistic kinship politics, his brother Eugenio was currently expanding the family business enterprises due to his brothers' political connections. This contradictory behavior was an example of the family's ambivalent responses to the pressures of kinship politics and nationalism. In the minds of the family members the fact that Fernando Lopez declared that he was against palakasan in politics was sufficient. The declaration itself seemed to be enough. Behind the scenes his brother continued to practice kinship politics.


80Ibid.

Eugenio Lopez had purchased in February 19, 1951, the largest sugar central in Southeast Asia, the Binalbagan-Isabela Sugar Company (BISCOM) in Negros. The procurement of the sugar central transformed the major sugar planters headed by Lopez into millers as well. The BISCOM was owned by the Philippine government through shares held by the Philippine National Bank (PNB) (44%), a group of planters (18%), and the Isabela-Sugar Company controlled by members of the Montilla family\(^8\) represented by Enrique J. C. Montilla (38%). The major contenders for the bid were the Isabela Sugar Company, especially since Montilla was the present manager of the BISCOM, and the Binalbagan-Isabela Planters Association (BIPA) led by Lopez. As early as December 17, 1949, the government had decided to sell its shares to Negros sugar planters.\(^3\) Since the government owned 66% of the shares, such an acquisition would give the planters control over the central. A month before the bidding, The Manila Chronicle reported on BIPA president Emilio Caron's charges against E. J. C. Montilla before the Senate Blue Ribbon Committee. It was pointed out that although the company had been claiming losses, it gave the general manager (Montilla) and officers a bonus of P50,000.\(^4\) Montilla was also accused of diverting BISCOM company funds to the Isabela Sugar Company (ISCO) to enable ISCO to buy the government shares in the February bid. The management was also exposed for not paying its loans to the RFC.\(^5\) In his defense Montilla claimed that the ISCO had enough funds of its own which it received from war damage payments, complaining that the BIPA attack was merely a ploy used by his rival planters to prevent the

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\(^8\)Isabela-Sugar Company to the Rehabilitation Finance Corporation, Quirino Papers, Sugar File, p. 1, Ayala Museum, Manila.


sale of government shares.\textsuperscript{86} The Lopez family and their allies were utilizing western values of professionalism in business management as qualifications for ownership and management of the BISCOM. Instead of defending himself on the charges that his management record was unprofessional and detrimental to the interests of the company, Montilla, by labelling the charges a mere "ploy", was in fact saying that ultimately there would be little difference between himself and the rivals. It was an admission that the methods of \textit{política de familia} was the prevailing norm.

In the final analysis the determination of the winner lay in his capacity to pay. The selling price was P20 a share, the Montillas were only able to muster a P21 a share offer, while the Lopezes bid P35 per share. Close associates of the Lopezes point to what they perceived to be the Eugenio Lopez strategy in business; he was always willing to pay top prices for whatever he wanted. Lopez was aware that Montilla could not afford to bid for P35 a share.\textsuperscript{87} In February 21, 1951, BIPA bought both the government shares 44\%, and those owned by five independent entities (18\%), thus acquiring 62\% of the BISCOM.\textsuperscript{88} The rest of the shares remained in the hands of the Isabela Sugar Company.

Before the sale could be finalized however, the PNB which had given BISCOM substantial loans, had to approve the securities submitted by the BIP. Here was where ties to the PNB president proved fortuitous. The sugar planters formally expressed their gratitude to PNB president Vicente Carmona by presenting him with a plaque of appreciation.\textsuperscript{89} (President Quirino was also thanked by National Federation of Sugar

\textsuperscript{86}\textit{Ibid.}, and \textit{The Manila Chronicle}, February 17, 1951, pp. 1 and 4,

\textsuperscript{87}Interview with Alfredo Monetelibano Sr., Manila, April 20, 1988, interview with former Secretary of the BISCOM, Mr. Rafael Anton, Manila, March 9, 1988, interview with Steve Psinakis, former executive of the Manila Electric Company in the 1960s, Manila, July 15, 1988, and interview with Pacifico Villaluz, Manila, July 5, 1988.

\textsuperscript{88}\textit{The Manila Chronicle}, February 22, 1951, pp. 1 and 12.

\textsuperscript{89}\textit{The Manila Chronicle}, March 16, 1951, pp. 1 and 2.
Planter's President and so too, Lopez's close friend, Oscar Ledesma. After a dramatic struggle between the BIPA and the Montillas over the management and composition of the BISCOM board, Eugenio Lopez was elected president and general manager. In view of BISCOM's outstanding loans to the RFC and the PNB, two government men were represented in the board (one representing the RFC and one the PNB). The RFC man appointed was chosen by the sugar planters themselves who requested Malacanang to accede to their preference for Carlos Rivilla, also a sugar planter. Rivilla was also a close associate of Eugenio Lopez and a large stockholder of the holding company headed by Lopez that would eventually manage two sugar centrals—the Philippine Planters Investment Corporation. In the months that followed the sale, The Manila Chronicle published a series of laudatory articles along with BISCOM supplement sections praising the increased efficiency of BISCOM and its up to date payment of P1 million to the RFC. (It owed P11,000,000 originally).

Mentilla, however, was not a man to give up easily and he even as a minority, fought back to acquire his revenge a few months later by suing Eugenio Lopez. Apparently, soon after the acquisition of BISCOM (from March 9, 1951 - August 31, 1951), the board elected to pay themselves a management fee of 10% of all the gross income, sales, expenses, purchases of BISCOM from March 9, 1951, representing a total

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90 The Manila Chronicle, March 2, 1951, p. 2.


of P1,136,760.00.\textsuperscript{94} Isabela-Sugar Co., protested such a move which they believed was not only detrimental to the interests of the minority stockholders like themselves, but was against the interest of the Philippine government who through the RFC and PNB loans had invested a large sum in the company. In a bold move, Isabela-Sugar Company took the following powerful sugar men to court: Eugenio Lopez, Ernesto Oppen Jr., Jose Soriano, Carlos Rivilla, Ricardo Nepomuceno (the PNB representative), Jose Yusay, the Planter's Investment Co. Inc., and the Binalbagan-Isabela Sugar Co., Inc.\textsuperscript{95}

The case exposed the intricate and cunning business methods of the Lopez family. Montilla showed that the sale was publicly made to BIPA with Emilio Camon as president. But once the sale was made, it was obvious that the BIPA was merely a 'front' for what a document called the "Capitalist Group" composed of Eugenio Lopez, Ernesto Oppen Jr., Jose Soriano, Jose Yusay, Carlos Rivilla et.al. As soon as transfer of shares was made from the government to the BIPA, a reorganization of the BISCOM board of directors occurred and instead of BIPA president Emilio Camon appearing in the board, Eugenio Lopez, Ernesto Oppen Jr., and Jose Yusay, with Ricardo Nepomuceno and Carlos Rivilla (representing the PNB and RFC) were named. The BIPA then authorized the transfer of these shares to the Capitalist Group under a holding company called the Philippine Planters' Investment Co., Inc.\textsuperscript{96} The payment of 10% of the BISCOM income or around P1,136,760.00 to the management would not only syphon company funds to the Capitalist

\textsuperscript{94}"Memorandum, Re: Sale by Government of Its Binalbagan-Isabela Sugar Co., Stock and the Latter's Outstanding Obligations to RFC and PNB" (hereafter cited as Memorandum), no date, Quirino Papers, Sugar File, pp. 8-9, Ayala Museum, Manila.

\textsuperscript{95}Republic of the Philippines, Civil Case No. 14831, Court of First Instance of Manila, Branch VII, Isabela-Sugar Co., Inc., versus Eugenio Lopez, Ernesto Oppen Jr., Jose Soriano, Carlos Rivilla, Ricardo Nepomuceno and Jose Yusay; the Planter's Investment Co., Inc.; and the Binalbagan-Isabela Sugar Co., Inc., (hereafter Civil Case No. 14831), Quirino Papers, Sugar File, Ayala Museum, Manila.

\textsuperscript{96}"Memorandum", pp. 1-2.
Group but also abuse the government's generosity since BISCOM owed a substantial amount to both the PNB and RFC.

Summarizing, the government loans money to Binalbagan Central; the Capitalist Group votes these funds in favor of their group, in the guise of a management fee; with the funds so obtained, the Capitalist Group acquires the government stock in Binalbagan. The Capitalist Group thus purchases the stock without paying a cent of their own money; the government puts up the money from Binalbagan, and the Capitalist Group receives that money from Binalbagan, and then uses it to divest the government from its stock in Binalbagan. On the part of the Capitalist Group, no investment, no obligation. The government has never been a victim of a more clever swindling scheme than the present one.97

Montilla's suit was taken up in Congress by Congressman Jose J. Roy who denounced the BISCOM's P17 million loan from the RFC. Roy charged the RFC with gross negligence because it abstained from taking steps to protect the people's money. The 10% management fee was perceived to imperil the BISCOM's ability to repay its loans to the RFC.98 In defense, the Lopez group declared that Roy's figures were exaggerated, and that the loan was P12 million, not P17 million. They also pointed that most of the BISCOM loans to the RFC and PNB were contracted by the previous owners (except for P500,000 which they borrowed to improve the central) and that they merely assumed these debts.99 Although the Chronicle and BISCOM representatives continued to advertise the fact that the BISCOM was now making substantial profits100, no reply was ever given to answer the impropriety charges regarding the payment of the excessive management fees to the Lopez group. Instead Montilla was charged by the BISCOM with firm

97Ibid., p. 10.


mismanagement during the years he served as manager, for making disbursements totalling hundreds of pesos without authority from the board of directors.\textsuperscript{101} The Manila Chronicle continuously reported on BISCOM's charges against Montilla who was accused of collecting BISCOM war damage payments for himself, of tax evasion, of drawing an excessive gas allowance for himself, and of giving himself a P50,000 bonus at a time when the company was losing money.\textsuperscript{102} When Montilla retorted with advertisements in newspapers against the mismanagement of the new BISCOM board, The Chronicle counterattacked with BISCOM's charges describing Montilla in the most unflattering terms: that he was presenting a "Chaplin-like bombast fit only for the comics,"\textsuperscript{103} that he instigated the case against BISCOM as part of his "sour-grapes bellyaching arising from his failure to retain control of the sugar company,"\textsuperscript{104} and that his advertisements about the alleged squandering of BISCOM funds was "a tragicomedy act by the Charlie Chaplin of Negros sugar planters."\textsuperscript{105} None of these page one news items in The Manila Chronicle merited a report in the pages of The Manila Times or the magazine weekly the Philippines Free Press.

In a characteristic response that would repeat itself in the future, the Lopez family avoided the issue at stake when confronted with the charges of utilizing politica de familia. More energy was channeled into making counter-charges of the politica de familia practiced

\textsuperscript{101}The Manila Chronicle, March 16, 1952, pp. 1 and 3.


by the accuser in the past than in the defense of the charges made against the family. These actions highlight the ambivalence of families towards both sets of opposing cultural values. Families observed *política de familia* in others but not in themselves. At the same time many staunch critics of kinship politics were also its prime advocators.

The case was finally resolved three years later in favor of the defendants when Judge Jose C. Zulueta of the Manila Court of First Instance upheld the new management contract of January 15, 1953, which paid the Philippine Planters Investment Co. ten percent of the management fees from the BISCOM's gross income. The judge also lifted the injunction on the old contract and dismissed the claims of Isabela-Sugar Company for exemplary damages. The influence of the Lopez family may have been crucial in the outcome of the case.

The case was also significant for what it revealed about the family's methods of acquiring huge corporations through the use of government funds or money borrowed from government banks. The family did not distinguish between itself and the corporation or even the interests of the government. The interest of the family was the only prism that colored the behavior of the Lopezes. Even the RFC representative of the bank Carlos Rivilla did not feel that his role was to protect the interests of the government. This method of acquisition wherein political power and political connections were used so that government banks inevitably put up the collateral for the purchase, became a pattern of business empire building by prominent elite families in the post-war years, experiencing its heyday in the martial law era. The lawyers who defended the Lopez family were prominent politicians, some of them senators; big names such as Jovito Salonga, Lorenzo Tañada, Claro M. Recto, Claudio Teehankee, and Vicente Francisco. Of these, two senators were employees of the BISCOM—Lorenzo Tañada and Jovito Salonga. (One congressman,

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Ramon Mitra also worked for the BISCOM.\textsuperscript{107} (These men were known nationalist politicians, particularly Tañada and Salonga, showing that even those that stood for the nationalist interests sometime worked for important families.)

Despite the fact that the Lopezes seemed to have "gotten away with it" in the BISCOM purchase,\textit{politica de familia} style of behavior had its critics who exposed the family for its disregard for ethics and the national interest in the "vested interest" debate of 1952. Despite the fact that he belonged to the same political party (the Liberal Party) as the vice-president, Speaker Eugenio Perez accused the Lopezes of attempting to control Congress through the BISCOM and the\textit{The Manila Chronicle}, and of contracting large and questionable loans for the BISCOM through special connections.\textsuperscript{108} To support his first allegation he cited the case of the appointment of Roberto Gianzon as under-secretary of justice which was successfully blocked by the Lopez group. (Perez was for confirmation of the appointment.)\textsuperscript{109} He also declared that "It is also a matter of common knowledge that Mr. Eugenio Lopez has been utilizing over half a million pesos to attempt to "influence" members of Congress."\textsuperscript{110} The Lopezes have never been known to retreat when challenged and the moment Perez labelled the brothers "robber barons",\textit{The Manila Chronicle} ran a series of cartoons mocking Perez, and columnist I.P. Soliongo acquired a new character for his satirical plays. In these portrayals which Perez aptly described as 'character assassinations', his involvement and guilt in past scandals were recalled, particularly tax evasion and his involvement in the Chinese immigration quota racket. Perez was outrightly called "an unmitigated liar", and "a damned fool"; he was portrayed


\textsuperscript{109}\textit{Philippines Free Press}, August 9, 1952, p. 5.

\textsuperscript{110}\textit{The Manila Times}, August 18, 1952, p. 10.
as a lackey of the Chinese interests who were constantly referred to as his compadres (instead of compadres, poking fun at the Chinese difficulty in pronouncing the letter 'r').\textsuperscript{111} The BISCOM sugar planters declared their support for the Lopezes when they likewise challenged Perez to name one congressman who received money from the BISCOM or point out a piece of legislation that benefited it.\textsuperscript{112} Here again is another example reminiscent of the Lopez-Montilla debacle. Instead of concentrating their efforts in defending themselves against the charges of \textit{politica de familia} levied against them, the Lopez family accused Perez of his personal adherence to kinship politics in the past.

Perez did not limit himself to the BISCOM loans but went on to expose the other outstanding unpaid Lopez loans, borrowed for their other businesses; in particular, the Panay Autobus and the newly founded Philippine Portland Cement. According to him, Eugenio Lopez had an obligation of P1,500,000 with the PNB, overdue since 1946. It had not been liquidated and was now in the amount of P2,000,000. The PNB had sent the papers to the Corporate Counsel for legal action but the papers were recalled. Perez asked:

"What form of magic was used to recall the papers from the Corporate Counsel to prevent a


scandalous lawsuit?" The Panay Autobus also borrowed P500,000 from the PNB (later transferred to the RFC) which had not been settled. The Lopezes also acquired a loan of P1,200,000 to establish the Philippine Portland Cement, and for this loan a property that was already mortaged was mortaged again and the account remained unsettled. In the BISCOM case, the government shares were bought for P6,000,000 and although P1,500,000 has been paid, this money was borrowed also from the PNB. There were no accounts of the rest of the payment. Finally, the BISCOM board intended to use P600,000 to purchase jute bags for the milling season, but Lopez instead set up the Industrial Corporation to make the jute bags and withdrew the amount to buy the machineries for the new jute bag factory. This was all done despite the objection of the PNB president Vicente Carmona in whose bank the BISCOM owed around P6-million. The primary concern was that if the jute bags were not manufactured on time, the BISCOM would have to take out another loan from the PNB. Perez concluded by pointing out that all these loans were obtained because of the influence such 'vested interests' claimed to wield over the president. He reminded the people that former PNB bank president Venancio Concepcion was jailed for lesser violations of bank regulations.

Eugenio Lopez defended these allegations by declaring that the financial operations of the brothers were above board and backed up by accepted banking practices. He claimed that the amortizations on the loans of the Philippine Portland Cement, Panay Autobus and the sugar transaction of 1946, were being paid regularly. In the case of the


114 Ibid., for an examination of the Venancio Concepcion case see, PNB 1918 bank scandal discussion in chapter two. It should be pointed out that Conception could be jailed because the American colonial powers in their attempts to teach Filipinos the values of professional ethics and concern for the national interest, punished those guilty of corruption. In the post-war years, an independent Philippine government which was torn between operating under the values of kinship politics and those of democratic principles was often times overruled by the powerful hold of elite family politica de familia.
BISCOM, Lopez pointed out that the new management merely took over the previous loans of the old owners of the central. Furthermore, since they took over the operations of the central, the obligations had been reduced to about two million in a little over a year, despite the fact that the BISCOM recently spent around P2 million for improvements in the central and for increasing production capacities.\textsuperscript{115}

The war described as a 'fight to the finish' benefited neither party who were perceived to be engaged in political suicide.\textsuperscript{116} Perez's attempt to depict himself as a 'crusader' against the 'vested interests' was thwarted by his past association with corruption and a reputation that was not associated with integrity. The Manila Chronicle was not totally incorrect when it pointed out "the spectacle of Speaker Eugenio Perez waging a crusade against what he calls the vested interests is as funny as the spectacle of a pickpocket preaching honesty."\textsuperscript{117} Apparently part of the reason for the war was Perez's fear that the Lopez bloc was trying to oust him from the speakership. On the other side of the stage, Perez's assault zeroed in on the Lopez family's specific techniques in the operation of politica de familia. Although the The Manila Times and the Philippines Free Press reported the tirades of both sides, The Manila Chronicle limited itself to discrediting Eugenio Perez, avoiding an explanation of the real issues brought out by Perez, particularly the attempts to dictate to the Congress. Eugenio "Geny" Lopez Jr. admitted in an interview that it was necessary to have some clout in Congress to ensure that one's businesses was not affected by adverse legislation.\textsuperscript{118} Alfredo Montelibano had expressed the same


\textsuperscript{117}The Manila Chronicle, August 12, 1952, p. 1.

\textsuperscript{118}Interview with Eugenio Lopez Jr., Manila, May 21, 1988.
sentiments in the area of protecting the interests of sugar. Former Manila vice-mayor Jesus Marcos Roces who worked closely with party leaders in elections disclosed that it was a common practice in the congress to form interest groups that lobbied for particular business interests like the tobacco bloc and the sugar bloc.

In this Lopez/Perez, pot and kettle battle, the Philippines Free Press, contended that the Lopez family had the advantage because they owned a daily newspaper, while Perez had access only to a small weekly newspaper (although The Manila Times published his attacks and reported both sides of the debate). It was also mentioned that Eugenio Lopez was heard to say; "We haven't started to work on Speaker Perez yet." For his part Perez made it a point to state that his 'campaign' was not directed at the vice-president but at "his intriguing brother and associates who wish to control the government without actually being responsible to the electorate for their acts." Throughout the embroglio, Fernando Lopez dissociated himself from the attacks by declaring that he could not speak for the business interests of this brother because he was not handling those enterprises, emphasizing that he was in government to serve the nation: "I have always held on to my avowed and open pledges that my public life belongs to the nation and not to any party or group of friends or even to the so-called vested interests." And yet, the vice-president continued to fight Perez in his speeches, (Eugenio only released one statement in his name)

119 Interview with Alfredo Montelibano Sr., Manila, April 20, 1988.

120 Interview with Jesus Marcos Roces, Manila, April 29, 1988.


and defend his family. Fernando Lopez claimed separate identities between himself and his brother, hoping to stifle the accusations that he was not practicing delicadeza. But the closeness of the brothers was well known, and a discrepancy was observed between Lopez's statement that as a government official he had always placed the national interest above his familial one, and his brothers blatant practice of palsekan.

The hidden motive behind the war, was the struggle for the vice-presidential nomination. Fernando Lopez entertained ambitions for the presidency,\(^{125}\) after all this was the country's most powerful position; but when it became obvious that Quirino was bent on a re-election, Lopez then had to settle for the vice-president. Because Quirino could actually only serve two years of the four year term as re-elected president (since the limit was 8 years and Quirino had taken over for 2 years when president Roxas died), whoever was the vice-president would automatically succeed Quirino as president after two years. The vice-presidential slot with Quirino therefore was a guaranteed stepping stone to the presidency. Both Perez and Lopez desired the vice-presidential nomination under the Liberal Party.\(^{126}\)

Press attacks on the existence of corruption or the building of political dynasties was nothing new in the post-war years. The unique aspect of the "vested interest" expose was that it did not accuse the Lopezes of corruption or of breaking the law, but rather the

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\(^{126}\) Leon O. Ty, "Political War Between Vice-President Lopez and Speaker Perez", Philippines Free Press, August 9, 1952, p. 5. Neither candidate succeeded in acquiring the nomination. Another consequence of the exposes was that the PNB finally sued the Lopezes for the 1946 unpaid loans for the importation of sugar, compelling the brothers to pay the loan immediately so that the suit could be withdrawn. See The Manila Times, September 17, 1952, pp. 1 and 2, and The Manila Times, September 27, 1952, pp. 1 and 12. The Manila Chronicle did not report the PNB suit, only its settlement, The Manila Chronicle, September 27, 1952, pp. 1 and 9. Although the exposure pressured the Senate Blue Ribbon Committee to investigate the huge Lopez PNB/RFC loans, no serious follow-up was ever accomplished and the memory of the scandals faded until it was unearthed a decade later. See The Manila Times, August 27, 1952, pp. 1 and 12.
charge was of 'bending the law'; of using political influence to acquire special privileges, of practicing palakasan or indulging in kinship politics. It criticized the family's practice of acquiring large government loans to pay for its business investments, a style observed by the Lopezes and other elite families in the post-war years. More important, the case was a preamble to a much more organized and sincere criticism of family politics a decade later under the administration of President Diosdado Macapagal. Unable to make the vice-presidential berth with the Liberal Party, Fernando Lopez ran for senator with the Nacionalistas in 1953. Adamant about maintaining a political foothold the Lopez family felt compelled to switch political parties. Meanwhile, Eugenio Lopez was awarded "Sugar Man of the Year" (1951), "Financier of the Year" (1952) and voted "industrialist of the year" in April, 1953, by the Business Writer's Association of the Philippines (BWAP) for his accomplishments as President of Philippine Portland Cement, The Manila Chronicle, BISCOM, Industrial Company and other minor investments.\(^{127}\) In 1956, the same group named him "businessman of the year."\(^{128}\) Regardless of the fact that his brother was no longer vice-president, by then, the businesses had expanded; for after all, a senatorial seat was also powerful. In January, 1956, Eugenio Lopez bought a second sugar central, this time in Luzon,—the Pampanga Sugar Mill (PASUMIL). Philippine Planter's Corporation bought 50% of the stock once owned by an American group (Spreckles). In April 1959, Eugenio Lopez was elected President of PASUMIL.

By 1953 the Lopezes had already built a considerable business empire. Eugenio Lopez was the acknowledged leader of the powerful sugar bloc, the business group that was tied to the largest dollar earning industry in the country. His brother, Fernando had experienced a meteoric rise from mayor of Iloilo to vice-president. Although Fernando had

\(^{127}\) The Manila Times, April 13, 1953, p. 7.

to settle for the senatorial position from 1953-1965 (he was senate-president pro-tempore from 1959-1965) when the family would have preferred that he be president, Lopez never left politics, earning the reputation of never having lost an election, up until the martial law period. In the realm of local Iloilo politics, Iloilo historian Alfred W. McCoy concluded that by 1953 the Lopez-Ledesma faction emerged as the most powerful political group in the Western Visayas particularly due to their control of BISCOM and their alliance with Governor Lacson. McCoy stated that Fernando Lopez's ascension to the vice-presidency and the victory of the Lopez-Ledesma factions in the 1949 elections made Fernando Lopez Iloilo's dominant leader. In the world of national politics, the sugar bloc was already known to have major allies in Congress, often with a direct influence on the president himself. Eugenio Lopez apart from financing their fellow party members also contributed to the election campaigns of those congressmen and senators of the opposition party like the senatorial campaign of Diosdado Macapagal and Geronima Pecson in 1955. (The Lopezes were in the Nacionalista Party then while Macapagal was in the Liberal Party.) They also maintained some influence in the courts because they helped appoint or recommend judges. The following major period (1961-1972) saw the peak of the family's political and economic power when they acquired the Manila Electric Company—the jewel of their business empire, and became kingmakers as they participated in the making and unmaking of Philippine presidents.

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129 Alfred W. McCoy, "Yloilo", p. 440, and pp. 505-506. The Lopezes however, did not maintain power consistently later on. They break with the Zulueta's and Lopez rivals Zulueta and Rodolfo Genzon triumph over Lopez men in local and provincial elections.

130 Interviews with President Diosdado Macapagal, Manila, April 16, 1988, and June 2, 1988.

131 Ibid.
Ascent to the Peak of Power: 1961-1972

In October, 1961, the Lopezes acquired their first major monopoly--the Manila Electric Company, a major public utility that became the new source of their power. Although the sugar bloc was still a formidable force in Philippine politics, the inevitable termination of the Laurel-Langley agreement in 1974 signalled the possibility of a decline of their influence since after that date Philippine sugar was no longer to be given preferential treatment in the US market. This predicament pressured the barons to either diversify into industry or consider an alternative to sugar. At this point in Philippine economic history, industrialization was an increasing trend. In industry, the policy of "Filipino First" launched by President Carlos Garcia envisioned the gradual Filipinization of the major industries once owned by Americans. Filipinization merely meant the transfer of ownership from American control to Filipino hands. As the possibility that parity rights for Americans would cease in 1974, some Americans responding to vociferous nationalist pressure decided to sell their interests to Filipinos before they feared they would be forced out. One of the corporations was the Manila Electric Company. Thus the Lopez family was able to acquire the bid to possess the majority stock of such a public utility at the height of the "Filipino First" policy.

According to the Lopezes they were first made aware that Meralco was being sold when Eugenio Lopez' right hand man (in the business world) Roberto Villanueva met Meralco president Albert Tegen in one of his business trips to the United States. Mr. Tegen had informed Mr. Villanueva of the intention to sell and he immediately called Eugenio who, true to character, made the decision in five minutes.132 Miguel Cuaderno, a financier (he had served as governor of the Central Bank of the Philippines), was instrumental in organizing the consortium of banks and investment houses that provided the

necessary temporary loans. Cuaderno being a close friend of the Lopezes, gave them special permission to remit dollars, facilitating their takeover of Meralco. The Philippine National Bank (PNB) guaranteed the Lopez loans easing the financial aspects of the takeover.

The sugar bloc, the Lopezes included, supported the re-electionist Carlos Garcia in the 1961 presidential elections. Unfortunately, despite such an enormous financial crunch, Garcia lost to Macapagal, because the electorate had tired of the insincerity of the "Filipino First" policy, and the corruption associated with the policy of economic controls. The policy of economic controls meant that imports were restricted and few legitimate, non-political enterprises benefited from the special privileges and concessions given to a select few allowed to import, while a new class emerged under economic protections—only those families in power could thrive in business.

At the very start of his administration President Diosdado Macapagal launched a major attack on the Lopez family, as part of his 'moral regeneration' drive. Beginning with a speech warning the sugar bloc against engaging in organized power politics as a means to promote its interests, he then proceeded to show how such a bloc which he labelled the "Lopez sugar bloc", used their influence to secure special bank loans. The timing of such an attack was critical: the first public speech was given at the opening of the

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133 The Manila Times, October 21, 1961, p. 16-A.

134 Interview with Dr. Amado Castro, economics professor at the University of the Philippines, who was once one of the 'technocrats' in the 1960s, Quezon City, June 14, 1988.

135 Interview with Conrado Sanchez Jr., former governor of the Bureau of Investment, Manila, June 5, 1988.

136 Interview with President Diosdado Macapagal, Manila, June 2, 1988.

National Congress of the Philippine sugar industry which met to discuss the future problems brought about by the termination of the Laurel-Langley agreement, and the introduction of a global sugar quota system.\textsuperscript{138} The attack against the Lopez sugar bloc also began at the same time that the new set of Nacionalista solons who dominated the congress and replaced the NP chairmen of various committees were members of the faction led by the sugar bloc.\textsuperscript{139} The president was therefore assured of the backing of the displaced Nacionalistas brushed aside by the sugar bloc. While it may be said that the presidential campaign against the vested interests epitomized by the Lopezes was instigated for purely political reasons, it must be noted that the battle raged for the entire four years of his presidency and cost Macapagal his re-election since the elite families practicing politica de familia decided to, in the words of Montelibano "go for broke" to ensure his defeat. Such a prolonged and systematic exposure and condemnation of the sugar bloc and the Lopez family (some other families were also included like the Yulos)\textsuperscript{140} hitherto

\textsuperscript{138}Ibid.

\textsuperscript{139}Napoleon G. Rama, "The President's Pet Hate", \textit{Philippines Free Press}, October 27, 1962, p. 4.

\textsuperscript{140}Macapagal also attacked the Yulos and exposed that Jose Yulo had acquired his vast Canlubang sugar estate with loans obtained from the Rehabilitation Finance Corporation (RFC) when he was chairman of the RFC. Macapagal rightly pointed out that it was both unethical and unconstitutional to be involved in a business transaction of this nature when one was in the government service. The case was brought out in the press and there were threats to oust the plantation from Yulo. A complaint was filed in the Court of First Instance of Laguna where there was a move to expropriate the estate. Complaint, Republic of the Philippines, Court of First Instance of Laguna, Bihan branch, Republic of the Philippines versus Jose Yulo, Tomasa Yulo, CJ Yulo & Sons, Inc, Vicente Madrigal, Bank of the Philippine Islands, China Banking Corporation, Commercial Bank and Trust Company, Philippine Bank of Communications, Development Bank of the Philippines, Luis Yulo, Teresa Jugo, Maria Elena Y. Quiros del Rio, Jose Yulo, Jr., Regina Abreu, Ramon Yulo, Carmen de Vera, Jesus Miguel Yulo, Maria Cecilia Yulo and Leandro Loech, Civil Case No. B-362, document given to the author by President Diosdado Macapagal. The case also was heard in the Supreme Court. See also The Manila Chronicle, August 25, 1962, pp. 1 and 9, The Manila Chronicle, January 25, 1963, p. 1, The Manila Chronicle, February 1, 1963, p. 12, The Manila Chronicle, February 13, 1963, p. 1, The Manila Times, September 21, 1962, p. 1, and The Manila Times, September 25, 1962, p. 1.
unprecedented would only result in the withdrawal of their financial support at election
time, and Macapagal, 'the poor boy from Lubao' with no personal 'family' behind him,
must have been aware of the risk he was taking. His attempt to put these families who
utilized political power to build a business empire in their place was fundamentally sincere
as he sought to implement the western values of ethics, professionalism, and concern for
the national interest. (He did not build a family business empire though he himself
emerged a wealthy man.)

Macapagal's aim was to impose the western values of free enterprise "which
should make available to all businessmen and to all citizens equal and fair opportunity to
advance not through unfair tactics but according to the merits of everyone." To enforce
this it became necessary to put an end to what the president himself called "the crm of
special privileges". In essence it was the beginning of a policy against the practice of
palakasan and politica de familia.

We are only against those who become rich or seek to become rich,
firstly, through corruption of public officials, secondly, through misuse of
public office, thirdly, through violation of our laws by enriching themselves
through these illegitimate means. These types deprive the hard-working
decent citizens and the common people of fair and equal opportunity to
advance or to become rich, thereby weakening our democratic system and
preventing rapid and general progress....

The essence of our reform effort is to make democracy a vibrant one
in our country by establishing not only a government of and by the people,
that is, a government that does not allow its benefits and the wealth of the
land to be cornered by a privileged few but a government that makes those
benefits and wealth effectively available to all the people. To bring this

141 Diosdado Macapagal, "The Big Drive", Radio-TV address, August 28,
1962, in Diosdado Macapagal, New Hope for the Common Man, speeches and statements
of President Diosdado Macapagal, vol. 2, Research and Special Projects, Malacañang

142 Napoleon G. Rama, "The Era of Special Privileges is Over!", Philippines
Free Press, March 3, 1962, pp. 6 and 75.
about, it is our duty to ensure that no man is so powerful to be above the law and no citizen so weak as to be denied his rights accordingly.\textsuperscript{143}

In his specific campaign against those families guilty of using political power for personal enrichment, Macapagal singled out two categories for Filipino nationals. These categories were (1) "those who have utilized organized political power to build business empires and vice-versa, to which category the Lopez brothers pertain", and (2) "those who have misused their public trust to amass wealth, to which group former Speaker Jose Yulo belongs."\textsuperscript{144}

In the four years of his tenure, Macapagal unleashed a continuous series of attacks against the Lopezes. To substantiate the main theme of the attacks; that of using political power to build a business empire, Macapagal argued that during the period of their political activities, the Lopez brothers and their associates in the sugar bloc acquired the following choice businesses: the BISCOM, the PASUMIL, the Manila Chronicle, the ABS and the CBN radio-television network, and the Meralco.\textsuperscript{145} Furthermore, their political connections enabled them to receive special loans and credits from government banking and financial institutions, loans which enabled them to buy the huge businesses in the first place. Macapagal published a presumed total breakdown of Lopez credits to state institutions:

1. Development Bank of the Philippines:
   a. Binalbagan Central.......................... P32,490,000
   b. Pampanga Central............................ 4,788,000
   c. Philippine Portland Cement.................. 2,355,000
   d. Industrial Company........................... 1,450,000
   e. Bolinao Electronics (Alto Broadcasting)..... 600,000

\textsuperscript{143} Diosdado Macapagal, "Macapagal on 'Class War'", excerpt from President Diosdado Macapagal's speech at the commencement exercises of the first Emergency Employment Administration training class in Baguio City, Philippines Free Press, October 27, 1962, p. 81.

\textsuperscript{144} Diosdado Macapagal, "The Big Drive", p. 102, interview with President Diosdado Macapagal, Manila, June 2, 1988.

\textsuperscript{145} The Manila Times, February 24, 1962, pp 1 and 12-A.
f. CBN Broadcasting ......................... 2,275,000

g. Southern Lines (shipping company) ....... 1,730,000

Total ........................................ P45,688,000

2. Philippine National Bank
   a. Meralco .................................... P35,000,000
   b. Chronicle .................................. 2,000,000
   c. Binalbagan Sugar Central ................. 3,500,000
   d. Pampanga Sugar Mill ....................... 1,200,000
   e. Bolinao Electronics (Alto Broadcasting) .... 485,000

Total ........................................ P42,185,000

3. Government Service Insurance System
   a. Alto-CBN (building construction) .......... P500,000

All of these totalled P88,373,000.  

Secondly, Macapagal denounced the Lopezes for their political influence in the legislature, and the judiciary. Macapagal for example, accused what he nicknamed the "Lopez sugar bloc" (composed of 36-strong men in the House with an undisclosed number of senators under the leadership of Senate President Pro Tempore Fernando Lopez), of controlling the political and economic life of the nation. The Lopezes had succeeded in obtaining these politicians as allies through their practice of giving them retainer fees as 'legal counsel' or 'sinecure positions' in their business establishments. According to the president the Lopezes were attempting to control both the senate (if Fernando Lopez succeeded in becoming senate president) and the congress, through the election of Daniel Romualdez as House speaker. Due to their political influence the Lopez bloc had also


succeeded in appointing their men to top ranking and key positions in the government, especially the financial institutions like the Philippine National Bank and the Development Bank of the Philippines as well as the Monetary Board of the Central Bank. Their patronage extended to the judiciary where they had a hand in the appointment of key officials in the Supreme Court down to the justices of the peace and even some Manila fiscals.\textsuperscript{149}

Thirdly, the Lopezes were also castigated for violating the constitution, article 6, section 17, in a specific case involving the purchase of a lot from the Philippine Homesite and Housing Corporation (PHHC). For this violation criminal complaints were filed against the brothers in the city fiscals office of Manila and Quezon City. This particular case was significant since many public officials in the post-war years were asked to account for their corrupt actions with respect to a constitutional provision which stated:

\begin{quote}
No senator or member of the House of Representatives shall directly or indirectly be financially interested in any contract with the government or any subdivision or instrumentality thereof, or in any franchise or special privilege granted by the Congress during his term of office.
\end{quote}

The provision also provided the penalty for its violation in Commonwealth Act No. 626:

\begin{quote}
Any person violating section seventeen, article vi...shall be punished by fine of not more than five thousand pesos, or by imprisonment of not more than two years, or by both, and, in addition thereto, shall be subject to such administrative or other actions as the corresponding authorities may find proper.
\end{quote}

Eugenio Lopez in January, 1957 bought a whole block from the PHHC in Quezon City composed of 44,027.3 square meters. At the time the sale was made, Fernando Lopez was senator, and was an undisclosed owner of half of the property. The PHHC was set up to grant cheap housing for the poorer segments of the population. The lots were therefore meant to serve as residential areas for the underprivileged. The Lopezes who bought the

\textsuperscript{149}Leoncio R. Paruña"u, "The Power of the Lopez Brothers", p. 2.
land ostensibly for *The Manila Chronicle*, instead constructed two television towers in the property. Aside from violating section 17, article 6, of the constitution, the buyers failed to construct a residential house in the property within a year as required by the contract. The presidential press secretary Leoncio Panugao who served as Macapagal's right hand man in this campaign against the Lopezes, further argued that the price of P14 a square meter compared to the price then was too low and that a single award of more than four hectares to the brothers was considered 'anomalous'\(^\text{150}\). The PHHC lot case was crucial because it was a specific instance wherein it could actually be proven in a court of law that the Lopez family had utilized political connections for their personal businesses.

Macapagal also relentlessly pursued the Lopez taxation history. They were accused of falsifying their tax census, by inflating their liabilities in order to pay a smaller amount in taxes.\(^\text{151}\) The Philippine Planters Co. was threatened with seizure because it neglected to pay its broker's tax.\(^\text{152}\) The climax occurred in 1963, when the Lopezes faced criminal charges for tax evasion as they faced a P10 million tax evasion suit that reached the

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\(^{151}\) The Justice Department said that the Lopez brothers falsified their tax census returns for 1961 by making it appear that the total liabilities of the brothers to the Philippine Planters Investment Company Inc. was P32,261,380.25 when in the same period the corporation had a total of only P16,377,276.56 in receivables. Therefore the Justice Department concluded that the Lopez brothers overstated their liabilities by P15,844,103.69. "Inasmuch as the Lopezes also control this corporation, it is believed that such misrepresentation was made to minimize their net worth or channel the money elsewhere." *The Manila Times*, August 20, 1962, p. 12-A.

\(^{152}\) *The Manila Times*, August 28, 1962, pp. 1 and 2-A. Bureau of Internal Revenue (BIR) commissioner Jose B. Lingad charged a P1,286,039 broker's tax on Philippine Planters Investment Corporation, a tax it failed to pay from 1954-1961. In 1963, the court of tax appeals had temporarily restrained the BIR from executing the warrant. See *The Manila Times*, January 3, 1963, pp. 1 and 10-A.
auspices of the Supreme Court.\textsuperscript{153} Even their minor transgressions were not overlooked.

In January, 1963, the Lopez radio stations (22 stations all over the country) were ordered closed for violations of government regulations.\textsuperscript{154} At the same time, the PNB suit case which was brought out during the rift between President Quirino and Eugenio Lopez, was unearthed in this period. Apparently, the Lopezes did not pay the bank the entire amount due and the court case remained pending for the last ten years. The PNB sought to recover P87,488.08 as foreign exchange tax.\textsuperscript{155}

It became obvious that the president's campaign unlike previous exposes was not content to limit itself to a mere catalogue of Lopez family wrongs. Two cases—the PHHC lot case and the tax evasion case actually reached the courts. Then in a bold move Malacañang palace ordered the Meralco to oust the Lopezes from the Meralco board of directors or the government would "cancel the electric firm's franchise and take other punitive measures if it does not place it out of the control of the Lopezes within a reasonable time".\textsuperscript{156} Eugenio Lopez owned the controlling stock of the Meralco Securities Corporation, the holding company of the Meralco. According to Malacañang Executive Secretary Salvador L. Mariño, since a public utility was supposed to serve the national interest, it was against the public policy and public welfare that it should be "in the control


\textsuperscript{154}{\textit{The Manila Times}, January 17, 1963, pp. 1 and 8-A, interview with President Diosdado Macapagal, Manila, June 2, 1988.}


of politicians engaged in a struggle for political power and dominance over the country."157 Macapagal may have overplayed his hand here for the move triggered a reaction of "shocked incredulity" from the business sector who felt that "things had gone too far".158 Senators Arturo Tolentino and Antonio Barredo charged the president with terrorizing businessmen.159 To correct this possible alienation of support, Macapagal immediately released a statement reassuring the businessmen that they should not be alarmed with the government's drive against the Lopez brothers since it was aimed only at the politicians who used political power to advance their financial interests.160

It was difficult to decipher exactly what Macapagal's motive was in instigating such an action that seemed futile in the first place. He asked the Meralco representative Emilio Abello to renounce the Lopezes, when Abello owed his job to them. How could Abello, operating on Filipino values renounce his own benefactors? Did Macapagal actually believe he could succeed in this demand? (Macapagal himself shrugged off an answer to the question as to whether he actually thought he could oust the Lopezes from Meralco.)161 And yet although it was not really feasible for the entire company to repudiate their majority stockholders, the presidential demand accomplished its purpose by presenting to his adversaries the potential power of the president. One Manila Times columnist summed up Macapagal's threat as 'pure blackmail': "If Meralco gets rid of the Lopezes, the franchise won't be in any danger of confiscation, and the violations, if any, will be overlooked."162

157Ibid., p. 12-A.

158The Manila Times, January 5, 1963, pp. 1 and 8-A.

159The Manila Times, January 6, 1963, pp. 1 and 2A.

160Ibid.

161Interview with Diosdado Macapagal, Manila, June 2, 1988.

Past presidents had refrained from challenging the sugar bloc openly, but Macapagal’s
denunciation emphasized sugarlandia’s Achilles’ heel—the threat of foreclosure of their
loan mortgages. Previous presidents used bank credit as a potent weapon to elicit
compromises from sugar bloc.

From President Roxas to President Garcia, the sugar bloc skillfully managed to
support each presidential administration and switch alliances just in time for the new
administration to enter the palace. Unfortunately this time, they failed to install their
candidate. Macapagal perceived the bloc’s attempts to control congress as an effort to
acquire a strong bargaining position with the president. His exposure of the Lopez
unpaid loans, the threat to withdraw the business franchise of their radio-television
stations, and the Meralco may be interpreted as a reminder to the elite families that
presidential power was not to be thwarted.

Not surprisingly The Manila Chronicle did not publish all of Macapagal’s criticisms
against the Lopez family. Instead the paper concentrated on presenting arguments for the
Lopez defense and Macapagal’s accusations were printed only in the context of a Lopez
emphasized other Nacionalista politicians support of the Lopezes. Contrary to previous
practice, The Manila Chronicle refrained from ridiculing the president as it did President
Quirino and Speaker Perez. There were no cartoons or exposures of any kind during the
initial two years of the Macapagal campaign against them. (They seemed content with were


164 For an account which argued that Macapagal’s move was unprecedented since the sugar bloc had been so powerful up until then, see Philippines Free Press, February 2, 1963, pp. 6, 66-67.

sarcastic remarks made regarding Macapagal's doctorate in economics and his austerity program. This did not mean however, that the Lopezes capitulated to the president or that the family was exhibiting signs of weakness. The Lopez strategy this time was to concentrate all their efforts in a presidential campaign (for 1965) that would defeat Macapagal at the polls. A statement attributed to Eugenio Lopez summed up succinctly, the psychology behind such a course of conduct: "We will not give in to Macapagal because we will be still around when the time comes that he will no longer be President." The first full blown relentless Chronicle attacks against Macapagal's administration began once Fernando Lopez announced his intention to seek the Nacionalista Party's presidential nomination for the 1965 elections. From here on, the Chronicle persistently reproached the presidential administration, particularly in the speeches of Fernando Lopez who had begun an arduous campaign with NP ward leaders all over the country.

In their defense the Lopezes used the following arguments: (1) with regard to the bank loans of the BISCOM and the PASUMIL, the Lopezes merely assumed the loans of the former owners of the centrals and the new loans taken out recently were for the improvement of the centrals, and all loans were obtained through normal bank procedures. (2) with regards to the total value of the loans, this was grossly exaggerated, not P88,373,000 but only P1,863,000. (3) the PHHC lot purchase was legal and there was "nothing fishy about it" (4) the PNB did not pay one single centavo in the purchase.


167Interviews with President Diosdado Macapagal, Manila, April 16, 1988, and June 2, 1988.


170The Manila Chronicle, October 2, 1962, p. 6
of Meralco, rather, the downpayment (P23 million) was purchased by private stockholders although a consortium of banks, (of which the PNB had a 20% participation) guaranteed the payment of the annual amortization to be paid in nine yearly installments totalling P175 million.\(^{171}\) (5) in the case of Bolinao Electronics, the Lopezes merely assumed the obligations of the previous owners,\(^{172}\) and (6) that The Manila Chronicle was not a biased paper and had taken stands contrary to that of the vice-president, and that the purchase of the television stations was a complementary activity to the media interests of the family.\(^{173}\)

In response to the tax evasion charges and the move to oust the brothers from the Meralco board, the Lopez countercharged Macapagal of 'Castroism'; that is, of displaying dictatorial tendencies and of 'persecuting' and 'harrassing' any one who dared criticize his regime and of instigating a 'reign of terror' against the businessmen.\(^{174}\) The brothers also denounced Macapagal for trying to instigate a 'class war' against the rich. They emphasized that their ancestors were already very wealthy, hence the president could not declare that they became rich due to their political power.\(^{175}\)


\(^{172}\) The Manila Chronicle, February 28, 1962, p. 8, Philippines Free Press, January 19, 1963, p. 60,

\(^{173}\) Napoleon G. Rama, "The President's Pet Hate", p. 81.


\(^{175}\) Eugenio Lopez said that their forbears were among the wealthiest people in the south and when one of them had a quarrel with a bank it took several carromata-loads to withdraw all his money from the bank, after which the bank folded for lack of lending capital. Quoted in Napoleon G. Rama, "The President's Pet Hate", p. 81.
Macapagal was not easily circumvented, declaring that the Lopez contention that the PNB did not pay a single centavo for the Meralco was "deceptive sophism" because the PNB would stand to lose P35,000,000 in case of default in the payment of amortization since the PNB was responsible for guaranteeing the loan. Furthermore, the Lopezes could not have acquired the Meralco without the PNB participation. In fact, Macapagal's campaign had been so ardent that the Lopezes were pressured to sell the BISCOM and the PASUMIL sugar centrals to Eugenio Lopez' right hand man Roberto Villanueva. (Along with these two other corporations, Philippine Portland Cement and Industrial Company were also sold.) Eugenio "Geny" Lopez Jr. confessed that his father felt that Macapagal would not let the brothers go and said "It's gonna be a headache--I'm gonna get out!" Geny clarified that as far as his father was concerned it was axiomatic that one always sold headaches. Later on, Fernando Lopez branded superfluous Macapagal's contention that they were leaders of the sugar bloc since they had already sold the centrals. These examples revealed that the Lopez family's reaction to a major threat to their family was retreat (sell BISCOM and PASUMIL), and consolidate their forces for a future reassertion of power (Fernando Lopez campaign for president).

Once Fernando Lopez announced in April 14, 1964 his intention to run for the presidency in 1965, Lopez tirades against the Macapagal administration increased in momentum. From July-November Lopez conducted an aggressive campaign, traveling all over the country meeting with Nacionalista leaders, giving numerous speeches hoping to

176 The Manila Chronicle, March 1, 1962, pp.1 and 15.
enticed support for the NP nomination. True to family political behavior, the *Chronicle*
followed the senator throughout all his sojourns.\(^{179}\)

Despite such an aggressive campaign, (complete with the traditional posture that he
would not settle for the vice-presidential post and instead retire from politics if not
nominated), Lopez lost to Ferdinand Marcos in the NP convention.\(^{180}\) Asked why he
failed to acquire it, Fernando Lopez confessed that his allies in the sugar bloc thought he
was a weak candidate and they had more faith in Marcos.\(^{181}\) Just as it seemed that Don
Fernando would retire from politics greatly disappointed, Mrs. Imelda Marcos approached
him in his Manila Hotel suite and in tears, begged him to run as Marcos' vice-presidential
mate.\(^{182}\) From the point of view of Mrs. Marcos the support of the Lopez political
machine would be absolutely crucial in facilitating a victory for her husband. From the
Lopez side it seemed that if they could not capture the presidency, they would settle for the
role of kingmaker and the power behind the throne. Furthermore, given the fact that
Macapagal's assaults had them constantly on the defensive and blunted their efforts to
succeed in business, they believed they had no other recourse but to defeat him and place a
'Lopez man' in Malacañang.

To the Lopez family, the Macapagal drive to put an end to the era of special
privileges enjoyed by families with political power, and replace these with western-style
free enterprise, professionalism and democracy only succeeded in confirming Eugenio


\(^{180}\) *The Manila Chronicle*, November 12, 1964, pp. i and 15, *The Manila
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\(^{181}\) Interview with Fernando Lopez, Manila, April 8, 1988.

\(^{182}\) Interview with Fernando Lopez, Manila, April 8, 1988, Raymond Bonner,
*Waltzing with a Dictator: The Marcoses and the Making of American Policy*, (New York,
Lopez' axiom that "to succeed in business, one must engage in politics". Eugenio Lopez Jr. summed up his fathers sentiments aptly:

Like dad—he always backs a candidate and he backed the wrong horse this time so Macapagal won and Macapagal named the two brothers Filipino Stonehills and went after them hammer and glove, stuck the BIR on them, many many things and then—Ah—its things like you know that give weight to his desire to say that you need some political clout to stay in business because you see—you get guys like this, they go after you and you are completely helpless.183

Ironically, the president's desire to enforce the western values inculcated in school and expected by the electorate, elicited the opposite reaction from the elite families, who interpreted the loss of their privileges as a product of their lapse in political power, their decline in malakas status, driving them to be even more determined than ever to resume power in order to perpetuate politica de familia.

In January 6, 1965, therefore, the Marcos-Lopez campaign was launched. And during the entire year of 1965 The Manila Chronicle had almost daily reports on the activities and the speeches of both candidates while the Macapagal administration was continuously and ruthlessly attacked.184 The entire Lopez family was mobilized for the very first time to instigate an "all out" effort to defeat Macapagal at the polls. The wives of the Lopez clan, in particular, Pacita Moreno Lopez (wife of Eugenio Lopez Sr.) and daughter Presy (Presentacion) joined the Blue Ladies of Mrs. Marcos and accompanied her, attired in their blue uniforms, to the campaign sorties all over the Philippines.185 No expense nor effort was spared; the Lopez multi-media complex was exploited, and the Meralco company planes were borrowed for the provincial travels.186 At the end of the


campaign the Lopezes had spent a total of P14 million.187 As Lopez ally Alfredo Montelibano was supposed to have said, the strategy was to "go for broke" against Macapagal. And indeed, the crusade was fruitful: Ferdinand Marcos and Fernando Lopez took their oaths as president and vice-president respectively in December 30, 1965.188 (Although Macapagal himself was not perceived to be incredibly corrupt his administration had its share of scandals in this sphere. The president was also exposed in the senate for consenting to an unscrupulous 'banana deal' which would benefit United Fruit (An American company) and was perceived to be an affront to the national patrimony of the country. Macapagal here was even threatened with impeachment proceedings. Prior to that the administration was also criticized for its dealings with Dole Philippines and the National Development Company whose contracts were shown to be illegal and unconstitutional.189


These reasons, as in the past presidential elections, were also influential in repudiating Macapagal in the 1965 elections.)

During the Marcos-Lopez campaign (incidentally dubbed the longest campaign in Philippine history), the Lopez family was simultaneously embroiled in a debate between the Meralco and Public Service Commission over the plan to increase the electricity rates. The Meralco petitioned the Public Service Commission to increase its rates by 30 per cent beginning January 1, 1965. The reasons presented by the public utility was the cost of labor materials, capital and services which were increased "precipitously" and unless the proposed rates were approved, the Meralco could not serve the people well. The rate increase was also necessary in order to obtain foreign loans for the expansion of the company.¹⁹⁰ The proposal however, was met with antagonism from Solicitor General Arturo Alafrez who was prepared to fight the issue all the way to the Supreme Court. Former congressman Pedro Gil argued that the company's net profit increased from P24.3 million in 1962 to P25 million in 1963 and therefore should not increase its rates.¹⁹¹ This debate over the rates increase which involved the Meralco, the Public Service Commission and the Supreme Court, assumed political overtones and raged on for the entire campaign year.

The "battle of the rates" began in October, 1964. Although at first such a rate increase was opposed and criticized, particularly in the Philippines Free Press ¹⁹², in March 15, 1965, the Public Service Commission (PSC) conceded to an increase of 23.71% instead of 30%. This compromise still aroused protest, especially from Manila Mayor


¹⁹¹Ibid., pp. 4 and 74.

Antonio Villegas who labelled the move "A wanton betrayal of public interest and merciless delivery of general public to a monstrous monopoly"\(^{193}\), and Solicitor General Arturo Alafriz who warned that an increase of rates would generate "a chain reaction of high prices" in essential commodities.\(^{194}\) Arguments for and against the rate increase seemed to abound, with the government attempting to reassess Meralco's assets and demanding access to the company's books.\(^{195}\) Finally the case was brought to the Supreme Court who upheld the PSC increase.\(^{196}\) By this time, the issue assumed political overtones as the Liberal and Nacionalista parties felt compelled to make a stand on the debate in their political campaigns for the presidency.\(^{197}\) Here, the Nacionalistas were at a disadvantage for the Liberals could accuse them of silence since Fernando Lopez was in the vice-presidential ticket. And indeed, presidential candidate Ferdinand Marcos's avoidance of the issue confirmed that the price of his reliance on the Lopez political machine was a mute response to the issue.

The "battle of the rates" may be interpreted to have several facets. On the one hand some of the critics were solicitous of the public interest in their crusade against the rate increase, perceiving that such an increase would only benefit the Lopez family. At the same time though the battle of the rates, though couched in the terms of the public interest was really a conflict with the Lopez family.


\(^{196}\)Philippines Free Press, July 17, 1965, pp. 6-7.

\(^{197}\)Philippines Free Press, August 7, 1965, pp. 1, 8 and 75.
Just when it seemed that the whole case was resolved however, the PSC reversed its original decision which approved the rate increase and made a definite stand against the proposal for a rates increase.\textsuperscript{198} The Lopezes were not about to succumb to this pressure and the battle raged. Meralco this time filed charges against the PSC \textsuperscript{199} until the Supreme Court, consistent with its first decision on the case, upheld the Meralco stance in September 7, 1965.\textsuperscript{200} Again the Supreme Court decision did not put the issue to rest since immediately after the decision the government accused the Meralco of overcharging its residents \textsuperscript{201} and up until December 9, 1965, towards the end of the election campaign, Mayor Villegas vowed to continue fighting the rates.\textsuperscript{202} Once Marcos/Lopez gained the presidential and vice-presidential positions, Meralco was ultimately allowed to have its way. In January 14, 1966, \textit{The Manila Times} observed that President Marcos did not ask the Meralco to restore old rates.\textsuperscript{203} Macapagal was out of office, the Lopezes were now in the height of their power, having actually launched an all out campaign that was instrumental in making Marcos president.

President Macapagal confessed to the author that in the long run Eugenio Lopez was right—the Lopezes would still be around when Macapagal was no longer president. Once in power, the Meralco rates increase ceased to be an issue, and all pending court cases against them during the Macapagal regime mysteriously disappeared. It was business as usual. There were no more attacks on the Lopez family and vested interests, and no more

\textsuperscript{198}\textit{The Manila Times}, July 31, 1965, pp. 1 and 14-A.

\textsuperscript{199}\textit{The Manila Times}, August 1, 1965, pp. 1 and 2-A.

\textsuperscript{200}\textit{The Manila Times}, September 7, 1965, pp. 1 and 6-A.

\textsuperscript{201}\textit{The Manila Times}, September 11, 1965, pp.1 and 10-A.


\textsuperscript{203}\textit{The Manila Times}, January 14, 1966, p. 5A.
criticisms against the family corporations or business practices—not until the Marcos-Lopez rift of 1971 when what the press appropriately labelled the "battle of titans", was for the Lopezes really a *deja vu* of the Macapagal regime.

The beginning of the year 1966 heralded the peak of the Lopez family history in terms of political power and economic empire. The family was in control of the Meralco, which was an extremely profitable monopoly,\(^{204}\) it controlled a good segment of the media via *The Manila Chronicle*, two television stations (ABS-CBN) and twenty-two radio stations all over the country (all under the umbrella of the holding company—Alto Broadcasting—formerly Bolinao Electronics). By this time the family had bought also the controlling shares of the Philippine Commercial and Industrial Bank (PCIB), and was making plans to establish the Philippine Petroleum Company which would have the monopoly of the lubricating oil industry in the Philippines. Although the family had left the sugar milling business when the BISCOM and PASUMIL sugar centrals were sold in 1962, (along with Philippine Portland Cement and Industrial Company which manufactured the jute bags for the sugar), the family still owned sugar lands and other real estate items managed under the family corporation BENPRES (this stood for Benito and Presentacion, the parents of Eugenio and Fernando Lopez).

At the same time the major companies like Meralco had subsidiary companies like Philippine Engineering Company which handled the engineering sector of the Meralco, and Meralco Securities Industrial Corporation (MSIC) which built a pipeline to channel fuel from Batangas province to the various Meralco generating stations. A subsidiary company of the ABS-CBN broadcasting corporation, was SCAN, engaged in the business of preparing television and cinema commercials. Other ‘sideline’ investments included: the Agricultural Fire Insurance and Surety Company Incorporated (AFISCO), founded in 1956

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\(^{204}\) Interview with Pacita Moreno Lopez, Manila, May 17, 1988.
and as a typical business expansion for a family corporation (since the companies needed to be insured, so they might as well insure with a family owned insurance company), and The Manila Sheraton Hotel, renamed the Hyatt Regency Manila in 1961 (this investment was relinquished later.) A completely cultural investment was the Lopez Memorial Museum, founded by Eugenio in 1960 in memory of his parents, today it holds one of the best collections of Filipiniana as well as valuable paintings. All these projects were the creations of Eugenio and not Fernando although both brothers owned equal shares of all these corporations. The only project that was associated with Fernando Lopez was Iloilo University which was inaugurated in March, 1968 with Fernando Lopez as president.

Not surprisingly, in 1966 too, the Lopezes were at the height of their political power. Fernando Lopez was not only vice-president but also immediately appointed Secretary of Agriculture and Natural Resources. President Marcos also named him Rice and Corn Coordinator. Lopez' position was very powerful since he was in charge of dispensing lumber, timber and logging licenses. In September, 1966, The San Francisco Chronicle reported that Eugenio Lopez, "the richest man in Manila" gave a grandiose party for President Marcos. Lopez was described as "the most powerful man in the Philippines" and "the power behind the throne".205 The news report was fairly candid. For example, Eugenio Lopez Jr. narrated that after the 1965 election his father approached Marcos because the president had made certain promises to the sugar bloc in exchange for their financial election support, and Marcos had not complied with them. Eugenio Sr. invited the president for breakfast and said "Mr. President, you know, you have just won quite handily and we have helped you and you have made certain commitments and you have not kept it, so I would just like to know if you intend to keep them or not because if not, let's break right now." Marcos immediately gave in, recognizing that Mr. Lopez was not a man

205San Francisco Chronicle, September 26, 1966, clipping from the scrapbook of Eugenio Lopez, Lopez Memorial Museum, Manila.
to trifle with. This incident revealed that even the president of the Philippines was not only beholden to the Lopez family through ties of utang ng loob but also that the president had to bow to some extent to the formidable power of the Lopez patriarch.

The most visible statement of the summit of their power was the party celebrating the ruby wedding anniversary (forty years) of Eugenio Lopez and his wife Pacita Moreno. This ostentatious display of wealth, which moved university students to demonstrate against the holding of the party, proclaimed to all and sundry, the extent of their power, one perceived at that time to be even greater than that of the president of the Philippines. What the press dubbed as the "party of the century" boasted 1,500 guests including royalty from Europe such as King Simeon II of Bulgaria, Prince Kraft Hohenlohe-Oehrengen of Germany, Swiss baron Henry H. Tyssen, and Spanish royalty from Madrid such as the Marques de Castro, and the Conde de los Arcos and the Bourbon princes. The trees shading the lawn of the Lopez mansion in Parañaque were decorated with 20,000 ruby colored lights, and a ruby-tinted main pavilion was equipped with an electric sliding roof (operated by pushing a button) from Japan. With food and drink dispensed from ten buffet tables and eight bars, the menu organized by Peter Goldman the maitre d' from the San Francisco Fairmont, included duckling from the United States, beef, lamb and fish, five salads, wines, ice cream, and a selection of cheeses. Four-feet high fountains gushed champagne while the guests were entertained by a show written, directed and produced by Jack Brooks an American producer and composer who has put on shows for visiting royalty. American society orchestra leader Meyer Davies, one of the two bands imported from overseas to provide the music, observed that the party was in the ranks of the debuts of the Ford daughters which cost a half-million dollars each. The entire orchestra was flown to Manila, given rooms at the Manila Sheraton hotel (owned by the Lopezes) and

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provided with individual cars. To facilitate parking for the party guests, the cars were asked to park at the Manila International Airport about a mile away from where the drivers were summoned through loudspeakers. The drivers themselves were not forgotten as each was given a boxed dinner, courtesy of the Lopezes. Of course an account of the party would be incomplete without a description of the attire worn by Mrs. Lopez—a teresa decorated with semi-precious stones and a necklace of rubies and diamonds and earrings given by her husband which was estimated to have cost from one to two million.207

The pompous display of wealth that the party flaunted was publicly criticized by civic groups, as well as students and seminarians from the Catholic schools, especially the Ateneo. A resolution was passed "expressing the strongest objections against conspicuous consumption and cynical display of glittering wealth amidst poverty and hunger" and the party was denounced as an "affront to the sensibilities of the awakening youth and a provocation of social unrest."208 Some thirty of these protesters demonstrated in front of the Lopez residence, two of which claimed they were roughed up by the security men. Several of these demonstrators, including Jesuit priest Dr. Hilario Lim were taken to the Parañaque hall for questioning.209 Eugenio Lopez claimed that he was unaware of the presence of the demonstrators (although they had announced ahead of time that they would picket). He said that the party did not cost him that much and that the plane tickets for the orchestra members were arranged through a deal with the airlines—tickets in exchange for


208 Daily Mirror, January 12, 1968, p. 5.

advertisements. Questioned about the presence of the European royalty, Eugenio and his family merely asserted that these people were their friends introduced to them by former president Elpidio Quirino's daughter Vicky whose husband was ambassador to Spain.\textsuperscript{210} Eugenio's succinct response to all those who criticized his ostentation was: "Isn't a man entitled to what is his idea of a 40th wedding anniversary party? This is a free country."\textsuperscript{211} The Lopezes enjoyed their place at the pinnacle of society at the next election term since in an unprecedented result President Ferdinand Marcos and Vice-President Fernando Lopez were re-elected for a second term. The reasons for the victory at the polls had been investigated by scholars and the consensus appears to be that Marcos' use of the army and foreign aid in the building of infrastructure convinced the electorate that the president's administration had somehow benefitted the populace.\textsuperscript{212} At the same time the Marcos opponent at the time, Sergio Osmeña Jr. (Serging), was perceived to be a very weak candidate. This did not necessarily imply that the Marcos administration was free of the taint of graft and corruption. In fact early in his second term, journalists already began to comment on the growth of the Marcos wealth and public disillusion with the president's credibility. Nonetheless at the beginning of the term--1970, the Lopezes were still the most powerful family in national politics. Vice-president Lopez still held the position of Secretary of Agriculture and Natural Resources. Then in January, 1971, the


tenuous alliance between the Marcoses and the Lopezes broke as a most bitterly contested war was declared by both sides.

Marcos claimed that his decision to fire the first missile at the Lopezes was his overall scheme to destroy the 'oligarchy' and the 'vested interests'. He asserted that the Lopezes were angry with him because he refused to grant authority to the family's Philippine Petroleum Company to construct and operate a lubricating oil refinery. This project was to inaugurate the first oil refining company in the country. Were the Lopezes to succeed in this venture, they would gain monopoly over the oil refinery industry. Associated with this request was a proposal for a land reclamation project in Laguna de Bay which Marcos also vetoed. The proposed site of the refinery being in Laguna de Bay, up to 24 hectares of land at Barrio Sucat, Muntinlupa was to be reclaimed for the plant site. In their defense, the Lopezes argued that their business transaction was above board and had already been approved by the Bureau of Investment, the Central Bank and the National Economic Council. In fact the Central Bank had already approved of the PPC's request for foreign loans to finance the project. The Laguna Lake Development Authority also approved a resolution for the reclamation project. The only step necessary to implement the project was the approval of the president of the Philippines. Consequently, in a letter accepting the resignation of Vice-president Fernando Lopez (Marcos' attack had made his position untenable), Marcos singled out the Lopez family as a pressure group that was responsible for jeopardizing his administration by fomenting unrest:

However, the Lopezes have been fit to make an issue of my refusal to approve their project for the establishment of a lubricating oil factory, a petrochemical complex, the purchase of the Caltex, the use of the Laguna de Bay development project for reclamation of areas to be utilized for an industrial complex. There are many and varied favors, concessions and

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privileges which I am expected to extend to this group, but which I have not.

As I have previously said, the pressure group I have identified is intent on maligning my Administration and, by means of propaganda and various maneuvers, has sought to undermine public confidence in the government under my stewardship. These designs of this pressure group, according to very reliable information, took a particularly insidious form in the incitement and support it provided to the elements which participated in the violent demonstrations yesterday.

It is now obvious that this pressure group is not unwilling to employ the most despicable means, including crime and anarchy, to achieve its ends. From our long association, you know, of course, that I have been tolerant of this and other pressure groups in the past—indeed, so tolerant as to give many people the impression that I have succumbed to their devices and manipulations.\(^{214}\)

Although Marcos claimed that his campaign was against the "oppressive oligarchs" in an overall crusade to destroy the oligarchy,\(^ {215}\) it was patently obvious that he was particularly interested in destroying the Lopez family; an intention verified in the subsequent martial law period. He never actually named all those he considered the "oppressive oligarchs", although he succeeded in destroying the existing "oligarchy" through the powers he acquired with the declaration of martial law. His crusade was not to be likened to that of Macapagal's because while Macapagal launched his at the very start of his administration, with a specific and consistent aim of ending an "era of special privileges", Marcos only began his tirade at the end of his second term.\(^ {216}\) From the start, the press echoed the public consensus that Marcos was fundamentally insincere, and many were just curious to sit back and watch the joust from the wings aware, that the


consequences of the tournament would not affect them at all since it was, after all merely, a personal and familial fight.217

On the Lopez side, some family members interviewed claimed that it was The Manila Chronicle's daily publication of anti-Marcos cartoons that triggered the presidential attack against the clan. The cartoons depicted a teacher asking a classroom of students a rhetorical question such as Who is the richest man in Southeast Asia? 218 The unspoken answer to all the questions was Ferdinand Marcos. The version given by these family members is that the family patriarch Eugenio Lopez Sr. had discovered the extent of Marcos' corruption, and had confronted Marcos about it because he considered it excessive. Apparently Marcos' technocrat and executive secretary, Rafael Salas, informed Eugenio Lopez of the Marcos illicit rackets at the palace.219 At a dinner Marcos gave for


219 Interview with Eugenio "Geny" Lopez Jr., Manila, May 21, 1988, and Republic of the Philippines, Arbitration Between BENPRES Corporation and Meralco Foundation Inc., Memorandum, court case pending as of July, 1988, p. 6, documents provided by Attorney Camilo Quiazon, Lopez family lawyer for the case (hereafter, 'court case pending').
the *Chronicle* staff, Eugenio advised Marcos: "Mr. President you have to do something about some of the people in government and the graft that is going on." The Lopez family was issuing him a warning: "You have to mend your ways, Mr. President." Marcos had promised them he would do something about it but never delivered. Finally, Fernando's position became untenable and once he resigned as Secretary of Agriculture and Natural Resources, the break was final. In retaliation, Marcos lashed out at the Lopez family naming them 'oligarchs'.

This explanation however was not completely satisfactory because the cartoons began to appear after Marcos had attacked the Lopez brothers. Besides the *Chronicle* was never known to involve itself in quixotic crusades against a president. A more plausible explanation could be that Marcos had always been uncomfortable with his relationship with the Lopezes where he was unmistakably subservient to them. Once he believed that he had enough independent economic base (amassed during his first term of office) and substantial political clout (through his own political allies) that he did not need the Lopez machine, he decided to cut them down to size. It was also obvious at this stage in the relationship that both Mrs. Imelda Marcos and Fernando harbored ambitions to run for the presidency in 1973 (Marcos being barred by the constitution for a third term) and it was inevitable that some sort of political contest between the two would result.

In the second week of January, 1971 and barely a year into his second term of office, in the midst of extensive student unrest, with many causes taking to the parliament of the streets, further aggravated by increasing oil prices, Marcos accused the Lopezes of fomenting national turmoil by supporting the jeepney drivers strike. In the same vein he launched his war against the Lopez family although he was careful to qualify that his war

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was not against the Lopezes only but against all oligarchs. Nonetheless Marcos restricted
his attack only to the Lopez family and the public soon perceived it as a power rivalry and
struggle. The war was dubbed by the press as the "battle of titans" or the "battle of giants"
since both factions were perceived to be evenly matched and were both formidable
opponents. Marcos's tactic was to fight the Lopezes through the Meralco. Immediately
after the declaration of war, Marcos raised the oil tariffs which hit the Meralco where it hurt
most. Next he ordered a retrial of the new Meralco rate increase approved by the PSC in
the beginning of the second election term (July 1, 1970). As in the Macapagal
administration a Meralco versus PSC rates dispute was fought during the entire period of
the conflict. Furthermore, he ordered the BIR (Bureau of Internal Revenue) to look into
the Meralco's books to check whether the Lopezes had cheated on their taxes.

The Lopezes' response was reminiscent of past responses to presidential wrath.
Vice-President Fernando Lopez resigned his position as Secretary of Agriculture and
Natural Resources. The Manila Chronicle began a series of anti-Marcos cartoons which
appeared daily. The Chronicle also criticized Marcos systematically, particularly in its
editorial pages. Finally, through their allies in the congress and the senate, the family
instigated a campaign to 'oust' Marcos from the presidency by impeachment.

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221See The Manila Chronicle for the entire year of 1971. There were more
anti-Marcos articles published in the first three months of the rift; during the time the
cartoons were printed. In particular see, Jose C. Balein, "Solving the Nation's Ills the
Police Solution", The Manila Chronicle, January 9, 1971, p. 4, "FM and His Cabinet",
Laughing President", January 8, 1971, p. A, Ernesto O. Granada, "Marcos is the
Oligarch", The Manila Chronicle, January 12, 1971, p. 4, "Marcos Sincerity in War on
Oligarchs Questioned", The Manila Chronicle, January 23, 1971, p. 12, Ernesto O.
Granada, "FM Deals in Bad Faith", The Manila Chronicle, February 13, 1971, p. 4,
Renato Constantino, "The Marcos Army", The Manila Chronicle, February 13, 1971, p. 4,
Ernesto O. Granada, "Marcos Betrays the Masses", The Manila Chronicle, February 20,
1971, p. 4, and Senator Gerardo Roxas, "Marcos Must Account for P141 Million", The
proceedings.\footnote{The following articles were taken from the "Clash of Titans" scrapbook, "Oust-Marcos Move by Lopez 'Loyalists'", \textit{Evening News}, January 19, 1971, and "Lopez Bloc Plots FM Impeachment", \textit{The Sun}, January 20, 1971, pp. 1 and 2.} In fact, Marcos' moves precipitated other families into aligning themselves with the Lopezes, mainly for their personal and familial reasons. The Laurels, for example, not only criticized President Marcos but formed a Lopez/Laurel bloc with the purpose of preventing the First Lady from running for president. The reason for the Laurel defection to the Lopez camp was because of an affront to the Laurel family: Speaker Laurel had been ousted from his position as Speaker of the House of Representatives, apparently upon orders from Malacañang.\footnote{\textit{The Manila Times}, April 6, 1971, p. 1.}

While the Lopezes continued to attack the president in their media, Marcos revived the Meralco rates case for the entire year of 1971 and part of 1972, until quite suddenly and for no apparent reason, since the stalemate status of the war did not abate, Marcos called one day on the Lopez brothers at breakfast time, the traditional ritual that signaled rapprochement. Both sides remained secretive about the discourse exchanged between the two sides.\footnote{\textit{The Manila Chronicle}, May 11, 1972, pp. 1 and 2, and \textit{The Manila Times}, May 11, 1972, pp. 1 and 8.} Since Malacañang did not disclose the presidential motive for the peace offering, the only reason that emerges from hindsight was Marcos' intention to prepare the ground for his declaration of martial law in September of that year. Since he had made his 'peace' with the Lopezes, the family was caught entirely off guard when martial law was declared in September 21, 1972. In one bold master stroke, Marcos destroyed the power of the existing elite families, his assumption of all the powers of the state (he dissolved congress) denied them access to the means to build and protect their businesses. From hereon, Marcos had complete control over all sources of patronage as access to special privileges and concessions rested exclusively and precariously upon his personal
discretion. The importance of political footholds in local and provincial politics dwindled to nothing as democratic style elections were dispensed with and legislation emanated from presidential decrees. Luckily for Eugenio Lopez, he was at the time vacationing abroad and his brother Fernando called him from Manila and advised him to remain in exile. In lieu of the family patriarch, Marcos imprisoned instead Eugenio "Geny" Lopez Jr. allegedly for his involvement in an assassination plot against the president.\textsuperscript{225} Overnight, with a son in jail, the powerful Lopez family was reduced to helplessness before the man whom they had made president. With Geny as hostage, Marcos was able to pressure Eugenio Lopez to relinquish his family interests in the Meralco and the media. Symbolized by the fall of the Lopez family, considered the most powerful family at the time, Marcos initially put an end to the practice of \textit{política de familia} by all established elite families outside Marcos' small circle. As things turned out, Marcos had far more sinister aims than the abolition of \textit{política de familia} and its replacement with western democratic values. Instead, the martial law era represented \textit{política de familia} in its most pure form as the Marcos family and its cronies became the sole beneficiaries of the state's patronage sources.

\textbf{Martial Law: 1972-1986}

With the declaration of martial law, the Lopez family's fortunes plummeted. President Marcos used Geny Lopez's imprisonment as the means with which to extract from Eugenio Lopez the family's major business assets. Believing Marcos's promise that his son would be released if he agreed to sell Meralco to the Meralco Foundation Inc.(MFI-the Marcoses), Eugenio Lopez signed away his biggest company for a mere pittance (P133,337,511.24), with only P10,000 paid initially. In the agreement, signed in December 27, 1973 at Honolulu, Hawaii, the Lopez family corporation BENPRES, sold

\textsuperscript{225}\textit{Bagumbayan}, October, 1977, p. 2.
all its Meralco Securities Corporation shares to the Foundation. The foundation was to repay BENPRES in sixteen annual installments if and when the buyer can afford to pay.226 Sources disclosed that Eugenio was so anxious to obtain the release of his son that he signed the agreement without even reading it. When it was pointed out that he had not read the agreement, Don Eugenio Lopez wryly answered: "Well, if I disagree with any of the provisions, will you change them?". Mr. Ayala who met with Eugenio Lopez, representing Marcos replied "No". Don Eugenio dismissed him with "Then there is really no sense of my reading."227 Despite this absolute surrender Marcos did not keep his word and Geay languished in prison. A close reading of the 'deal' of the purchase would show the anomalous and peculiar method in which Meralco was purchased--the seller put up the collateral:

The deal was broken down into (1) the seller's dollar loans assumed by the buyer (Series A, amounting to P101 million or US$14.3 million at the exchange rate then), and (2) an actual sale price (Series B, amounting to P49 million). Because the dollar loans assumed were big, the Series A notes involved the mortgage to PNB of MFI-owned MSC shares and assets of Benpres, the holding company owning the remnants of the Lopez empire. If MFI, the buyer, defaults, the Lopezes, the sellers, lose their Benpres assets. Such are the ways in strange transactions where the seller puts up collateral.228

With the declaration of martial law, all media was taken over by the government, ending abruptly the era of the free press. Marcos appropriated the Lopez media interests--The Manila Chronicle and the television stations--ABS-CBN, and PT & T, a


228Bernardo V. Lopez, "Why Lopez had to Sell Meralco", p. 22.
telecommunications company subsidiary of ABS-CBN. The military closed down all radio
and television stations in the country except the KBS (channel 9) stations run by Marcos
ally Roberto Benedicto. In June, 1973, a fire of suspicious origin destroyed channel 9
whereupon Benedicto was granted the temporary use of the ABS studios temporarily.
Eventually, however, KBS began to occupy and operate ABS provincial and radio stations
without notifying the Lopezes. Finally, Oscar Lopez (who acted as head of the family
since his father Eugenio was in the US and eldest brother Geny was in jail) proposed a
rental agreement or a sale. Benedicto replied that negotiations would have to be suspended
temporarily because the government was contemplating seizure proceedings against ABS
based on charges of unpaid taxes (customs duties) on the importation of TV equipment in
1967-69. The Lopezes had hoped in 1965 to put up a bigger production center for ABS
but the necessary equipment involved customs duties that were extremely high. On
investigating the possibility of tax exemptions it was discovered that a Republic Act
granted another franchise (RCPI) exemptions. A legal technicality then allowed such an
exemption to extend to the ABS-CBN. Now, after KBS had taken over ABS, the Bureau
of Customs ruled that the prior exemption granted by the Department of Finance was a
mistake and therefore ABS therefore owed the government customs duties on the
equipment. The fine imposed on the ABS was twice the assessed customs duties. The
Lopezes rightly concluded that the filing of the tax case against ABS was a ploy to give
some justification to the continued use of the ABS by KBS without compensation.229 The

229 Material for this case was taken from an article by August Almeda Lopez "Jake" entitled, "How Benedicto and Partners took over ABS-CBN without Paying a Single Centavo", serialized in Mr. and Ms., January 11-17, 1985, pp. 10-15, and January 18-24, pp. 20-25. See also the following: "Court Cases Pending", pp. 12-15, Republic of the Philippines, Department of Finance, Bureau of Customs, Manila, "Republic of the Philippines vs ABS-CBN Broadcasting Corporation and SCAN, documents provided the author by Oscar Moreno Lopez, Manila, Augusto Almeda Lopez, Memorandum on the ABS-CBN case, Oscar Lopez, Statement given at the Press Conference on ABS-CBN at the Club Filipino, January 10, 1985, Oscar Lopez to Roberto Benedicto, December 19, 1984, all of these documents provided the author by Oscar Moreno Lopez, Manila, 1988.
family could not take the issue to court as they were wont to do in the pre-martial law era, since martial law dictatorship precluded any fair ruling for their side. In any case, the family stood helpless in the face of the Marcos attempts to take over their television stations without due compensation. Jake Lopez, (not a relative but a close friend of Geny Lopez), writing on the case, argued that: "Under normal times, ABS could not have possibly lost this case. On the other hand, under the Marcos regime—and especially so because his company was involved—it would have been impossible for ABS to have won." It is plausible that the family because of its power and connections in the pre-martial law era would have succeeded in winning the case, as they had won all previous ones like the BISCOM case discussed in an earlier section. The family at that time was able to use kinship connections with the powers that be to subvert even democratic institutions like the courts to rule in their favor. In the pre-1972 era the judicial system enabled one to seek justice although it was more than likely that the families who were malakas like the Lopezes stood a better chance of winning a case, since high powered lawyers applying political power facilitated bending the rules of the law. Martial law gave Marcos all the powers to practice kinship politics without any rivals. Any potential rival could be crushed simply by outright military action. With all democratic avenues closed, rival families were left with no recourse except to capitulate.

Martial law enabled Marcos to destroy the power of the elite families, something none of his predecessors could succeed in doing. Previous presidents could barely curb what appeared to be the formidable power of elite families whose use of politica de familia sustained and enlarged their business empires. In fact at the very start Marcos's rhetoric addressed the abolition of the oligarchy. Unfortunately those Marcos named as the "oppressive oligarchs" like the Lopezes, the Roceses, the Prietos, the Elizaldes, the

Sorianos, the Jacintos were replaced by a new oligarchic family created by Marcos himself. As will be discussed in chapter five, although Marcos declared that he would put an end to family style politics or what we have termed here, *política de familia*, his statements were ultimately insincere since *política de familia* not only continued to be practiced but blossomed in the period of martial law with one exception: a new group of families nicknamed 'cronies' were the new beneficiaries of kinship politics while other families like the Lopezes were ostracized. In the end the Marcos martial law system of government was called "crony capitalism".

Marcos's vendetta against the Lopez family was both a symbol and a warning. The Lopezes were the most prominent family at the time and were largely responsible for catapulting him from senator to president. The subjugation of the family would display to everyone, the extent of Marcos's new power under martial law and at the same time serve as a warning to all the other elite families who may consider challenging him. If Marcos could destroy the most powerful family, one to which he had *utang ng loob* to, what more the other elite families? When Eugenio Lopez signed the Meralco purchase agreement, he was dying of cancer. Nevertheless he was compelled to face the biggest battle of his life in exile. For the very first time the grand old man felt powerless in the face of Marcos's military might, with his son held hostage. It soon became clear to the family that Marcos had no intentions of ever releasing Geny. In 1974 Don Eugenio, together with daughter Presy and her husband Steve Psinakis, continued to fight Marcos in the United States. From September 1972 until early 1974 Imelda Marcos's brother Benjamin "Kokoy" Romualdez had been visiting Eugenio Lopez monthly in San Francisco submitting the Marcos demands which if complied with, was supposed to secure Geny's freedom. By 1974, Lopez had conceded all his multimillion-dollar properties, and Geny was still in jail. In March of 1974, Eugenio was told that his terminal illness would only permit him a few more months of life. His last wish was to see his son freed before he died. Steve and Presy Psinakis went to Manila to see Mrs. Marcos. Marcos himself said that it would be
better if Eugenio himself came to see him. The dying Don Eugenio then made the trip, in a humiliating act of surrender, saw the president once, but returned empty handed. A few months after this visit, Geny decided to go on a hunger strike "to focus world attention to the plight of all Filipino political prisoners." 231 In a letter to his parents smuggled out of his detention cell, Geny explained the reasons for his hunger strike:

    But by this act, I hope to end the humiliation and punishment that both of you have undergone for the past two years. Also, I hope to restore some of the dignity that rightfully belongs to any man and which you have been deprived of. You have demeaned yourselves, you have been embarrassed—you have suffered enough. It is now time to speak up. I can only guess what you have undergone, Tatay. You have always been a fighter. My detention neutralized you....We must now fight for what is right. 232

On the tenth day of the hunger strike, Marcos promised to accede to their demands but as soon as both prisoners recuperated, (Geny Lopez was joined by his cell mate Sergio "Serge" Osmeña III), they were returned to jail. At this point now fully aware Marcos would never release his son Geny, and faced with Marcos' demands for a statement from the family endorsing martial law, Eugenio decided to openly fight back at last.

    In the American press, Eugenio exposed how Marcos swindled the Lopez family of their corporations, while son-in-law Psinakis tried to lobby in the US congress for attention to the family's plight pointing to Marcos' corruption and blackmail. 233 The exposure of Marcos's treatment of the Lopezes fell on deaf ears, at least among the powers that be in the United States who chose to support the Marcos dictatorship and ignore its victims. Dispossessed and humiliated, the dying Eugenio Lopez requested presidential permission to see his two sons Oscar and Manolo who were in Manila but were not imprisoned. These

231 Steve Psinakis, Two Terrorists Meet, (San Francisco, 1981), pp. 146-147.

232 Quoted in ibid., p. 147.

petitions were ignored and the most powerful man in the Philippines prior to martial law, died a broken man in 1975, without all his children with whom he had been so close to, at his deathbed.\textsuperscript{234} He had lost the greatest battle of his life. Apparently, his spirit had been dying even before the physical illness crippled him, since the enterprising and hardworking businessman suddenly found himself in exile in the United States with nothing to do. His wife, Pacita Moreno, a strong woman of character in her own right, declared in an interview that she would never forgive the Marcoses for not allowing her children to see their father before he died. She narrated that after her husband’s death, Mrs. Marcos called and her with condolences and pleaded innocence of her husband’s plight: "We did not know" she claimed. Mrs. Lopez did not believe her and told her that one phone call to the Philippine Embassy and the doctors would have confirmed the gravity of the situation.\textsuperscript{235} Only a short announcement of his death appeared in the New York Times and in one or two of the Philippine newspapers.\textsuperscript{236} If he had died prior to martial law his death would have been page one news in all the major newspapers with copious features on his life and career published. His funeral would have been a grandious event with the high and mighty paying their respects. Marcos refused to guarantee safe passage to his daughter Presy and son-in-law Steve Psinakis to allow them to accompany the remains of Eugenio Lopez who was buried with minimal ceremony in the Philippines.\textsuperscript{237}


\textsuperscript{235}Interview with Pacita Moreno Lopez, Manila, May 17, 1988.


Meanwhile, Geny Lopez had conferred with his immediate family, his sister Presy and brother-in-law Steve about the possibilities of an escape from prison. The plan was engineered by these close family members together with Geny's close associate Jake Lopez. The plan was kept entirely secret and even Mrs. Lopez was oblivious of the fact that a tunnel was being constructed underneath her house. The original scheme was to ask permission to have Geny released on house arrest and one evening he could escape via the tunnel to a waiting banca.\footnote{Interview with Presentacion Lopez-Psinakis, Manila, May 26, 1988.} Unfortunately, Geny was never granted house arrest and an alternative strategy was devised.

According to the notes of Augusto Almeda "Jake" Lopez, Geny's best friend the decision to plan an escape was conceived at Geny's silver wedding anniversary celebration held at Fort Bonifacio where he was incarcerated. Apparently, Geny broke down in tears and asked Jake to help him escape together with his adjoining prisoner Sergio "Serge" Osmeña III. The plan involved three phases. The first was the escape from the prison cells to the outside gate where Geny's two sons Raffy and Gabby were waiting in a getaway car. The two managed to pry open the bathroom window and crawl on their bellies past a guardhouse until they reached a cover amongst the shrubbery. The second phase took the escapees to the office of Jake at the Chronicle Building where the pair split up and were driven to the Lingayen air strip. There a plane (a Cessna 320) bought by Steve Psinakis for $50,000 especially for the escape stood waiting. An American pilot then took the pair to Hongkong where they were met by Steve Psinakis. Phase three of the plan involved taking the pair to the United States via Tokyo.

Except for a close call in Tokyo where the pair had feigned sleep so as not to have to show travel papers (the passports used to obtain boarding passes were those of Psinakis's children), they made it to Los Angeles where they were granted political asylum.
by the United States government. In Jake's calculations the total cost of the escape amounted to around $100,000.239 Although the escape was a major embarrassment to the Marcos regime, permission for the families of the escapees to join them in the United States was promptly granted.240 The most salient point to make about the escape was that it was a family affair. In the time of crisis the family again relied on its closeness and solidarity. Close family members and friends were involved. Steve Psinakis for example was very close to Geny since the 1960s, although he was not quite as close to the other brothers at that time.241

Subsequently Geny joined the anti-Marcos movement in the US, but his role was conspicuously minimal since the motivations for the escape were not ideological but personal and familial. Besides the family still left behind vulnerable members, younger brothers Oscar and Manolo and their mother had to be protected. It was brother-in-law Steve Psinakis who was more vigorously involved in the anti-Marcos crusade. He wrote a regular column "Its Not Greek to Me" (Psinakis was Greek with American naturalized citizenship) for the two Filipino community newspapers: The Philippine News and The Philippine Times. He also wrote letters and petitions to American Congressmen exposing Marcos's extortion of the Lopezes and other families as well as the torture of political prisoners. He joined Raul Manglapus's Movement for the Free Philippines and the two


240Newsweek, October 17, 1977, p. 12, and Time, October 17, 1977, p. 35.

became good friends. When Benigno "Ninoy" Aquino Jr., Marcos's star prisoner and primary opponent went to exile in the United States, he and Psinakis also became very close friends.

Psinakis's activities brought him to the attention of other Filipino groups opposing Marcos among them the 'Light a Fire Movement' and the 'April 6 Liberation Movement'. The Light a Fire Movement, began in the summer of 1979, was responsible for starting a series of fires in a number of government and commercial buildings in Manila including the 'floating casino', owned by Imelda Marcos's family. The April 6 Liberation Movement which announced itself by bombing nine buildings in Manila on August 22, 1980, was a revolutionary group that chose to oppose Marcos through bomb explosions, including the grand opening of the American Society of Travel Agents where Marcos was delivering a welcome address. Psinakis claimed that he was never a leader in any of these movements (as Marcos and later the US attributed him to be). These movements were led by Filipinos, but Psinakis sympathized with them because he believed that Marcos was a terrorist and an extortionist, and one never made deals with such a person, one fought him any way one could.  

His associations with these groups brought him to the attention of President Marcos who feared that Psinakis harbored plans to assassinate his children, particularly, Ferdinand Marcos Jr. 'Bongbong', then studying in the US. This paranoia precipitated Mrs. Marcos to call a meeting with Psinakis which became the subject of the later's book Two Terrorists Meet. (Mrs. Marcos called Psinakis a terrorist and at the same time Psinakis perceived the Marcoses as the terrorists.) Mrs. Pacita Moreno Lopez and son Manolo Lopez were also summoned to Malacañang and threatened that if plots were hatched to kill those close to

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242 Ibid., and Steve Psinakis, Two Terrorists Meet.
Marcos "Two could play the same game." Naturally Mrs. Lopez became terrified and pleaded with Steve and Presy Psinakis to "stop rocking the boat". Such incidents added tension to familial relations since the Psinakis' were adamant about continuing in their fight to expose Marcos whom they labelled "the scum of the worst kind." On the other hand it was understandable that the family remaining in Manila were terrified and concerned. So far no hard evidence has surfaced to prove that either the Psinakis' or the Lopezes were involved in any plans to assassinate Marcos or Marcos allies despite all the persecution they endured during martial law. With the assassination of Benigno "Ninoy" Aquino Jr. in 1983, Steve and Presy Psinakis (along with Geny) joined the Ninoy Aquino Movement.

Apart from the activities of the Psinakis couple, the rest of the Lopez family in Manila remained quiet. The society's acceptance of the rules of kinship politics may be gauged by the fact that no one, at least in the initial ten years of martial law, expressed outrage at the methods with which Marcos extorted the Lopez fortune. The family itself was ostracized, Manolo Lopez' wife Marites Lagdameo observed that: "Many snubbed us!" and Presy Lopez-Psinakis confessed that many friends later treated them like lepers. In the Filipino mind the family had fallen from power, it was now another family's turn to benefit from the acquisition of power. Such were the vicissitudes of política de familia: the elite family contest for power provoked the rise and fall of families.

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245 Interview with the Lopez family in their Sunday dinner reunion, Manila, March 27, 1988.

It was not Eugenio Lopez's style to stash away his fortune in businesses overseas although he had bought real estate (houses) primarily for the use of the family when they were vacationing in San Francisco, Hongkong and Spain. The family thus lamented that they were hurt financially during the martial law years as they were forced to sell their property and jewelry to make ends meet. In the US Geny's decision to file a suit against Marcos, propelled the president into sending his brother-in-law Kokoy to speak to the Lopez family in Manila to assure them that payments under their "purchase agreement" would be made within two weeks. Steve and Presy Psinakis did not want the family to accept the payments because they feared that Marcos merely wanted to legitimize the agreement so that the family would not file suit. In a few days, however, payments amounting to some 15 million pesos (two million dollars) were sent to the Lopez family. These funds were accepted. Since then payments had continued in accordance with the 'purchase agreement'.

On the other hand, adversity brought the family even closer together. At the death of Eugenio Lopez, the properties of the brothers were divided and Fernando Lopez and his family took the sugar lands and the Iloilo/Negros properties (except for Eugenio's house in Iloilo) while the family of Eugenio Lopez took the Manila properties. It was significant that these divisions did not provoke disputes within the families. Fernando was given priority out of respect for the fact that he was the oldest and therefore theoretically, still the head of the family. The division however, signalled the end of the unity of the business interests of the brothers and the official severance of all business ties to Iloilo/Negros. The family was out of political power in the entire martial law era so the Western Visayas at this time lost its importance as the family electoral foothold. However, emotional and sentimental ties to

247Ibid., and interview with the Lopez family in their Sunday dinner reunion, Manila, March 27, 1988.

248Steve Psinakis, Two Terrorists Meet, p. 230.
Iloilo remained strong and in the 1980s two Lopez family reunions of all ten branches of the original ancestors were held in Iloilo. Since the family of Fernando Lopez was not business-inclined (all of his children, including those in their sixties still receive a monthly allowance from their father, and no one has worked for a living with the exception of Albertito who is now congressman), it was the family of Eugenio Lopez who would carry on the legacy of their family motto-- honor, glory and riches.

The family of Eugenio Lopez had always been close and hardworking. Their father was very strict with the sons education compelling them to work for his companies during summer vacations from school: Oscar with the Chronicle, and Manolo who started as a meterman for Meralco. In the sixties Geny was already in charge of the television stations and the Manila Chronicle, and was being groomed to be president of the Philippine Petroleum Company. His various business activities kept him so busy that he did not really spend that much time with his own nuclear family and children. Martial law changed this all dramatically. He himself admitted that his incarceration was a good experience for him. It gave him time for self-examination ("And I did not like what I saw") and brought him closer to his own family and to God as he became more religious. His family visited him regularly so that he saw them more often than he did before martial law. The whole experience made him appreciate his family more so much so that today it is only their company he seeks and enjoys. The consensus of all family members regarding the martial law experience could be summed up in Geny's words: "...after my father's demise, we've been much closer to each other especially during martial law you might say that contributed a bit to the closeness that we have because when you come down to it, when we needed help there was no one except the family."249

It would be Eugenio Lopez' family that would survive the ignominy of the martial law years and stage a comeback in the post-Marcos era. Even before the fall of Marcos, shortly after the assasination of Benigno "Ninoy" Aquino Jr. which unleashed the pent up resentment of the public against the massive scale corruption and oppression of the regime, the Lopez family holed up in Manila at last spoke up. After the assasination of Ninoy in August, 1983, newspapers criticizing the regime mushroomed as protest rallies became popular. In January and February 1985, Mr. and Ms. publications ran a series on how the Marcoses expropriated Meralco and ABS-CBN from the Lopez family.\footnote{Bernardo V. Lopez, "Why Lopez had to Sell Meralco", Mr. and Ms., February 8-14, 1985, pp. 20-23, Augusto Almeda Lopez, "How Benedicto and Partners Took Over ABS-CBN Without Paying a Single Centavo", serialized in Mr. and Ms., January 11-17, pp. 9-15, and January 18-24, 1985, pp. 20-25.} Oscar Lopez gave a press conference on ABS-CBN at the Club Filipino where he outlined the procedure in which the television stations were taken from them. Here he criticized Marcos' "crony capitalism" of which the seizure of ABS-CBN was a classic example. Oscar did not mince words as he denounced the "cronies and scoundrels" for their "dastardly actuations".\footnote{Oscar M. Lopez, Statement Given at Press Conference on ABS-CBN on January 10, 1985 at the Club Filipino, document provided the author by Oscar Lopez.} The Lopez family was making a stand against the overpowering stranglehold of Marcos.

The Lopezes were merely echoing the general public clamor for a stop to Marcos's excessive endorsement of kinship politics. A snap election held in January 1986 illustrated to the international press the extent of Marcos's cheating and in February, 1986, the people took to the streets to defend the army faction that initiated a coup against the regime. The Lopez family supported the EDSA revolution from its inception, with the public press release:

Inasmuch as the Marcos martial law government illegally and forcibly seized the 5 television and 21 radio broadcasting facilities of the ABS-CBN Broadcasting Corporation scattered around the country in 1972, and since the Marcos government and cronies operated them to their benefit...
and profit without any compensation whatsoever, the rightful owners—Lopez Family announce that they are offering the use of these facilities including Channel 4 at Broadcasting Center, Bohol Avenue, Quezon City, to the new government for the duration of this crisis.\textsuperscript{252}

It was natural that the Lopezes support both the anti-Marcos coup and the opposition presidential candidate Corazon Aquino. They were really given no choice at all. Since they were shunned by the regime, persecuted and labelled "enemy oligarchs", they were forced to fight back against the regime the politica de familia that tried to destroy them. At the same time the general public fed up with the excesses of the Marcoses (the slogan of the anti-Marcos demonstrations was 'tama na, sobra na, palitan na' --that's enough, that's too much, its time for a change), demanded a return to the democratic institutions of the republican era prior to martial law. In February, 1986, the Marcoses fled the country and a new era in Philippine politics began with a new administration committed to a restoration of democratic values. The public had repudiated the excesses of politica de familia reflected in a new constitution pledged to prevent a repetition of Marcos-style kinship politics.

\textit{After 'Febrey'}

When the 'people power revolution' of February, 1986 deposed President Marcos and ushered in a new regime that was committed to a restoration of the pre-martial law democratic system, the Lopez family ended their years in exile and returned to the Philippines. Eugenio Lopez had four sons and one daughter: Eugenio Lopez Jr. (Geny), Oscar (Oskie), Manuel (Manolo), and Roberto (Robie), and Presentacion (Presy) married to Steve Psinakis. In 1986, Geny, Robie (who spent most of his adult life in the United States) and the Psinakis's returned to the Philippines, and like the other families who were

victims of martial law, attempted to regain the family enterprises surrendered to the Marcos family. The family was primarily interested in the Meralco, the two television stations channels 2 (ABS) and 4 (CBN) and the Philippine Commercial and Industrial Bank (PCIB) now renamed the Philippine Commercial and International Bank. This time the family was once again close to the powers that be—the new president Corazon Cojuangco Aquino (Cory) was the widow of a close friend of Psinakis from the anti-Marcos crusade overseas. Family friend Jake Lopez approached presidential adviser and then cabinet minister Joker Arroyo asking three favors on behalf of the Lopez family: that Geny would take over the ABS-CBN and the PCIB, that Oscar Lopez oversee the First Philippine Holdings Corporation (FPHC), the holding company of the Meralco, and that Manolo head the Meralco.253

The favors were granted, the most controversial ones being Cory’s nomination of Oscar as head of FPHC and Manolo as president of Meralco. The nominations were supposed to be transitory; that is the men were in their positions as officers-in-charge (OIC) only until such time as ownership and management of these companies were settled. The appointment of Manolo for example was criticized in the press which argued that he gained the position only because he was a Lopez and not because he was competent and qualified for the position. One journalist emphasized that Manolo was a graduate from University of the East, bypassing many government technocrats with Harvard or Wharton business degrees.254 Minister Arroyo also reorganized the MFI board, and in turn MFI itself reorganized the FPHC board to include Christian Monsod, Augusto Almeda Lopez, C. D.


Quiazon, Stephen Psinakis and Finance Secretary Vicente Jayme, mostly Lopez men. As established earlier Jake Lopez was a close friend of the Lopez family, while Quiazon was the family lawyer, and Psinakis of course was married to a Lopez.

The Lopez family was not the only elite family that returned from exile or reemerged from the threat of oblivion to reclaim former businesses. The Jacintos for example were likewise returned from exile in the United States with hopes of reclaiming their steel plant. But it seems the public mood had now changed. Apparently all those years of martial law wherein the Marcos family and its cronies had complete monopoly over most businesses and the media made aspects of politica de familia anathema. The journalists rejoicing in the return of the free press voiced their real fears about the apparent return of the oligarchy with the old pre-martial law elite families recovering their lost business empires. The expressed paranoia was a return to "oligarchy and c'onyism." The 1986 constitution advocated the espousal of the western values over kinship politics. It reiterated western values officially when it declared that no family should be allowed to have the monopoly over media and industry. Certain provisions were also against the establishment of political dynasties where several family members served in political office simultaneously as senators, congressmen, governors, and mayors, for example. The provisions were merely expressing the prevailing sentiment after the revolution in reaction

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to Marcos's crony capitalism—the prevention of another era of elite family monopoly in politics and business. Faced with this public clamor, the Lopez family published a clarification of its demands:

1. Members of the family seek to redress an injustice perpetrated upon them by the martial law regime. We want nothing more than a reasonable settlement of our claims or the family-owned assets that were either forcibly seized or clearly underpaid by the Marcos government and its cronies...

3. In pursuing its objectives, the Lopez family has always sought and will continue to seek to identify its aspirations with those of the national interest, being fully aware of the urgent need for the country not only to create new wealth but to promote a more equitable distribution of that wealth as a means of achieving a stable, democratic and just society.258

In a public statement therefore, the Lopez family was formally declaring its adherence to the western values which place national interest above that of the familial one. In fact it stated unequivocally that the family "has always" tried to converge its interests with that of the nation. The statement itself is evidence for the conflict: the family knew intellectually that it must submit itself to the national interests but their actual behavior revealed a more loyal attachment to _política de familia_. As their behavior would ultimately show, the family was blind to its own faults, driven by a desire to uphold the solidarity of a closely united kin group. In this experience the Lopezes were not atypical; many elite families behaved similarly, including that of the President herself (the Cojuangcos, as will be shown in the next chapter), thus again revealing the tension between the desire to uphold the national interest above that of the family, and the traditional kinship values that still strongly if at times subconsciously propel the family to resort to the age old _política de familia_ methods.

In the light of this fresh public clamor against kinship politics, the actual reacquisition of the Lopez former companies was not as easy as the simple appointment of

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the Lopez brothers as OIC's. The Manila Chronicle presented no problems since Marcos merely closed it down and there was little compensation involved. Nevertheless the Lopezes could no longer afford to purchase the Chronicle and a group of buyers collaborated in the effort to revive the publication with the Lopez family owning 15% of it.259 Theoretically the television stations should have been just as simple. Marcos did not even bother to transfer the ownership260 and the family was never given money for the use of the stations and the equipment. The family was able to retrieve channel 2 fairly easily. Channel 4 proved to be difficult, not because of any legal or financial matters but because the public strongly disapproved of such a move. The Lopez claim to Channel 4 was opposed on the grounds that the family would be obtaining a monopoly on media since they already had the Chronicle and Channel 2.

The critics were willing to concede them Channel 2, but not both Channel 2 and Channel 4. It was argued that such a possession was unconstitutional. At the same time the Lopez family through Geny earlier announced that they would not press for the return of Channel 4 as well if they were given Channel 2. When the family began to agitate for Channel 4 after they already received Channel 2, they were criticized also for reneging on their word.261 The employees of Channel 4 who were themselves opposed to the station's return to the Lopezes, wrote an open letter to President Aquino: "We appeal to you, Mrs.


261 Geny's statement: "We do not seek to regain full control of our seized assets in the broadcast media. If the government decides that all broadcast media be in the hands of the government, we will accept that policy. If it decided to operate part of broadcast media, we will seek the return of only one of our two previous television channels." Quoted in Belinda Olivares-Cunan, "Troubles for the Lopezes", Philippine Daily Inquirer, June 28, 1987, p. 5. For criticisms of the Lopez move see The Manila Chronicle, July 8, 1987, p. 4.
President, to consider the Lopez claim not only as a property question, but as a
Constitutional, a legal, a public welfare, and a MORAL issue."262 When their appeal was
ignored as President Aquino approved the return of the Channel to the Lopez family263, the
employees picketed in front of Malacañang.264 Aquino's decision proved to be unpopular
and many began to wonder whether they had sacrificed their lives at EDSA and at the
Channel 4 site itself (Channel 4 was the station that was taken over by the rebels staging the
coup d' etat against Marcos, and the people had to protect it from Marcos' tanks in the
February revolution), just so the Lopez family could claim it.265 The government argued
that they should at least have one public television station (when Channel 4 was recovered
from Marcos in the midst of the revolution, the citizens took over the operations and
renamed it People's Television266) The agitation continued until the government decided to


retain Channel 4 and give the employees a bid to purchase it.267 (The Lopez family also sued Mr. Marcos and Roberto Benedicto requiring the return of 10 radio stations, the payment of P3 million a month rental since 1973, P70 million for using the facilities and P100 million in exemplary damages and attorney's fees268)

Meralco proved to be an extremely complicated issue because in this case the Lopezes received compensation, albeit miniscule. At the same time the company itself had expanded its operations since 1972 with funds outside of the Lopez family. It would be very difficult then to determine just how much of the company was still rightfully owned by them. The company itself was heavily indebted to the Development Bank of the Philippines (DBP) and was unable to repay such loans. The DBP then held the Meralco shares mortgaged as collateral for the loans. Furthermore, the new government's attitude that no family be allowed the monopoly of major industries and businesses predicated that at least in theory, the Lopez family would not be granted the 'special franchise' to turn such a major public utility into a family company. President Aquino herself, "in a bid to dispel fears of an underhand deal with the Lopezes" insisted that plans for the privatisation of Meralco should ensure that not a single business group or family would receive outright


control.\textsuperscript{269} Meralco was perceived to be too strategic a company to be in the hands of a dynasty or oligarchy.\textsuperscript{270}

Nonetheless, in July, 1988 a columnist, Hilarion "Larry" Henares Jr. exposed a major scandal involving the Lopez family’s attempts to regain control of the Meralco. In a series of articles for the Philippine Daily Inquirer, Henares brought to public attention the "Meralco Deal" wherein the Lopez family acquired control of 51% of Meralco without putting up the capital for it.\textsuperscript{271} In a convoluted arrangement, one which Henares confessed was so complex that it required five hours with a computer to figure out and which still left many puzzles, the deal transfers 16.5 million Meralco shares (65.12% of outstanding shares) from the DBP to two Lopez companies for only P690 million, or P41.73 per share when the market value then was P190 per share. (The shares were in the custody of the Asset Privatization Trust who intended to release the shares to whoever would pay the loan.) The money for the shares would not come from the Lopez coffers but the J.P. Morgan bank and the Bank of the Philippine Islands (BPI) which would buy 11.8 million shares (45.45% of outstanding) at P58.50 per share. The rest of the shares would be transferred to the Lopezes "with absolutely no cash outlay".\textsuperscript{272}

Everyone makes money on this deal--the syndicate of investors headed by Ayala's Bank of Philippine Islands (BPI) which will resell their shares at a profit in four years; the Lopez group which gets control \textit{gratiss et amore} and shares 50 percent of the profits of the investors, too. Others too.

The only one who loses money is the DBP which in effect sells its shares at considerably less than market value, by allowing the Lopezes to

\textsuperscript{269}The Far Eastern Economic Review, July 7, 1988, p. 92.


\textsuperscript{271}See Philippine Daily Inquirer from July 11 to July 17, 1988.

assume a loan of former Ambassador Benjamin "Kokoy" Romualdez, and
to redeem the shares held as collateral, without paying full interest, and
paying for it with cheap devaluated pesos. 273

The two Lopez controlled companies that Henares referred to were the Meralco
Foundation Inc. (MFI) and the First Philippine Holdings Corporation (FPHC). Matters
added to the complications surrounding the proposed settlement. For one thing, as
Henares pointed out, the deal made the assumption that the DBP loan was for these Lopez
companies to pay, thus implying that the Lopezes owned all the shares controlled by
Marcos's brother-in-law Kokoy Romualdez. Such an issue, should have been decided in
the courts first. 274 Secondly, the nature of the MFI was vague—was it a government
corporation or a private one? Henares contended that it was a private corporation under the
influence of the Lopezes, the Lopezes claimed that it was a government corporation, 275
while a journalist pointed out that no one knew exactly what sort of 'animal' the MFI was,
it being an inheritance from the Marcos regime. 276 In the MFI board itself, Henares,
argued that ten out of the thirteen members were close to the Lopezes. 277

273 Ibid.


276 Rose de la Cruz, "Meralco Divestment Review Committee Finds Six Flaws in DBP Scenario", The Manila Times, August 10, 1988, p. 9. David Hickman, vice-
president of J.P. Morgan described the MFI as "an entity that they do not completely understand", quoted in Hilarion Henares Jr., "Dare You, Take Lopezes out of Meralco", Make My Day! column, Philippine Daily Inquirer, August 5, 1988, p. 5.

277 Hilarion Henares Jr., "Meralco Owned by 13 Lopez, Opus Friends", Make My Day column, Philippine Daily Inquirer, July 15, 1988, p. 5. In another column, Henares shows how each of these people are linked to the Lopez family: Jake Lopez, Marcelo Fernando, Arsenio P. Dizon, and Sergio J. Javeliana are Lopez supporters and employees, (authors, correction to Henares---Marcelo Fernando (a lawyer) was a former employee of the Lopez family in the pre-martial law era, he is at the moment the deal was made Undersecretary of Finance and no longer working for the Lopezes), Josefinna P. Rufino, Ernesto D. Rufino Sr., Ernesto B. Rufino Jr. are in-laws of Oscar Lopez who is married to Connie Rufino, Manuel de Leon, Narcisa L. Escaler are family friends of the
Yet another problem pertained to the nature of the sources itself. Henares' data was not entirely accurate. For example, he declared that the Lopezes were fully paid by Kokoy and Marcos for their shares. This point was not entirely true because although the Lopezes received some money for their shares, it was not sufficient. There was no denying that the circumstances behind the sale reeked of blackmail and extortion: the Lopez family was compelled to sign the documents negotiating the sale in exchange for the release of Geny Lopez. He also claimed that the shares were sold to Marcos for a down payment of ten million pesos when in fact the down payment had been only ten thousand pesos. At the present moment because of the difficulty in acquiring all the necessary documents in question since the issue is still recent, it would be difficult to pinpoint all the flaws in Henares's data. At the same time, the transaction itself was probably deliberately misleading since the businessmen involved were attempting to find loopholes in the laws.

The particulars of the transaction were indeed difficult to comprehend Henares stressing that it was "a convoluted transaction so obfuscated that one is bound to sink into a morass of little details without seeing the big picture. Many are not sure what the deal is really about, so labyrinthine is its maze." But the particulars of how exactly in minute

Lopezes and Maria Y. Feria is the right-hand woman of Raul Manglapus, brother-in-law of Geny Lopez. The other three are in from DBP: Chairman Jesus Estanislao, Adolfo Azcuna, and Tomas Apacible. These men are mentioned in Hilarion Henares Jr., "MFI Must Take Lopezes out of Meralco", Make My Day! column, Philippine Daily Inquirer, December 5, 1988, p. 5.


279Hilarion Henares Jr., "Meralco Deal Control By a Dummy Firm or Milking Cow", Philippine Daily Inquirer, July 13, 1988, p. 1. The editor of the Philippines Free Press and former press secretary of President Corazon Aquino was of the same opinion: "The financial footwork that went into the Meralco Deal is so fancy and fast that the FREE PRESS editor must confess his inability to follow it. He can add and subtract and divide and multiply—but the Meralco Deal is calculus. Beyond him." T. M. Locsin, "Say it isn't so! That Meralco Deal", Philippines Free Press, November 26, 1988, p. 32.
detail the Lopezes were able to acquire a 51% hold on the company, more than the family
controlled even prior to martial law (then they controlled 27.2% of the holding company
owning 98.4% of Meralco), were not as important as the fact that they had almost
succeeded in this venture had Henares not exposed it. The very fact that the deal itself was
enacted in secrecy cast suspicion on its merits. Even if the transaction itself was legal, the
aura of surreptitiousness with which it was contrived betrayed that perhaps it was motivated
by política de familia rather than concern for the national interest. The more cynical
journalists declared that the deal’s very secrecy implied that it “stank”. The furtiveness
in which the deal was concocted also violated Cory’s policy of transparency in major
government transactions.

The Lopez family had criticized the Marcoses for appropriating their company
without just compensation. And yet once they themselves were back in power, they would
not hesitate to make an acquisition with the other banks putting up the collateral. Such
behavior is evidence for the conflict between kinship politics and western values: the
family perceived the faults of other families who practiced política de familia and castigated
them in the language of western cultural values, but did not apply those same values to
itself. Strong family ties, clever social dynamics, and top level political connections
always motivated it to behave in the manner that would benefit the family first.

How exactly did the Lopez family succeed in acquiring such an arrangement that
would benefit the family through the granting of ‘special privileges’? Not unlike the
previous methods used by the Lopezes in the past (and other families including the
Marcoses-and the Cojuangcos—see chapter 5), it was done through personal connections
with key individuals in the government and in the banking institutions. The two most

important people who were the brains behind the deal were Christian Monsod who represented the two companies (FPHC and MFI), and Jesus Estanislao who wore two hats being both chairman of the DBP and chairman of the MFI. "In effect he negotiated with himself to transfer government resources and control of Meralco, from DBP (64 percent control) to MFI (51.85 percent)." Estanislao was criticized for his unethical and unprofessional behavior perceived by those who judged him by the yardstick of the western values. He was using his position as chairman of a government bank to benefit a company where he was chairman. As chairman of a government bank Estanislao should not have been negotiating for private companies where his own personal interests lay.

Henares clarified:

This is not transferring power from one hand to another, as we are led to believe. It is the transfer of power from a government entity subject to PUBLIC scrutiny and control, to a PRIVATE foundation not publicly accountable and beyond the control of the President or succeeding administrations.

It would seem that Jesus Estanislao, Christian Monsod, and the Lopezes have contrived to own and control Meralco, without financial stake or moral justification, not only now, but forever.

The outrage that Henares expressed concerning the ethical nature of the deal was again part of the overall fear (as in the Channel 4 case) of the return of the dominance of politica de familia as an accepted practice, a phenomenon that would make possible the comeback of the oligarchy of elite families. Furthermore, the Meralco case was significant because it was supposed to serve as the model for the privatisation of other similar large companies such as Philippine Air Lines (PAL), the Philippine National Oil Corporation (PNOC), the Manila Hotel, CoCobank, Oriental Petroleum, and the San Miguel Brewery. If the deal were to be approved as is on July 21 (the set date), both the constitution and the


282 Ibid.
president's orders that no family be allowed to control this major public utility would be violated. It also would be a signal that as in the previous eras, the malakas family was above the law.

Henares's point was that the DBP should have simply sold the shares to the public and in this sense no one family would be granted special privileges. He considered the introduction of the third party—the Morgan Bank and BPI as superfluous, and the fact that the shares would be sold to two Lopez companies at a price lower than its value at the stock market was against the national interest. He characterized the entire scheme as a "Marcos/Kokoy ploy" thereby insinuating that there was no difference between the Marcos family style behavior and the Lopez one.283 Fermin Adriano of The Manila Chronicle lamented:

Two insights about the nature of the Aquino regime can be deduced from the above case. One is that far from promoting capitalist competition, the Government has tended to stifle it by giving patronage to a specific group to the detriment of the public interest. In a sense, patron-client relationship which gave rise to the phenomenon of crony capitalism during the Marcos regime survives as a tendency within the Aquino bureaucracy.

Second, the Government's warped notion of what constitutes "privatization". To it, privatization merely means the transfer of public (government) assets to the private sector. The Meralco case unequivocally shows that that it does not care whether privatization will be distributive or concentrationist, or whether it will encourage capitalist competition and growth or stifle such development.284

In their defense the Lopez family came out with an emotional statement recalling the entrepreneurial achievements of their late father Eugenio and emphasizing the fact that the family had been victims of the martial law regime. As victims it seemed unjust that they be persecuted concerning the transaction. In the statement they released to the press, the


family emphasized five points. The first was that no member of the family owned a single share of the Meralco, second no member of the Lopez family sat on the board of trustees of the MFI. Thirdly, the family owned 15% of FPHC which owned 32% of Meralco and the dispersal plan would reduce the family's interest in Meralco to .012%. Fourthly, the family declared that Manolo Lopez was president of the Meralco purely on the basis of professional competence and not on the basis of ownership of shares. Finally they stressed that the FPHC did not receive any special treatment from APT and would repay its loans on the same terms and conditions as other debtors.\textsuperscript{285} At the same time the family reiterated that the entire transaction was legal and according to appropriate business practice; a negotiation that was 'above board'.\textsuperscript{286} (The Lopez family claimed that the FPHC was 27% owned by the MFI the 14% by the Lopezes and that the MFI was not controlled by the family but belonged completely to the government.)

It was normal business practice not to put the ownership of shares in one's name, instead the shares were owned by a holding corporation owned by a family. In the the pre-martial law days, the Securities and Exchange Commission (SEC) noted that in the Philippine Petroleum Company a subsidiary of Meralco, Eugenio Lopez, Eugenio Lopez Jr., and Manuel M. Lopez owned 1 share each. The majority of the shares 89,993 was owned by Meralco Securities Corporation.\textsuperscript{287} Meralco Securities Corporation again would


\textsuperscript{286}Oscar Lopez said: "My conscience is clear. The Lopez family has nothing to hide. Everything is above board." Quoted in Manila Bulletin, July 22, 1988, p. 25. In the interviews with the family, whenever criticisms against business deals were brought out, the standard reply was that the deals were all 'above board', conforming to standard business practices.

\textsuperscript{287}Philippine Petroleum Company, SEC Registration File No. 39337, Securities and Exchange Commission, Manila. See also Philippine Electric Company, SEC Registration File No. 37476, Securities and Exchange Commission, Manila, and
be largely owned by Benpres or the Lopez family holding company. It would not be surprising therefore to discover that the Lopez family did not own one share of the Meralco today. Although family members did not sit on the board of the MFI, Lopez allies did, and Oscar Lopez was still chairman of the FPI; and Manolo Lopez president of Meralco. It may perhaps be true that the deal was 'above board' in the business world but the issue at stake as in channel 4 was the moral and ethical nature of the acquisition. Furthermore, there was still that provision in the constitution that explicitly made a stand against family monopolies in business.

Invited to the Lopez Sunday family reunion in the midst of this debate, the author observed that although some members were emotionally upset and furious with Henares, they were confident that Cory would support them. In the final analysis it would be President Aquino who would make the decision and the family seemed assured of her approval. The family's closeness to the President in the past had always ensured an outcome in their favor. When asked what their father would have done in their shoes, Geny, the acknowledged head of the family, replied he would come out fighting. There was certainly a difference between Eugenio Lopez Sr.'s responses to attacks on his family and the next generation. Eugenio Lopez would have probably come out immediately with a statement and launch a ruthless attack against Henares. His sons on the other hand took more than a week before issuing a statement in their defense, (at the time of the interview, the family had not yet come out with a statement but were planning to put one out in all the major newspapers), and no one attacked Henares. No really bold statement was released

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288 Interview with the Lopez family (Geny, Oscar, Manolo, Robie and their spouses, Mrs. Pacita Moreno Lopez was in San Francisco with Steve and Presy Psinakis at the time), Manila, July 17, 1988.
until Oscar Lopez's statement a month later. On a trivial but human note, the biggest joke at the family dinner was Robie's reaction: he wanted to pull out Henares' toupee and announce 'Larry Henares Exposed'. Geny himself could not understand how Henares could write against them when uncle Fernando, Henares' ninong (godfather) had lent the family mansion Roca Encantada at Guimaras for Henares' honeymoon.289

Why would the Lopez family become involved in the transaction when as victims of martial law they were definitely entitled to a recovery of some of their Meralco shares? A transaction was a much better option from their point of view than a settlement at the courts which could have taken a very long time. At that particular instant the family was still involved in a court case over Meralco and the transaction would have made such an action academic. Still pending also was the ABS-CBN customs case brought out by the Marcos regime (see section on martial law.)290 Free Press editor Teodoro Locsin was of the opinion that the most just recourse was to take the issue to court which was the venue that his own family chose to take in their claim to assets owned by the Free Press assumed by Marcos. He was of course aware of the fact that such a venue would be long and drawn out.291

The family may have overestimated the support and power of President Aquino. Less than a week after Lopez family statement was released, the 11.7 million Meralco shares believed owned by the Marcoses were resequestered by the Presidential Commission on Good Government (PCGG). Although ostensibly the reason published

289Ibid.

290 See "Court Cases Pending", and Republic of the Philippines, Department of Finance, Bureau of Customs, Manila, "Republic of the Philippines vs ABS-CBN Broadcasting Corporation and SCAN", documents provided the author by Oscar M. Lopez.

was the appearance of an additional 8.2 million Meralco shares included in the contract which caused DBP to stop the sale temporarily. Eventually the government decided to abort the transaction, recommending instead to sell the Meralco shares to the public through the stock exchanges as soon as possible. An amended version of the deal was written which increased the purchase price from P690 million to P995 million. The bank syndicate and the FPHC rejected the government's terms and threatened to take the matter to court arguing that the original plan was already a "done deal". Oscar Lopez in the strongest statement issued by the family, lambasted the government for its "flip-flopping" decisions and hinted at the possibilities of going to the courts to settle the issue. Finally President Aquino herself rejected both the original and amended deals in favor of a revised program recommended by a technical committee composed of the heads of four government financial institutions.

The president replaced Jesus Estanislao, the chief character in the deal negotiations with Asset Privatization Trust (APT) chairman Ramon Garcia, and entrusted the deal to the APT. The PCCG through its chairman Ramon Diaz now castigated the original deal as a "gigantic rip-off". In the succeeding months attempts were being made to find a

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293 Philippine Daily Inquirer, August 10, 1988, pp. 1 and 7.


295 The Manila Times, August 18, 1988, pp. 9 and 10.

296 Malaya, August 17, 1988, p. 9.


compromise settlement. Meanwhile, the justice department secretary Sedfrey Ordonez disagreed with the president and declared the original deal "presumptively legal". The president however, ignored the decision of her own justice secretary and announced that the only way the Lopezes could regain ownership of Meralco was to pay the P995 million. Although the new compromise deal was rejected by the review committee set up by the president to investigate it, demanding now a lump sum of P1.08 billion, in the end the president approved this.299 The compromise agreement compelled the Lopez controlled FPHC and the bank syndicate to share a good portion of the profits with the government. The major points covered by the agreement were: the same P690 million price for the 19.9 million shares was maintained, and the bank syndicate would sell the shares to the stockmarket at prevailing market prices. This would earn for the syndicate profits above the P690 million. Once the P690 million was recouped, the profits would be divided with the government acquiring 30% and the remaining 70% shared equally by the FPHC and the bank syndicate.300 The new deal had better terms for the government this time, and even Henares announced that he was happy with it.301 The signing of the compromise deal did not close the chapter on the Meralco story. Up until August, 1989 sale of the shares had


301Henares qualified that he would have been happier had the government got the full P990 million plus the 30% share of the profit, a total of P2.3 billion. Hilarion Henares Jr., "Cory, We Need Better Debt Managers", Make My Day! column, Philippine Daily Inquirer, January 2, 1989, p. 5.
still been prohibited because of the controversy on the amount the MFI should indemnify the Lopez family. The Sandiganbayan\textsuperscript{302} is still trying to resolve whether the sale of Meralco shares by the government was legal.\textsuperscript{303}

The Meralco deal was not the only source of trouble for the Lopezes in 1988-1989. About the same time that the compromise deal was being discussed over the Meralco, the press complained that ABS-CBN had not paid for the rental of equipment it had leased from the government (the government took over the BBC/RPN formerly owned by Marcos and his cronies).\textsuperscript{304} It could not be adequately determined which of the television equipment was owned by the Lopezes and which ones were purchased by the Marcos/Benedicto group. Business World writer Raul Locsin who traced the history of this case from the 1986 revolution quoted a letter from Channel 2 concerning the equipment: "To date, records of BBC and RPN do not show the clear ownership of said radio equipment."\textsuperscript{305} Despite this complex situation the PCCG, which was the body in charge of handling the sequestered assets of former President Marcos and his cronies, granted the Lopez family request (June 1, 1986) that "our engineer, in conjunction with representatives of BBC, shall identify what equipment and facilities were and are owned by ABS-CBN and what were brought in recently by BBC. In the case of the latter, we shall

\textsuperscript{302}The Sandiganbayan is the court established to try public officials.

\textsuperscript{303}The Business Star, August 29, 1989, pp. 1 and 3.

\textsuperscript{304}Business World ran a series on the ABS-CBN and its unpaid dues in September, 1988. The information on this case was mostly taken from Raul L. Locsin, "The Year or the Dragon", serialized in Business World, September 12, 1988, pp. 1 and 6, September 13, 1988, pp. 1 and 8, September 14, 1988, pp. 1 and 6, September 15, 1988, pp. 1 and 8, and September 16, 1988, pp. 1 and 6.

be allowed to utilize them for our operations pending the settlement of our monetary claims against Messrs. Ferdinand E. Marcos and Roberto Benedicto."

At first negotiations were for a transfer of the equipment to the Lopez station. However, the equipment whose ownership still had to be determined, was mortgaged to two financial institutions—the governments' PNB and the sequestered Traders Royal Bank, which meant that the broadcast complex was still obligated to pay the two banks. This also implied that ABS-CBN would have to secure the consent of the mortgagees before it could transfer the equipment. This was accomplished with astonishing speed. Subsequent records however revealed a sudden shift of the negotiations towards a lease of the equipment rather than a plain transfer. The Board of Administrators transmitted a memorandum to the PCGG recommending the release of the assets of ABS-CBN. Mrs. Olivares recalled that it was a memorandum they were practically ordered to sign. Even the circumstances that surrounded the affixing of her signature belied exigency: she was awakened at her home at one in the morning, and she signed it in her pajamas. Significantly, one of those that brought the documents to her house was Gaby, the son of Geny who now worked for ABS-CBN. A lease contract was signed which stipulated that the rent coming from the ABS/CBN would pay the mortgage. The agreement did not grant the lessor the option of which bank to secure it. It stipulated that the lease/contract be secured with PCIB, a bank whose president was also simultaneously president of ABS-CBN—Geny Lopez. But, two years after (or as of September 14, 1988), the ABS-CBN had not paid its dues and ignored the BBC's efforts to collect back rent. The rent

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was the only source of cash with which the BBC could pay of its mortgage to the Traders Royal Bank.  

Early in 1988 (January 14) the ABS-CBN filed a civil suit in the Sandiganbayan against the BBC, RPN, IBC and defendants including Ferdinand Marcos, Roberto Benedicto and others, and charged the defendants with operating its stations and broadcast facilities without paying a single centavo. Locsin, writing on the article stipulated that the family waited this long before filing the case because perhaps they anticipated that the PCGG would lift the sequestration on the assets already in their possession, before they could have paid the lease. Whatever the reasons for the family's behavior (and the patterns seem to support Locsin's thesis), it was apparent that the family behaved in the exact same manner they accused the Marcos family of behaving. Marcos had taken the ABS-CBN station and equipment without paying any compensation and the Lopezes were utilizing equipment without paying its dues.

The ABS-CBN issue that created more of an uproar was HB 15055, "An Act Granting ABS/CBN Broadcasting Corporation a Franchise to Construct, Maintain and Operate Stations for International and Domestic Telecommunication and stations for Television in the Philippines." The bill, which had 200 sponsors in the House of Congress and was passed on third reading became a controversial topic in the press. Its passage would have allowed the ABS-CBN network to have monopoly in the domestic telecommunications in the country since it encompassed the broadest possible coverage of telecommunications services, including satellite transmissions, with authority to receive and

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transmit messages, impressions, pictures, music, voice and data throughout the country and abroad, as well as via marine (ships) and air (aircraft). It could also be used to send important communications between banking systems, thereby giving the Lopez family, with a major stockholding in the PCIB, access to the communication of the other banking institutions.\textsuperscript{312} The problem at stake was not that the bill itself suggested a monopoly. It was simply that no other entity would be able to compete with the ABS-CBN with the consequence that it would emerge a monopoly by default.\textsuperscript{313} (If the Lopezes set up another facility to rival DOMSAT (the government satellite), it would drive DOMSAT out of business since the volume of business is insufficient to warrant two satellites. At the same time, all other telecom carriers and TV channels would have to use the ABS-CBN satellite for their communications.\textsuperscript{314})

The rationale of Geny Lopez, president of the ABS-CBN was that the television station would like to engage in simultaneous broadcasting with its channel 2 in Manila and the other radio and four TV stations in the provinces. In order to do this the station had to use of the government satellite facility, the DOMSAT which was proving to be incredibly expensive. Geny argued that the purchase of DOMSAT by the family was out of the question because the facility itself was sequestered, it had a debt of over P1 billion, and buying it would be "too political.\textsuperscript{315} The Lopezes would be utilizing the satellite

\textsuperscript{312}This is argued by Transport and Communications Secretary Reinerio Reyes in Art Borjal, "Ray Reyes’ Quotable Quotes", Jaywalker column, \textit{Philippine Star}, March 16, 1989, p. 6.


communications from the Indonesian satellite Palapa instead of the DOMSAT. Geny explained that the family had no desire to become 'kingmakers', his family having quit politics a long time ago: "I'm only trying to do what I know best---how to be an entrepreneur." Besides, he argued, the other television stations could seek the same franchise if they so desired.

The Lopezes were not entirely out of politics. For one thing there was talk that the House members who sponsored the bill deferred to Iloilo Congressman Albertito Lopez, son of Fernando Lopez. (Albertito could not have won without the financial assistance of Geny Lopez who made major contributions to the campaign. Albertito thus had a big utang ng loob to his cousin Geny, and in effect perpetuating the Eugenio-Fernando relationship of both families within the succeeding generation with one family member in business and the other in politics.) It was also claimed that the majority of the congressmen supported the bill to avail themselves of the Lopez financial support in the coming elections. The main objections to the bill was its political implications. Through a simultaneous nationwide broadcast, it was now possible to tell everyone to vote for a particular candidate.

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317 Quoted in Belinda Oliveres-Cunanon, "Geny Lopez's Dream My Nightmare?".

318 Belinda Oliveres-Cunanon, "ABS-CBN Bill has 200 Sponsors".


The reservations concerning the bill created a stall in the Senate. At this crucial point Transport and Communications Secretary Reinerio Reyes who testified at the Senate hearing on the bill, declared that he would recommend a presidential veto of any bill granting the Lopezes a franchise to operate their own satellite communications system. He believed that such a bill would give the Lopez family "too much power and potential monopoly and abuse". 

Reyes's statements upset the Lopezes who may have panicked and overreacted, although the style was reminiscent of Don Eugenio. ABS-CBN news programs "went hammer and tongs against Reyes, not only putting holes in his arguments against the franchise, but also questioning his asthma, capacity and the color of his Cory loyalty". 

The personal attacks against Reyes only served to reinforce the critics' worst fears---the power of the media monopoly. If the Lopezes could react with a tirade like that, how much more if they had the satellite franchise? Although journalists and politicians had no personal sympathy for Reyes whose childish response to the attacks was a threat to ensure that the Lopezes got 'zero franchise', the Lopez personal vendetta against him in their stations became a double edged sword.

At the time of this writing, the senate was not likely to pass the bill and even if it were to do so, assurances have already been

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323 Editorial, Business Eye, April, 1989, p. 5.

expressed that the President would definitely veto it. Instead, President Aquino has supported a new Senate bill that would promote a Philippine telecommunications network whose ownership would be spread out to include all citizens.325

In their three major attempts to utilize the elements of politica de familia to recover their previous business empire and reassert themselves as a prominent family, the Lopezes crossed swords with elements opposing such behavior and failed. (Channel 4, Meralco and the ABS-CBN franchise.) The family continued to use the methods of kinship politics to rebuild itself after suffering a severe setback in the martial years when they fell from power and Marcos applied stronger politica de familia methods. At the same time, the many years where the practice of kinship politics only benefitted the Marcoses and his cronies inspired a fresh round of criticisms against such endeavors to reinstitute family power which they termed "oligarchy" and "cronyism". The conflict that ensued in this case this time successfully blocked the Lopez aims. The continuing tension between the two value systems appeared in the behavior of other families other than the Lopezes. The journalists were correct when they pointed out that their opposition to the Meralco deal and the ABS-CBN franchise did not emanate from a dislike of the Lopezes since such behavior may have emerged from any other elite families. Chapter five will look at the conflict with regards to the Cojuangco family (President Aquino is a Cojuangco and her family has been a major source of criticism for behavior reminiscent of Marcos-style politica de familia.) Despite the fact that the Lopezes were utilizing kinship politics they likewise explained such behavior in the words that advocated western values. Geny had announced repeatedly that

325 Philippine Daily Inquirer, March 15, 1989, pp. 1 and 9, Hilarion Henares Jr., "Bel Tolls for Geny: Curses, Foiled Again!", Make My Day! column, Philippine Daily Inquirer, March 20, 1989, p. 5. The president also certified as urgent the passage of Senate Bill 422 which would foil the Lopez bill since it promotes the development of Philippine communications, spreading the ownership base of the telecommunications industry to all citizens of the Philippines, Manila Standard, April 13, 1989, p. 6, and The Manila Chronicle, April 13, 1989, p. 7.
they were not attempting to reconstruct the family's old empire. The family also insisted that they were only for the promotion of Philippine entrepreneurship.

At the same time, the family reaction was conditioned by Filipino values underscoring family solidarity. The unity of the immediate family of Eugenio Lopez was almost as impressive as the unity of the two brothers Eugenio and Fernando. The oldest son Geny was considered the leader but when he was jailed Oscar took over as head of the family. Once Geny returned to the Philippines, he again assumed the leadership with no quarrels. (The private secretary (Margot Fragante) of Eugenio Lopez for example, was 'inherited' by Oscar but once Geny returned, she worked for Geny.) Each member's role and position within the family was respected by the other family members. Oscar for example was considered the family scholar and this writer was not allowed to interview any family member without deferring to Oscar first. (The author's connection was originally Presy Lopez-Psinakis.) The moment their brother Oscar asked them to comply everyone else was very cooperative, no one could say no to a family member's request. The family unity was very obvious as they all had Sunday evening dinner reunions each week. The influence of their father was still very strong. Even Meralco president Manolo Lopez confessed that when he had a problem with the company sometimes he would pray to his dead father for inspiration.

In business, the ownership of family corporation BENPRES which acts as the holding company of the Lopez business assets is fully shared. Geny is president of PCIB and The Manila Chronicle and ABS-CBN, Oscar is chairman of FPHC, Manolo is president of Meralco, Robie is in charge of the Lopez Museum and is also involved in ABS-CBN along with Gaby Lopez (Geny's son). Steve Psinakis works with FPHC. The offices of Psinakis, Oscar Lopez, Geny, and Fernando Lopez are in the same

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building (The Chronicle building in Pasig), two minutes away from Manolo's office in the Meralco building.

Despite these recent setbacks the Lopez family's entrepreneurial ventures continue to break new ground according to the technology and economic trends of the times. First Philippine Holdings for example has revived Philippine Electric and has invested in agribusiness. The Lopezes have diversified into large scale prawn production in Negros (many former sugar planters have now converted their plantations into prawn farms because of the drop in the price of sugar, and agitation for land reform), and an experimental asparagus project in Bukidnon. In this sense the family of Don Eugenio has not yet severed all business ties to Iloilo although most of the sugar haciendas now belong to the Fernando Lopez side of the family.

In politics, Albertito Lopez, son of Fernando Lopez, is Congressman of Iloilo. Although the Lopez backed candidates lost in Iloilo in the last election (Iloilo governor Grifino was their opponent and mayor Rodolfo Ganzon is a long time Lopez archrival,) the Lopezes continue to support local politicians. During the traditional Fernando Lopez and Mariquit Lopez joint birthday celebrations in Iloilo/Guimaras/Negros, the author observed Fernando Lopez hand out cash contributions to the mayor and vice-mayor of Guimaras Island on a trip to Roca Encantada. Army soldiers came to pay their respects to the former vice-president on his birthday during a visit to the sugar plantation in Isabela, and even political rival Governor Grifino attended the joint birthday celebration at the Iloilo University. In Manila, top politicians like Senator Lorenzo Tañada, former president Diosdado Macapagal, and current vice-president Salvador Laurel were all present to

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The family's political ordeals ended with the acquittal in the United States of in-law Steve Psinakis in 1989. In July, 1987 Steve Psinakis had been arrested and faced prosecution in a US federal court for illegally transporting explosives to the Philippines in the early 1980s. Psinakis had worked closely with Filipino expatriates who are now prominent politicians in the Aquino government. If he was to be tried in court, evidence could readily be brought out linking these politicians with terrorist activities. The Aquino government was adamant about preventing the case from going to trial. President Aquino intervened to acquire the $250,000 bail for him.\footnote{James Clad, "The Psinakis Affair", Far Eastern Economic Review, August 20, 1987, pp. 10-11, Malaya, June 9, 1989, pp. 1 and 4, and The Manila Chronicle, June 9, 1989, pp. 1 and 8.} Psinakis himself suspected that his arrest had political implications from the US side. He was the only one arrested because he was the only one with American citizenship. The threat of a trial would give the Americans leverage over the Aquino government at the time when the administration was still very vulnerable to military coup attempts.\footnote{Interview with Steve Psinakis, Manila, July 15, 1988.} At the time of the authors' interviews Psinakis had to commute between Manila and the US regarding the case. A year later, before Psinakis went to court, four Filipino senators and three congressmen called on President George Bush to intercede in the trial. Two senators threatened to work for the removal of American bases in the Philippines if Psinakis was convicted. A letter signed by 134
congressmen and 17 senators was also presented to the US president. In June 1989, Psinakis was acquitted.

Concluding Remarks

Even more than Karl Marx Filipino businessmen have always been acutely aware that politics and business are inextricably related. The Lopez family's strategies for success mirrored this symbiotic relationship between political power and the special privileges that facilitated the rise of an economic conglomerate: family members in the political arena provided the means with which the family could build up a lucrative business. Once political power was achieved the family used power to build a business empire through the methods of malakasan or kinship politics. The family was motivated by the pursuit of 'special privileges' given only to those in power (those who were malakas) enabling them to subdue any other rival families in business and giving them access to fringe benefits like lenient loans from government institutions and tax exemptions.

The family's aggressiveness in applying the techniques of politica de familia ensured its rapid rise to power. The Lopezes used media to go on an 'all-out' campaign for the family's political candidates, to pressure presidents like Quirino to capitulate to the family's demands, and to ridicule and castigate their political and business enemies like Eugenio Perez, Enrique Montilla, President Elpidio Quirino, President Diosdado

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Macapagal, President Ferdinand Marcos and Reinerio Reyes. Eugenio Lopez was known to have challenged every single president of the Philippines. It was the control of the media which gave him the audacity to confront the most powerful politician in the country. The Lopezes also used their influence in the sugar industry, their closeness to the presidents, and their political connections to acquire cheap loans from government banks and financial institutions for their own business ventures. It may also be argued that many loans remained unpaid and that their political power shielded them from legal punishment. They used their links in congress (via the sugar bloc primarily) to legislate in favor of their interests from the days of the sugar bloc to the 1988 request for a satellite franchise for ABS-CBN. Personal and political ties to the judiciary also facilitated the dismissal of any court cases against the family. But since the economic empire was built on 'special privileges', once political power was lost in the martial law years, the lack of access to such privileges ensured the downfall of the family's business interests.

Throughout all this wheeling and dealing it can be said that the family did not purposely seek to break the letter of the law but rather it only strove to "bend the rules" of law or work around the law exclusively for their family although in some cases (the PHHC lot case for example and the channel 4, Meralco case in the post '86 period), the family actually violated constitutional precepts. The familys' claim that their business dealings were 'above board' had some truth to it. Even the Lopez critics conceded that many of the family's transactions were not illegal but rather immoral. The fact was simply that in the post-war Philippine context, those families who were in power (those who were malakas) enjoyed the license to special loans, tax exections and even evasion of taxes, proof that the malakas family was often times above the law.

At the same time, the continuous application of politica de familia for one family's personal business interests was castigated and blocked by rival families. The public too perceived that the family's efforts at acquiring business monopolies was detrimental to the national interests. There were rival families who used the standards of western values to
justify their attempts to curb the Lopez influence accusing them of 'vested interests', of cheating the government, of controlling the congress, and of creating an 'oligarchy'. The Montillas, the Perez family and the Marcoses all used the lofty ideals of nationalism and ethics to justify their attacks against the Lopez family. Once they themselves assumed power they operated within the precepts of kinship politics--the very values they condemned in public. These rival families were aware that they could acquire public sympathy for their cause if they dressed their motives in the garments of western values that emphasized the national interest above the familial one. Such a strategy assumed that the public was aware that the techniques of kinship politics and politica de familia were basically wrong. In reality, the public did believe that kinship politics was basically to be frowned upon but at the same time like these elite families, they adhered to the traditional Filipino values that emphasized family unity over and above interests outside the family.

There were also critics who exposed the Lopezes because they sincerely believed that kinship politics was against the national interest. President Macapagal for example proved to be serious in his campaign against the 'era of special privileges' even if other members of his own administration were not. The public, in particular the journalists, who thwarted the Lopez familys' endeavors to reacquire a monopoly-- channel 4, Meralco and the ABS-CBN telecommunications satellite, were adamantly endorsing western values above the familial ones.

The Lopez family themselves were typical of other elite families (see chapters 5 and 6) who conformed to both sets of conflicting standards. During the more than 25 years that Fernando Lopez served in political office for example, he consistently emphasized that he did not really desire public office but that he became involved to serve the country.\footnote{These pronouncements appeared in Fernando Lopez' speeches published in The Times of Iloilo and The Manila Chronicle. In particular see, The Times, October 16, 1945, pp. 1 and 4, The Times, October 23, 1945, pp. 1 and 4, The Times, October 25, 1945, pp. 1 and 2, The Times, August 27, 1946, p. 1, The Times, January 18, 1947, p. 1,}
was involved directly in a campaign against graft and corruption in government when he served as chairman of the graft integrity board. He himself vowed to abolish such a practice in the government. The Lopez family professed to abide by western cultural norms that emphasize the national interest above the family, and applied such standards to their rivals, but in practice behaved consistently according to the precepts of política de familia. In this sense the family was reenacting the tensions between kinship politics and western values so markedly experienced by elite families in the three major political eras of the post-war period.

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CHAPTER V
POLITICA DE FAMILIA FROM MARCOS TO AQUINO: 1972-1989

Politica de Familia from Marcos to Aquino: 1972-1989

The Lopez family experience is typical of most Filipino elite families engaged in politica de familia in the post-war period. This chapter which looks briefly at the nature of politica de familia in the Marcos years and in the Aquino administration chronicles the similar experiences of the two families that were the most powerful in the martial law period and the post-86 period. In no way does this intend to approximate the detail and comprehensiveness of the material presented in chapter four. Rather it is presented in order to supplement the data on the conflict between politica de familia and western values and at the same time highlight the characteristic consequence of that tension: the recurring cycles of administrations wherein family alliances are voted out of power for alleged graft and corruption, only to be replaced by another family alliance guilty of the same sins. A look at the Marcos and Aquino (in this sense Cojuangco, Mrs. Aquino is a Cojuangco) families would place the Lopez family case study in the national context in the years when they were out of power (1972-1986) and the more recent period (1986-1989). The Marcos and Cojuangco family portraits would also furnish additional insights into the ambivalence experienced by the families and individual actors in the political drama as families applied one standard of values to themselves and another to the outside kin group. Given this specific purpose, only details of the Marcos and Aquino years that illustrate the tension would be presented. The other aspects of martial law (Marcos' assumption of dictatorial
powers, the political and economic policies and changes) and the specific instances leading to the February 'revolution' in 1986 will not be discussed here.

The Lopez family history has obvious parallels with that of the Marcos/Romualdez family and the Cojuangco families. All three families were extremely successful families at some point in Philippine history and both the Lopez and Marcos/Romualdez families suffered a major fall from power. These successful families built their business empires on special privileges, by aggressive application of the principles of \textit{politica de familia}. A profile on the Marcos/Romualdez family alliance however would show how one family that had complete monopoly of power for the longest time in post-war Philippine history exemplified for a significant period the triumph of \textit{politica de familia} over western values in Philippine political practice.

The 1986 'revolution' that toppled the dictatorship, on the other hand, explicitly emphasized the strong desire to destroy kinship politics and the politics of special privileges and reintroduce democratic values, nationalism and non-partisan politics. Ironically the Aquino administration from the first years experienced instead an increasing similarity with the Marcos era of special privileges as \textit{politica de familia} again succeeded in making a complete comeback. Despite the seeming triumph of \textit{politica de familia}, both the advocates of kinship politics and its critics exhibited the same ambivalence in their actions; a reaction not unlike that of the Lopez family members portrayed in chapter four. The critics of the Marcos regime--the Lopezes, and the Cojuangcos for instance, who led in the opposition because they championed the implementation of western values, succumbed once more to the pressures of kinship politics once they found themselves in political power.
In his book *Today’s Revolution: Democracy*, (appropriately dubbed the Marcos blue-print for the New Society even by Marcos himself), Marcos published the first and most comprehensive rationale for the declaration of martial law in 1972. Published in 1971, a year before martial law was imposed, it betrayed Marcos’ designs for dictatorial power, blatantly exposing that the rationale for martial law had already been argued prior to the emergency conditions of urban and social unrest that precipitated proclamation 1081, which placed the entire country under martial law in September, 1972. Here, Marcos revealed his exegesis on the evils of Philippine politics and society and proposed a remedy through what he termed the ‘democratic revolution’, (later he dubbed it ‘revolution from the center’). All subsequent literature rationalizing his martial law rule, *Notes on the New Society of the Philippines*, *Revolution from the Center*, *Progress and Martial Law*, and *Five Years of the New Society*, were recapitulations and reiterations of the ideas and theories already espoused in *Today’s Revolution: Democracy*.²

Of primary relevance to this study was his focus on the oligarchy as the major reason for the sickness of a society characterized by a wide gap between the rich and the poor. Marcos was perceptive enough to observe that although each administration fell because of its record of graft and corruption, the pattern seemed to perpetuate itself indefinitely. He argued that all this was the result of the fact that the oligarchs were not

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interested in political power as such but in the pursuit of economic gain and social privilege.³

There is some truth in the saying that administrations have fallen on the issue of graft and corruption, and yet with the supposedly cleansing process of election and repudiation the issue of graft and corruption has been raised at every election. Why?....Now a democratic political authority, whose source of power is the people, is corrupted when the people themselves or an influential minority among them, attempt to use its institutions or the authority itself for their private advantage. We inaugurate at this point the oligarchic permeation of the democratic political order, the root cause of social corruption.... they have more of the means, more of the economic power with which..."to bend the government to their will"....⁴

These pronouncements easily appealed to those outside Marcos's own kin and alliance group who liked to be reassured that they would not be denied franchises simply because they were not close to the family alliance in office. Marcos laid the sole blame on the oligarchy for the presence of social corruption.⁵ And by the oligarchy he meant "the few who would promote their selfish interests through the indirect or irresponsible exercise of public and private power."⁶ The oligarchic control of political power tainted the country's democratic institutions since the pursuit of privilege became the overriding concern, permeating all facets of the society. "In this sense, the maligned politician, serving his own desire for power, is the stabilizing element of the oligarchic society, promoting the special interests of the privileged, on the one hand, and lulling the masses with patronage on the


⁴Ibid., pp. 71-73.

⁵According to Marcos, "In the instututional sense, the oligarchs, for being privileged, are guilty of bringing about this state of affairs." (social corruption) Ibid., p. 74.

⁶Ibid., p. 96.
other.” The oligarchy thus promoted "a precarious democracy of patronage, privilege, and personal aggrandizement."8

In *Revolution from the Center*, he summarized his thoughts on the oligarchy more cogently:

In the Philippines, the real power lay back of the shifting factions, in the hands of a few rich families strong enough to bend Government to their will. This oligarchy intervened in government to preserve the political privileges of its wealth, and to protect its right of property.

This intervention of wealth in politics unavoidably produced corruption. And when this practice seeped through the whole of society itself, the result was moral degeneration. So the Philippine political culture equated freedom with self-aggrandizement, and the politics of participation, so essential in a democracy, with the pursuit of privilege.

Oligarchic "values" permeated society all the more easily because the rich controlled the press and radio-TV. The press particularly became the weapon of a special class rather than a public forum. The newspapers would noisily and endlessly comment on the side issues of our society but not on the basic ones: for example, the question of private property.9

This theme was expanded in the specific context of justifying martial rule in his *Notes on the New Society in the Philippines*. The need to dismantle the oligarchic hold which was only concerned with selfish interests was necessary in order to build a new society which would be more concerned with the national interest.

The truth is that we had a political philosophy, but one which viewed politics as essentially a competition for public power and privilege among individuals, political parties, and pressure groups, and only secondarily as a means of promoting the general welfare and the public interest....Jose Rizal more aptly called it " the sense of national community." And it was, of course, the consensus that while personal ends should be served, some thought should be given to the public interest, and if politician (sic) were to do this, he was better than the common breed. The short-sightedness of this view accounted for its failure and led to the martial necessity.10

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7Ibid., p. 103.
10Ibid., p. 87.
These criticisms of the elite families in Philippine society were largely valid. As chapter four had illustrated, the major elite families in national politics were engaged in *política de familia* in their relentless attempts to build business empires. Such business empires were all built on the politics of special privileges. In his view, kinship politics explained the corruption at the high levels of office and the neglect of the national interest. Yet although he saw the evils of traditional family values, he later succumbed to them as this chapter will show. His attitude towards his allies and his wife's family unmasked his real inclinations, confirming that his verbal adherence to western values was merely for public consumption. But the elements of *política de familia* that he described had been present since 1945. In denouncing an end to the 'era of special privileges' Marcos was also not really saying anything new—he was merely continuing former President Diosdado Macapagal's ideological policy in the years 1962-1965. In fact, the war against the oligarchs was already initiated by Marcos in 1971 when he fought the Lopez family in the 'battle of titans' described in chapter four. Why then, the need for martial law?

Marcos accused the oligarchs of fomenting rebellion, anarchy, and of threatening the security of the state by funding radical demonstrations, building up private armies, smuggling high-powered weapons into the country and conniving with subversives. Such activities in his view indicated that the oligarchs along with the communist insurgents had begun to pursue their objectives outside of the democratic political machinery. Hence Marcos concluded that the democratic machinery in the Philippines had broken down "even before we were confronted with the martial necessity..."11 According to Marcos, the oligarchs had planned to assassinate him (here he named Sergio Osmeña Jr. "Serging" who was his opponent in the 1969 elections and the Lopez family12 in particular), part of what


he termed a 'rightist conspiracy' to overthrow the government and blame the nation's unrest on his person.13 Thus faced with the possibility of a rightist coup and the threat of insurgency from the left, he felt there was no other recourse but to declare martial law and instigate a 'revolution from the center'. (Marcos argued that it was still a democratic revolution because it was within his constitutional power to declare martial law.) At the same time, his insinuations that the Lopez family had plans to eliminate him found him a receptive audience since he implied that the family stood to benefit from his assassination. After all, vice-president Fernando Lopez would be his logical successor given the fact that the Lopez family had always aspired for the presidency.

Martial law was the method Marcos chose with which he could implement the necessary reforms which would restore civil order and transform the 'precarious democracy' into a true democracy. Since Marcos had pointed out that the previous republican system did not work, as it merely unleashed an endless cycle of administrations guilty of graft and corruption, martial law would release Filipino society from this endless quagmire. It was significant that Marcos expressed the entire rationale in the language of western values. He condemned the 'old society' for its rampant practice of kinship politics. The so-called "democratic revolution", one without violence and unleashed "from above" was the best method to initiate changes in Philippine social structure and bring equality to the majority of the Filipinos suffering from poverty. Economic development through state intervention would be the strategy used to help the poor.14 To support his ideology of a democratic revolution Marcos invoked Apolinario Mabini's concept of the internal revolution;15 that is, the society itself would be fundamentally transformed

13Ibid., and Ferdinand Marcos, Revolution from the Center, pp. 10-13.
14Ferdinand Marcos, Revolution from the Center, p. 114.
15This was discussed in chapter three, the introduction of western values.
replacing oligarchic values with nationalist ones. In his treatises Marcos was unequivocally championing western values over that of kinship politics as the dogma for the 'new society'. And indeed, his criticisms of traditional family values was very apt from the standard of western values.

Marcos had vowed to destroy the oligarchy in 1971, in the midst of the politcal feud with the Lopez family. Once martial law was declared, the president was equipped with unlimited powers with which to carry out such a vendetta against the oligarchic families. As the case study of the Lopez family has shown, Marcos made full use of his dictatorial powers to destroy the most powerful elite family at that time. If Marcos' arguments in his books were to be taken at face value, the campaign against the powerful families was launched in order to eradicate the main causes for corruption and begin a new nationalist era which repudiated the principles of politica de familia. Instead, the reverse occurred. The Marcos years saw the evolution of politica de familia to its most extreme and pure form. After emasculating a selected group of the prominent and powerful elite of the time, Marcos, with tacit approval of those untouched members of the elite, began the task of creating his own elite using the precepts of kinship politics.16 Prior to martial law, families

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16The response of the major elite families to martial law was not monolithic. Those that Marcos himself prosecuted like the Lopezes and the Jacintos were completely out of power and their assets seized. Sociologist John Dogerty then divides the remaining elite families into three distinct groups. There were those individuals (discussed later in the section on crony capitalism) who made their business empires through an alliance with the Marcos family like the Marcoses, the Romualdzes, the Martels, Disini, Velayo, Benedicto, Enrile, Cuenca, Silverio, Abello, Tanseco, Tantoco, Ozaeta, Oreta and Floriend. The second group of elites favored by the administration came from the ranks of the pre-martial law elite. They already had significant assets and these were likewise increased in the martial law period. These were the Sycip-Yuchengco family, the Yulos, the Elizaldes, the Aboitizes, the Alcantaras, J.B. Fernandes, Nubla, Palanca, Concencio, and Sigion-Reyna. The third group was also part of the pre-martial law elites—these were the families who gave tacit approval to the Marcos regime in order to maintain their assets (for fear they might be dispossessed like the Lopezes and Jacintos). These families approved of martial law and although were never closely associated with the First Family, still 'played ball' with the Marcoses. This group would include the Zobel-Ayala family, the Sorianos, Madrigals, Olongprizes, Ortigas, Laurcís, and the sugar bloc in general. See John Dogerty, Who Controls the Philippine Economy: Some Need Not Try As Hard as Others"
competed in elections to acquire the political positions necessary in the procurement of special privileges. After martial law, the absence of elections indicated that the only venue for political power was through an alliance with the one family that had complete political and economic power. The consequences of dictatorship meant that Marcos was the sole patron who could dispose patronage sources and 'special privileges' at will. The fate of all the other elite families depended on their relations with the Marcos family. Those families labelled as his political enemies (or those whose wealth became a threat to him) were persecuted and those who curried favor with him were granted special privileges. The primary beneficiaries of martial law were the Marcos family and his favored allies (labelled 'cronies' by the critics of the regime). Whereas in the pre-martial law era many rival families practiced kinship politics in their struggle to boost their family interests at the expense of the others, in the martial law years only one family alliance could effectively practice politica de familia. This exaggerated form of politica de familia was christened in the opposition literature of the era as 'crony capitalism'.

'Crony capitalism' was the term used to describe the peculiar economic system engineered by Marcos which became the modus operandi of the martial law era. It may be defined as the parcelling out and distribution of most of the lucrative business franchises and corporations to family and close friends of the Marcoses, and since Filipino society is bilateral, the Romualdez families (the relatives of Mrs. Marcos). Thus, business monopolies once owned by rival families like the Lopezes and the Jacintos for example

Belinda Aquino (ed.). Cronies and Enemies: The Current Philippine Scene, Philippine Studies Occasional Paper No. 5, Center for Asian and Pacific Studies, University of Hawaii, August, 1982, p. 30. It should be qualified however that the Madrigal family was split—one side supporting Marcos the other in the opposition. Other families not mentioned by Dogerty who belonged to the third group were the Delgados (who owned the Manila Hilton and shopping centers), the Aranetas (who later split when one married the daughter of Ferdinand Marcos against his father's wishes), the Roxas's of Batangas, and the Ortigas family (big real estate owners in Makati and along Epifanio de los Santos Avenue).
were seized, sequestered and then bequeathed to selected family members and friends of the president. Crony capitalism was responsible for the rise of a new elite whose business empires were built on the blatant use of political connections to the presidency.

In 1979, a study by sociologist John Doherty argued that the country's major banks controlled all the major corporations and ultimately, the Philippine economy. The study inspired a group of businessmen and professionals to document a similar report on the business interests of the Marcos cronies. Due to the nature of the research, the evidence was published clandestinely and circulated. The study, entitled "Some are Smarter than Others" outlined the monopolistic and overpowering hold of the Marcos Group over the major industries of the country to a degree unparalleled in Philippine post-war history.

Some of the findings may be summarized as follows: On the Marcos side, Dr. Pacifiaco Marcos, younger brother of the president was chairman of the Medicare Commission. This program made it compulsory for workers to contribute a portion of their income to the program in anticipation of health benefits. Since the workers never

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17The term 'crony capitalism' was not explicitly defined but instead described by brief summaries of the economic activities of the most notorious cronies of the regime who were family members or close allies of the Marcoses. See Raymond Bonner, Waltzing with a Dictator: The Marcoses and the Making of American Policy, (New York, 1987), pp. 259-267, "Some are Smarter than Others", article published clandestinely by a group of businessmen and professionals, np, 1979, Charles C. McDougald, The Marcos File, (San Francisco, 1987), pp. 201-215, John F. Doherty, S. J., "Who Controls the Philippine Economy: Some Need Not Try as Hard as Others", in Belinda Aquino (ed.), Cronies and Enemies: The Current Philippine Scene, Philippine Studies Occasional Paper No. 5, Center for Asian and Pacific Studies, University of Hawaii, Honolulu, 1982, Sterling Seagreve, The Marcos Dynasty, (New York, 1988), pp.276-295, Primitivo Mijares, The Conjugual Dictatorship of Ferdinand and Imelda Marcos I, (San Francisco, 1976), pp. 204-210. MacDougald explained that crony capitalism meant the absence of free enterprise: "The friends and relatives of Marcos and Imelda were allowed access to capital and credit based not on their ability to borrow but on their closeness to the first family. This financial leverage, coupled with political power, enabled them to take over major segments of commerce and industry. There was little competition and virtually no free enterprise." Charles MacDougald, The Marcos File, p. 200.


Josefa Edralin Marcos, the mother of the president, despite her advanced age was also active in business. She owned ASEAN Integrated Marine Carriers Inc., Intercontinental Wood Processing Dev. Corp., Malayan Integrated Industries Inc., and Coral Phils. Inc. Marcos defector Primitivo Mijares disclosed in his book that Josefa pressured the Rice and Corn Administration to give retailing licenses to friends and relatives form the core of her own financial holding group, the Josefa Edralin Marcos foundation.19

Ferdinand Marcos' uncle Judge Fio Marcos, owned Masagana Sugar Mills, Everlasting Memorial Park Incorporated, Neso Dev. Corp., Marcommen Shipping Co., and Unico Mining & Industrial Corp. Marcos' sister, Fortuna Marcos Barba was involved in importation and influence peddling and was director of the Philippine

19"Some are Smarter than Others", p. 18.
International Shipping Corporation. Another sister, Elizabeth Keon was the governor of Ilocos. Marcos' own son Ferdinand Marcos Jr. "Bongbong" was vice-governor of Ilocos and daughter Imee Marcos Manotoc was leader of the youth assembly or Kabataan Makabayan.

Since the family kinship system is bilateral, the family members of Imelda Romualdez Marcos had the same privileged access to business as the Marcoses. In fact, in terms of the magnitude of businesses acquired, the Romualdez side gained much more than the Marcos family itself, in particular strong man Benjamin "Kokoy" Romualdez (Imelda's favorite brother), another brother Alfredo "Bejo" Romualdez, and sister Alita Romualdez Martel. Kokoy Romualdez was the most powerful of the three and consequently received the most benefits. He also acquired political positions as he served as ambassador to Peking and the United States, and Governor of Leyte. Kokoy owned the Times Journal and controlled the Philippine Trust Company. As discussed in chapter four he was instrumental in negotiating the turnover of the Meralco from the Lopez family's hands to the Meralco Foundation. Kokoy's business investments were usually carried out using fronts or business partners, with Cesar Zalamea, Antonio Ozaeta, Sixto Orosa Sr., and son Ramon Orosa among the more well-known 'front men'.

Alfredo "Bejo" Romualdez was notorious for his monopoly over gambling casinos in the Philippines. With the proclamation of martial law, all gambling casinos were closed and declared illegal. The franchise of the Madrigal family who operated the Jai Alai was not renewed. Into their shoes stepped Bejo Romualdez who was bestowed the Jai Alai franchise that was operated by his Jai Alai and Amusement Corporation. He owned the extremely lucrative Manila Bay Enterprises, the gambling monopoly that (operated) floating casinos in Manila, Cebu, Baguio and Davao. Alita and husband Rodolfo Martel owned 60% of Century Park Sheraton, and Harrison Plaza, a multi-million peso shopping mall.
The Martel family benefitted from these connections with the First Lady as they managed to control two steel companies, one of which had also expanded into oil drilling.20

Aside from these close relatives, there were those who built massive business empires (some even larger than the individual conglomerates of the Marcos and Romualdez families), through their personal ties with the first family. These individuals or cronies as they came to be called, were close personal friends of the Marcoses or else were the presidents' prime lieutenants in the orchestration of martial law. Among these included Eduardo "Danding" Cojuangco, Marcos' Minister of Defense and co-architect of martial law Juan Ponce Enrile, Roberto Benedicto, Rodolfo Cuenca, Ricardo Silverio, Ramon Cojuangco, Antonio Floirendo, and Herminio Disini. Agricultural and industrial monopolies were parcelled out to these individuals with Danding Cojuangco and Ponce Enrile in coconuts, Benedicto in sugar and media, (as shown in chapter four Benedicto was given former Lopez media assets, particularly the television stations), Floirendo in banana plantations, Cuenca in construction (he received government construction contracts), Disini in cigarettes and other favored companies,21 and Silverio primarily in automobile manufacturing but like Disini also diversified into other activities.22 This chapter is not

20Ibid., pp. 18-22.

21Disini was able to create a group of companies called Herdis, the umbrella corporation for 33 companies which had assets of $200 million by 1978. These companies included among others, charter airlines, oil exploration and petrochemical manufacturing, textiles, construction, and insurance. In 1976, Westinghouse won a bid over General Electric to construct a nuclear power plant in the Philippines. In the negotiations, Disini was reported to have received a commission of between $25 and $40 million although Marcos was rumored to have pocketed most of the money. By 1981 Disini had a conglomerate of 70 companies with assets of $1.1 billion. See "Some are Smarter than Others", Charles C. McDougald, The Marcos File, pp. 209-210, and Raymond Bonner, Waltzing, pp. 265-68 and 325-26.

22Silverio was also in banking, ceramics, trading, insurance, air transportation, and logging. See "Some are Smarter than Others", p. 23, and Charles McDougald, The Marcos File, p. 211.
interested in listing in detail the specific companies controlled by these cronies; such data have been documented elsewhere and a repetition here would not provide additional insight into crony capitalism. However, a brief summary such as that presented here was necessary in order to emphasize the characteristic reappearance of *política de familia* in the form of crony capitalism.

Applying the similar techniques used by the powerful pre-martial law elite families who operated using kinship politics, the cronies built their business empires through the use of special 'loans' and in many cases money funded *in gratis* by government banks and financial institutions. These agencies provided the cronies with the capital that launched the plethora of corporations overnight. As in the days of the PNB scandal of 1918, the local banks also lent "to their own directors, officers, relatives, and shareholders without collateral or even a credit investigation".23 The major difference between such practices in the pre-martial law regime and crony capitalism was that in the end, most of the cronies were inept and incompetent businessmen, and government funds were again utilized to revive the bankrupt firms.

But when Mrs. Imelda Marcos was interviewed by the American *Fortune* magazine and was asked to explain how her relatives and friends had managed to become so wealthy, she replied: "Sometimes you have smart relatives who can make it...My dear, there are always people who are just a little faster, more brilliant, and more aggressive."24 In other words, Mrs. Marcos attributed the success of the cronies to their own merits--competition in an open market. Her statement illustrated her own personal ambivalence regarding the conflict of values. She knew that personal favors should not be granted to her relatives and


24Quoted in Raymund Bonner, *Waltzing with a Dictator*, p. 263. Her reply was what prompted the clandestine study of cronies by businessmen to entitle their piece "Some are Smarter than Others".
friends and yet in practice she adhered to the personalistic codes of *política de familia*. The underlying belief that nepotism and the granting of special privileges was morally wrong compelled Mrs. Marcos to make such a statement, just as it forced her husband to declare that the imposition of martial law was to destroy *política de familia* practiced by the oligarchy. Nevertheless, in actual practice husband and wife were the chief advocates of *política de familia* in the guise of crony capitalism.

In order to provide an aura of legitimacy to the methods of crony capitalism, Marcos utilized the talents of the so-called technocrats who were perceived to be the bright professional men of the era, esteemed because of their business talents and their initial reputation for being apolitical. Men such as Cesar Virata, Alejandro Melchor, Rafael Salas, Amado Castro, Sixto Roxas Jr., Jaime Ongpin, Antonio Ozaeta, Arturo Tanco, Cesar Zalamea, Jaime Laya, Armand Fabella, Placido Mapa, Vicente Paterno, and Hector Criseda, belonged to a new breed of young ambitious economists who aspired to run the country and become prominent. By definition a technocrat was an individual who possessed a graduate degree in economics or a related field from a university overseas, typically the United States, particularly Harvard, Yale or Wharton School of Business. Technically such professionals originally had no affiliation with any family group, by their categorization as 'professionals', they were supposed to be above the practice of kinship politics. These technocrats therefore represented western values and their natal prestige was boosted by their endorsement by the United States and the International Monetary Fund (IMF).

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In practice, politica de familia did not permit the technocrats to function independently of familial influence. Their projects were undermined by President Marcos and one by one the developmental designs began to fail—for example the Green Revolution failed, and a significant number of crony corporations went bankrupt and the government banks were asked to bail out the crony capitalists at the expense of the country's economic interests. In the end, most of the technocrats themselves succumbed to the temptations of political power and became tools of the Marcos kinship group and alliance of families. Scholar Anne MacKenzie observed that "In cabinet, the US-trained technocrats usually succumbed to crony expediency."26 Most of them became submissive and pliable. They were not strong enough to oppose the formidable adversary of politica de familia. Cesar Virata for example, accepted the position of Prime Minister of the Philippines although his position was merely titular. He was never really allowed to express his personal opinion, and he remained a figurehead, but nonetheless a facade that exuded a modicum of legitimacy to the martial law regime. Central Bank head Jaime Laya was accused of falsifying figures in the Central Bank.27

Professor Amado Castro, a former technocrat (but one who was not really closely associated with the Marcos regime and the cronies) and now professor of Economics at the University of the Philippines, disclosed that his peers were naive and almost completely unaware that they were being used by the martial law regime.28 This interpretation was

26Ibid., p. 4.

27Up until the present writing there are no studies of the technocrats individually or collectively in terms of their motivations, experiences, aspirations, achievements, or mistakes in the Marcos regime. There have been some articles on their emergence in the 1960s and their own works on the Philippine economy but other than a biography of Rafael Salas (written with the intention of using it as propaganda material for a possible political career), nothing much has been done. See Nick Joaquin, The World of Rafael Salas, (Quezon City, 1987). Anne MacKenzie's article used in the previous footnote only mentions the technocrats very briefly.

28Interview with Amado Castro, Manila, June 14, 1988.
also endorsed by another technocrat and now senator Vicente Paterno.\textsuperscript{29} Perhaps they may have been naive at first, but eventually they were seduced by power to the extent that they were willing to ignore the massive scale of corruption around them. These professionals in their pursuit of prestige, power or glory, and unable to resist the offers of political office, yielded to the pressures of \textit{politica de familia} as they acquired new importance in their largely tinutar political positions. In their decision to cooperate with the regime they were not enticed by money (as the cronies were) but rather by the aura of a political position, the notion of becoming \textit{malakas}. (The technocrats did not build massive business empires in the scale of the Marcos cronies.) The plight of the technocrats illustrated the consequences of the conflict of values: Marcos employed them because he wanted to portray to the public his respect for the institutions of western values, but in reality he sabotaged their work and enticed them into working for his kinship group,---the technocrats on the other hand believed that they represented western values but found themselves yielding to the stronger pressures of \textit{politica de familia}.

The Marcos family's' continuing monopoly on power gradually began to elicit a sentiment at first from the opposition, and later on to the middle class, that it was time for a change--not necessarily a fundamental change but a change in the ruling kin group. Prior to martial law the electoral system ensured that the ruling kin group would only be in power for a limited period. The authoritarian government guaranteed that the Marcos family would perpetually be in office, thus depriving any other rival families from ever acquiring political office without an alliance with the Marcoses. The motto of the opposition which was often chanted in the explosion of rallies following the assassination of Benigno "Ninoy" Aquino Jr., in 1983, was "\textit{Sobra Na, Tama Na, Palitan Na}" (It's too much, It's time to stop, It's time for a change.)

\textsuperscript{29}Interview with senator Vicente Paterno, Manila, June 17, 1988.
At the same time, the business incompetence of the cronies caused an avalanche of bankruptcy as corporations collapsed. In these ventures the government banks emerged as the victims, since they both financed such companies, and injected the necessary funds to pay the accumulated debts from business losses. Marcos's decision to use the banks in a desperate attempt to save the crony corporations was a move against his own individual interest, since it would jeopardize further the country's finances thereby increasing unrest, but it was a move essential in the precepts of *política de familia*—he had to protect the allies of his kin group. Matters reached a head when a Chinese Filipino named Dewey Dee disappeared, leaving behind debts estimated at $84.7 million. These debts were incurred without collateral. The scandal (labelled the largest financial scandal in Philippine history) triggered a severe crisis in the banking system. That same year Disini's companies folded and its debts taken over by the Development Bank of the Philippines. Although the government injected P1 billion to salvage Cuenca's construction company, P1.2 billion in 1982 and P200 million (from the Central Bank), such infusions failed to redeem the corporations. The Philippine National Bank took over Silverio's Delta Motors as it owed P700 million it could not repay.30 The main difference between these cronies and the pre-martial law families like the Lopezes was that the Lopez family was talented with entrepreneurial and business skills (or at least employed professionals with such skills), and were extremely successful in building profitable businesses. The Marcos cronies, with the possible exception of Eduardo "Danding" Cojuangco, despite unlimited access to capital, were completely incompetent.

The continuing financial crisis and increasing dissatisfaction with the martial law regime came to a head with the assassination of Ninoy Aquino. It unleashed an intense feeling of national shame as many blamed themselves for allowing such an atrocious crime

Aquino's martyrdom stirred the once passive middle class into protest action, and rallies and political opposition groups mushroomed. At the same time the military, now a politicized institution itself, had already shown signs of disaffection when the Reformed Armed Forces Movement (RAM) was organized composed of elements that demanded reforms. The RAM contended that the ideals of the military were being tampered with as factionalism, a prime symptom of politica de familia underlied the system of rewards and promotions. The younger officers who composed the RAM objected to the fact that General Fabian Ver, a close relative of the Marcoses was the favored party, and only his personal associates were given choice positions. These young officers allied with Marcos defense minister Juan Ponce Enrile, made plans for a military coup that would seize power from President Ferdinand Marcos. In statements released in the midst of the coup that was finally realized in February, 1986, Lt. General Fidel Ramos, who joined Enriles' forces declared that they were opposing Marcos "because he had put his personal family interests above the interest of the people." Ramos announced in Radio Veritas that he was withdrawing his support for Marcos because Marcos had made the armed forces subservient to him instead of the people.

To put it succinctly, the military itself accused Marcos of fomenting politica de familia. These statements by the leaders of the military clique that led the coup against Marcos revealed that at least one important section of the military spoke for the upholding of western values within the army. The RAM group for example was staunchly against

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31See the volume one of Mr. and Ms., a compilation of the coverage of the Aquino assassination, funeral and rallies, published by Eugenia Apostol, Manila,


33Quoted by Amado L. Lacuesta Jr., in Monina Allarey Mercado (ed.), People Power, (Manila, 1986) p. 103. This volume is a collection of first hand accounts of the elections and the revolution.
General Ver's nepotism and favoritism. This viewpoint was an important motivation for the coup, as well as the fact that some rebels may have opposed Ver's faction merely because they themselves were denied access to the privileges and that given the chance to take Ver's place, they would have behaved in a similar manner. Participants of the coup had motley motivations; some believed that western values should be implemented in the army while some were simply frustrated with Ver's monopoly of política de familia. Nonetheless in official statements, criticisms against Marcos' use of the army was expressed in one concise thesis: Marcos had tampered with the military ideals of professionalism and used the army for his own personal benefit.

Capitulating to pressure from the United States, Marcos held a 'snap' election in February 7, 1986. The elections finally united the opposition under the aegis of Aquino's widow Corazon Cojuangco Aquino who ran as Marcos' presidential opponent. Despite the massive cheating witnessed by all including the international press, Marcos proclaimed himself the winner. Undaunted, Mrs. Aquino refused to capitulate and called for a period of civil disobedience in protest against the outcome of the elections. It was at this critical point that the RAM movement decided to implement its coup. Unfortunately for them, the plot was discovered and Enrile and Lt. General Fidel Ramos found themselves barricaded with their loyal soldiers in the military camps Crame and Bonifacio along Epifanio de los Santos Avenue, Manila. Initially, it seemed that the rebels would not be able to withstand Marcos' superior military might but in what came to be interpreted as a 'miracle', people power literally saved them from the onslaught of the government's armored personnel carriers sent to destroy them.

When Cardinal Jaime Sin appealed to the people to use their bodies to protect the rebels at the two camps, the response was immediate. Most of the bodies that became associated with people power were the middle class. And the motivations behind such brave decisions to lay down their lives were not política de familia but western values: Christian moral values and the values of nationalism. Accounts of the experiences of those
who formed the barricades at this crucial period in February, 1986 exuded the intensely religious sentiments that permeated an atmosphere where people feared death in their cry for the restoration of democratic values in their country.\textsuperscript{34}

The arguments laid out by the opposition to martial rule in the Philippines had always been dressed in the language of western values. In the early years of martial law those few who dared challenge the imposition of martial law argued their case from the vantage point of the legality of the imposition of martial rule. They focused on the principle that martial law was illegitimate and unconstitutional, imposed by Marcos to perpetuate himself in power.\textsuperscript{35} Former president Diosdado Macapagal who became a staunch oppositionist a couple of years after the declaration of martial law, (immediately after martial law was declared he was in a passive way supportive of the regime), wrote an indictment of martial law's legal status: the Marcos dictatorship was illegitimate, unwise, and contrary to the well-being of the people.\textsuperscript{36} (The book had to be smuggled into the country at that time---and curiously by Presy Lopez-Psinakis whose family once was Macapagal's number one foe.\textsuperscript{37}) Quoting from Marcos' own writings (using similar quotes as those in the beginning of this chapter,) and juxtaposing them with accounts of the graft

\textsuperscript{34}See in particular, Monina Allarey Mercado (ed.), \textit{People Power}, and Marilites von Brevern, \textit{The Turning Point}.


\textsuperscript{36}Diosdado Macapagal, \textit{Democracy in the Philippines}, p. 171.

\textsuperscript{37}Interview with Presentacion Lopez-Psinakis, Manila, May 26, 1988. Opposition to Marcos resulted in an alliance and friendship between Macapagal and the Lopez family since they were all involved in the anti-Marcos opposition. The alliance holds to this day, both Macapagal and Lopez family members were at first reluctant (at the start of interviews) to criticize each other because "we are friends now".
and corruption practiced by the Marcos family, he exposed Marcos' insincerity.\footnote{Macapagal also argued that Marcos' pledge to fight communism was also insincere. For his analysis of Marcos' writings and Marcos' own actions see Diosdado Macapagal, \textit{Democracy in the Philippines}, pp. 78-107.}

Although Macapagal's motivations at this point were probably sincere since he continued to oppose the martial law regime, he had however already lost some credibility when as president of the 1971 constitutional convention he allowed Marcos to subvert it.\footnote{In Francisco Soc Rodrigo's account of the events surrounding martial law, he mentioned the delegates and politicians who withstood opposed Marcos and Macapagal was not one of them. See Francisco Soc Rodrigo, \textit{Pasyon at Kamatayan ng Ating Kalayaan}, pp. 9-11.}

Other oppositionists also criticized Marcos' suppression of the press, violations of human rights, and abolition of democratic precepts.\footnote{See the works of Diokno, Rodrigo and Manglapus cited above. The works of Diokno and Manglapus were also addressed to the United States in an attempt to point out the transgressions of their major ally. Rodrigo's work was written in Tagalog and therefore was addressed to Filipinos only.} All these objections to Marcos were voiced in defense of western values--they accused Marcos of perverting the constitution, of using martial law as a ploy in order to benefit his own family from the practice of kinship politics. The fact that both sides --Marcos in his books and the opposition in their books, spoke against \textit{política de familia} indicated that western values were perceived to be more beneficial to the national interest than the familial values. In the case of Marcos, his use of western values was clearly a ploy to justify martial rule. The opposition group led by the pre-martial law vanguard politicians represented by Francisco 'Soc' Rodrigo, Diosdado Macapagal, Raul Manglapus (Movement for a Free Philippines), Jose Diokno, Lorenzo Tañada, The Civil Liberties Union (CLU), Steve Psinakis, and later Benigno Aquino, were to a significant degree motivated by nationalist values. None would have directly benefitted from exposing the evils of Marcos's martial law regime. In fact, they risked persecution.
In the same vein, the participants of the February 'revolution' of 1986 were inspired both by nationalism and Christian moral values when they heeded the Cardinal's plea and chose to risk their lives defying Marcos. In the confrontation that occurred between the throngs of people who lined up the Epifanio de los Santos Avenue (EDSA) and Marcos loyalists led by Brigadier General Artemio Tadiar, tense moments heightened the general fear that any moment the crowd would all be massacred. These people who stood unarmed before armored personnel carriers were not inspired by política de familia. First hand accounts of the incidents in those crucial days depict an intensely emotional loyalty to the nation and a profound religious sentiment prompting some to refer to the momentus events as 'God's revolution'.

Given the fact that these people were completely unarmed, it was not surprising that such courage would have to be sustained by religious faith. Those that manned the front lines were priests and nuns who led the prayers that were essential in maintaining peace and calm. Images of the blessed Virgin Mary and the child Jesus as well as crucifixes were prominently displayed in the streets. Even the leaders who participated confessed their belief that God inspired the revolution--(or in some variations the Holy Spirit or the Blessed Mother) among them--opposition Francisco Soc Rodrigo, Jaime Cardinal Sin, Juan Ponce Enrile, his wife, Cristina Ponce Enrile, Corazon Aquino, Lt. Gen. Fidel V. Ramos, James Reuter S. J., radio announcer June Keithley, former vice-mayor of Manila, Herminio Astorga, and rebel soldier, L.t. Graciano Victor. Among those who risked their lives were Cory Aquino's own relatives--Ázapito "Butz" Aquino (brother of Ninoy) and Margarita "Tingting" Cojuanco who even during the early days of the rallies experienced

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41 See in particular the compilation of personal accounts of the participants in the revolution--Monina Allarney Mercado (ed.), People Power, and Marilies von Brevern, The Turning Point.

42 See their accounts of the revolution in People Power, pp. 103-193.
being chased, tear-gassed, and fired at by Marcos policemen. Tingting Cojuangco was a major leader in the rallies that protested the Aquino assassination and the excesses of the Marcos regime. From international model and socialite she became one of Cory's more active supporters, risking injury, persecution and death as she hid from riot police that shot and dispersed demonstrators in the period of frenzied demonstrations against the Marcos family. 

When asked whether her active role was due to that fact that Cory was her sister-in-law she replied:

> Would I have been so active in the elections and in the past revolution, if Cory wasn't my sister-in-law? A lot of people have asked me that question before. I think I would have done the same for my country. But maybe in the end, I have risked more because it meant victory and family honor.

At the same time she expressed with intense emotion after escaping a tirade of bullets and delivering a wounded student to the hospital:

> My determination towards peaceful nonviolent demonstrations is stronger than ever. I am more resolute in my commitment to help the urban poor, students, families of political prisoners and the elite, in the restoration of our rights and freedom for my country.

In other words, Tingting was motivated both by nationalism and familial interests. The quotes revealed that even for Tingting it was difficult to say which set of values were more important in her actions—again an example of Filipino adherence to both conflicting values simultaneously.

Many participants also feared that they would probably die and yet they felt compelled to remain to make the sacrifice for their country and for their children.

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43See account in People Power, pp. 35-36.

44Account of Tingting Cojuangco, in The Turning Point, p. 121.

45Account of Tingting Cojuangco, in People Power, pp. 35-36.

46See accounts of the revolution in People Power, especially pp. 124, 126, 190-191, and 200.
midst of this intense emotional euphoria when it actually seemed possible to oust a dictator of fourteen years, the participants momentarily forgot that the coup leaders were for the entire period of martial law until that moment loyal allies, some of them cronies, of Marcos. The middle class in their repudiation of politica de familia wanted to believe that the coup instigators shared their ideals. And indeed, stripped of its religious fervor people power was fundamentally powered by the desire to end Marcos' kinship-style politics, to end the graft and corruption perpetuated by his family for the sake of the nation. The success therefore of 'people power' and the assumption to the presidency of the most well known victim of martial law fueled hopes that a new era had begun.

From Cronyism to Coryism

Many perceived the beginning of the Aquino administration as the prologue to a new era of Philippine politics where moral and democratic values would be restored. It was accepted that perhaps many economic problems would be difficult to eradicate overnight, but at least the frenzied pace of graft and corruption would be curbed. After all Mrs. Aquino was loved and respected by her followers and her innate religious nature precluded any sort of association with such immoral behavior. Even prior to her inauguration as president of the Philippines, Corazon Cojuangco Aquino (Cory to the public) had made an official commitment to abstain from kinship politics:

I believe in leadership by example. I will not change my style. I will certainly remain what I am. I said that I wouldn't give posts to anybody from my family. Now, some are complaining that it's just a shame that they happen to be my relatives. But I will keep my promise. That's a simple method of reintroducing credibility and integrity into our government.47

47Taken from her speeches and quoted in Marilies von Brevern, The Turning Point, p. 9.
At the very inception of the Aquino administration the prevention of Marcos-style graft and corruption was emphasized dramatically, along with the recovery of the ill-gotten wealth. Executive Order No. 1 issued by President Corazon Aquino created the Presidential Commission on Good Government (PCGG) with the aim of both recovering the ill-gotten wealth of Marcos and his cronies and "the adoption of safeguards to ensure that (such) practices shall not be repeated in any manner under the new government, and ... of adequate measures to prevent the occurrence of corruption."\textsuperscript{48} "Walang Lagay" (No bribes!) posters for example were pinned on the walls of government buildings and offices. The spirit of the "Febrev" (the fond name for the February '86 revolution) inspired a campaign to make a new corrupt-free start which one journalist likened to the first few months of President Magsaysay's era (1953-57) who declared: "I will not hesitate to send my own father to jail!"\textsuperscript{49}

Despite these lofty pronouncements, Cory's appointment of individuals to government posts disclosed that such decisions were not made on the basis of individual skills or abilities, rather Cory acted out of gratitude or utang ng loob. Her first cabinet was composed of people to whom she owed favors, particularly those who helped her in the election campaigns. The post of Minister of Trade for example was given to Jose "Junior" Concepcion Jr. who was NAMFREL (National Movement for Free Elections) and was instrumental in Cory's campaigns. It did not matter that the head of NAMFREL, a supposedly independent counting body that was created to ensure non-partisan clean and honest elections, for ethical grounds (and for reasons of delicadeza), should not be given a political post or be closely associated with the president. In being guided by utang ng loob in her choice of ministers she was abiding by the yardstick of Filipino cultural values.

\textsuperscript{48}Quoted in Michael Dueñas,"No Favors, No Excuses, No Special Treatment", in Philippines Free Press, November 28, 1987, p. 16.

\textsuperscript{49}Ibid.
instead of western professional and ethical values, despite her announcement to abide by universalistic codes in the restoration of democratic government. At the same time, the strong pressures of traditional values compelled her to recognize utang ng loob rather than risk being branded walang utang ng loob—ingrate, one who did not recognize kinship obligations. At the very inception of her administration, therefore Cory was already exhibiting the ambivalence characteristic of a conflict of values that has still not been resolved or synthesized.

Barely after a year in office, therefore, newspaper reports including the *AsiaWeek* and the *Far Eastern Economic Review* had begun to talk of a new brand of cronyism (sometimes labelled Coryism) that hung over Malacañang. The most prominent people implicated were the President's younger brother Jose 'Peping' Cojuangco and his wife Margarita "Tingting" Cojuangco. IBON summarized the charges as of May 31, 1987:

Jose Cojuangco has reportedly confided that he helped friends enter the lucrative 'arrastre' (port services) business after President Aquino assumed her post. In April 1986, the PCGG sequestered the Ocean Terminal Services Inc. (OSTI), Metro Port Services Inc. (MPSI) and Manila International Container Port Terminal Inc. (MIPTI), owned by the associates of Benjamin "Kokoy" Romualdez. Through an executive order on 19 July 1986, President Aquino cancelled MIPTI's handling agreement. A day after, the Philippine Port Authority (PPA) gave the sole contract for container-moving operations in the North Harbor to Metrostar Inc., a firm registered just two months earlier with $50,000 capital paid in by Cojuangco associates. What further raised the eyebrows of many is that Metrostar would be using MIPTI's cargo-moving equipment sequestered by the PCGG. Also, another new firm, Marina Port Services, took over the South Harbor business.

Meanwhile, Tingting Cojuangco's alleged control over barter trade operations in Zamboanga has become an 'open secret' in Mindanao. Multimillion-dollar barter trade has boomed, operating free of customs duties between Mindanao and neighboring countries. Barter trade, an open scandal in Marcos' time, has become a sort of 'legalized smuggling' in which ships depart with an estimated P100,000 in outward bound barter goods but return from Singapore with goods worth P50 million or more.
There have also been reports of direct Cojuangco intervention in a wide range of illegal gambling activities in Central Luzon, (and) the management of (Pagcor) gambling operations.  

In November 5, 1987 an international scandal highlighted the magnitude of Cojuangco corruption. It was exposed in both the Philippine and Australian press that Tingting Cojuangco had allegedly accepted a $1 million 'deposit' (sometimes called 'goodwill money' or 'bribe') from an Australian firm seeking exclusive rights to Philippine gambling concessions. No concessions had yet been granted to any company and there was no official record of the Australian deposit. The scandal finally compelled Co.y to make a public statement authorizing an investigation into the affair with the assurance that "Definitely no favors, no excuse, no special treatment, no nothing, even for her kin." In a speech before the Manila Rotary Club she outlined the principles of a new policy and vowed not to spare her own relatives in the implementation of such a stringent policy against corruption:

The policy, in brief, is: no funny deals. No clever schemes. No fears, No favors.... I have directed the Special Prosecutor's Office and the NBI to give first priority to the prosecution of graft and corruption cases against government officials, including members of my cabinet,.... any application for importation of anything...alleged to be signed, endorsed, supported or whatever by me or anyone of my kin should be reported to me and to the NBI."

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50Quoted in Ibid., pp. 16-17. IBON is a monthly periodical published by a left of center investigative popular journalistic group.


Mrs. Aquino had chosen officially, to abide by the yardstick of western values. She promised that no special favors would be granted to her relatives and that they would therefore have to abide by the law.\textsuperscript{54} Cory herself has been above suspicion but her own relatives have been pinpointed as the 'new cronies'; a fact that has served to undermine her moral authority so much so that one cartoon in the \textit{Philippines Free Press} showed Cory with a heavy millstone around her neck labelled 'relatives'.\textsuperscript{55} It was also significant that the most notorious of her relatives (Tingting and husband Peping Cojuangco) were those that risked their lives to restore democracy in the Philippines.

Nonetheless after Tingting Cojuangco sued three local dailies for libel including the Manila correspondent of the Sydney Morning Herald, the National Bureau of Investigation (NBI) concluded that the Australian businessman Raymond Lord "was conned by impostors into giving them $1 million in "goodwill money" in exchange for the right to operate gambling concessions in the country".\textsuperscript{56} The NBI report claimed that Lord made dealings with a woman, (a 'double') whom he was led to believe was Tingting Cojuangco.\textsuperscript{57} The exoneration of Tingting and the continued talk about "certain members of the President's immediate family ...making money hand over fist"\textsuperscript{58} worried Cardinal Jaime Sin who observed with poignant wit: "We thought corruption would end with the fleeing of the ousted dictator Ali Baba, yet there are still 40 thieves around."\textsuperscript{59}

\textsuperscript{54}\textit{The Manila Chronicle}, November 3, 1987, p. 1


\textsuperscript{56}Vincent Atos, "Impostors, not Tingting, got Lord's $1m, says NBI", \textit{The Manila Chronicle}, November 25, 1987, p. 1.

\textsuperscript{57}\textit{Ibid.}, p. 6.


It was in this context that the speech by Joaquin "Chino" Roces which opened this dissertation was delivered. The fact that his speech was applauded by many journalists meant that public opinion shared his view. The speech was also the first that strongly criticized Aquino's lack of moral leadership right at the point when the Lopez family was in the midst of a scandal attempting to reclaim Meralco, the PCGG heads accused of corruption, and the president's own family exposed for making money 'hand over fist'. It signalled increasing disillusion with Cory and the loss of the 'spirit of the EDSA revolution'.

A year later it was exposed that President Aquino's brother-in-law Ricardo "Baby" Lopa (married to Cory's sister Teresita), had sought to reacquire from the Presidential Commission on Good Government (PCGG) 39 sequestered firms. Lopa claimed that the firms were illegally taken from his corporate group by the cronies of former President Marcos, and controlled by Kokoy Romualdez. In his defense Lopa declared: "I would like to point out that if these companies were ill-gotten, they were ill-gotten from their previous owners who thus have a prior right to reacquire these companies....These prior right is not diminished or impaired simply because one of the previous owners happens to be an in-law of the President."60

Vice-president Salvador Laurel was not satisfied with these flippant explanations and urged the creation of a "People's Counsel" to investigate Lopa's speedy reacquisition of the corporations. It was reported that Lopa prevented the sequestration of the companies by the PCGG by offering $5 million to buy the firms as early as March 3, 1986 only a few weeks after the EDSA revolution and Cory's assumption of office. The companies (valued at P130 million) included Mantrade Development, Philtranco, Erectors, Filipinas Hino, Filipinas Nissan, and Soloil, an oil mill. In Laurel's view a "highly reprehensible immoral

60The Manila Chronicle, August 6, 1988, pp. 1 and 6.
act has been committed" where there was a clear conflict of interest involved. He further charged the president with violating the anti-graft law because of the "indecent haste" with which she cleared her brother-in-law in the case.61

Vice-president Laurel was joined by opposition senator Juan Ponce Enrile who took the matter to the senate emphasizing the Anti-Graft and Corrupt Practices Act, which prohibited relatives of the President from intervening in any business, transaction, contract or application with the government. Evidence was presented with regards to the takeover of Soloil, a coconut oil mill in Leyte where a memorandum disclosed that Lopa and Rep. Jose Cojuangco (Peping) had personally discussed and intervened on behalf of Soloil, to lift the sequestration on the oil mill, so soon after the Aquino government had assumed power.62 Enrile charged that Lopa's reacquisition of the 39 firms and the Security Bank shares was an example of how the relatives of President Aquino "have systematically looted" public and private properties. He further asked that a senate probe be organized to look into PCGG's approval for Lopa to repossess "for a pittance" 39 companies formerly owned by Kokoy Romualdez.63 The last statement revealed that now the Cojuangco family appeared guilty of committing the same sins as the previous regime.

In spite of all this exposure and criticism of the Cojuangcos nothing has been done apart from these outbursts in the press. In fact it was the Cojuangcos and not the Aquinos who benefitted from the '86 revolution, despite the fact that Agapito "Butz" Aquino (Ninoy's brother) had been a prime leader in the anti-Marcos opposition after Ninoy was assassinated, and Doña Aurora Aquino (Ninoy's mother) had been an important symbol in the rallies. Although the Aquinos are in political office as senators and congressmen, they

61 The Manila Chronicle, September 8, 1988, pp. 1 and 8.
63 The Manila Chronicle, November 12, 1988, p. 10.
were nowhere as acutely involved in the creation of business empires as Cory's immediate family. Although Cory has been forced to announce publicly that her relatives would not receive special treatment, Tingting Cojuangco has been exonerated, and Peping Cojuangco continued to go about his business unperturbed (the Time magazine of January 15, 1990, p. 30 confirms this). The behavior of her relatives have thrust Cory in the midst of the conflict between política de familia and western values. On the one hand she claims she must make it an official policy to ensure that family members are reprimanded if guilty of graft and corruption or otherwise she forfeits her role as moral leader. But pressured by Filipino family values she could not bring herself to punish or even criticize her immediate family. She publicly defended Lopa challenging Laurel to produce evidence of corruption despite documentation showing the contrary. The helplessness of her quandary was best revealed in a statement she made to a reporter that she had warned members of her family against abusing their position: "Short of ordering them to hibernate or go into exile, I don't know what else I can do."

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The Marcos regime (1972-1986) heralded the heyday of política de familia. Marcos himself had argued as part of the justification of martial law that authoritarian government was more compatible with Filipino traditional cultural values than a democratic form of government. And indeed, the Marcos contrived crony capitalism could be translated to the unlicensed practice of política de familia. And yet despite the fact that the Filipino style kinship politics dominated the entire martial law period, it had proven to be a failure. The

64 The Manila Chronicle, September 9, 1988, pp. 1 and 8.

longer Marcos held the reins of dictatorship, the more precarious his position became. Finally, tensions began to appear and challenges to pure Filipino style kinship politics erupted. This time the conflict became more marked as political choices polarized, with Marcos representing the extreme form of family politics and the opposition which spoke overtly for a return to the Western style democratic system devoid of crony capitalism.

There were at least five concrete reasons why the tension became more marked in the martial law period. Firstly there was the problem of succession. True to *política de familia*, there were two major contending factions. The power struggle was between the Mrs. Marcos/Ver and the Enrile/Ramos faction, a feud more bitter and more pronounced than the pre-martial law elite family rivalries, precisely because the rewards were infinitely greater. The successor would not only inherit the only key to the complete monopoly of state resources, but inherit such a license *indeedently*, since the electoral system no longer existed to vote his family out of office as it was wont to do in the republican period. Secondly, by making his family empire too big the other families felt threatened by the Marcos family alliances's desire to incorporate all possible assets. These families unleashed their fears in the various rallies that mushroomed after the Aquino assassination. Thirdly, the incompetence of his allies hastened the economic crisis as corporate investments went bankrupt, and Marcos found himself utilizing further government funds in a futile attempt to salvage them. Fourthly, the collapse of the technocrats—practically the only symbols of Western values and which provided legitimacy to his peculiar economic style, tilted the scales against Marcos who appeared more and more as a one concerned only with the interests of his family and that of his cronies. Finally, the opposition spoke out for the return to Western values, and although individual members were perhaps not 100% for an implementation for such values, the disaffection with crony capitalism inspired the middle class to join the opposition. In this scenario, the role of the United States was also essential—it was the United States that buttressed Marcos's political hegemony. Once the US decided to withdraw their support, Marcos fell immediately.
Although the start of the Aquino administration promised that a more rigorous application of western values would now replace the crony capitalism of the preceding regime, three years later the president's own family are perceived to be the perpetuators of Marcos-style *política de familia*. As chapter four had pointed out, the public sentiment expressed by the journalists was an acute paranoia that the oligarchy of the pre-martial law regime would try to reassert itself once more. There were genuine fears that elite families (including those persecuted during martial law) would attempt to carve their own business monopolies all over again. The recent martial law experience had succeeded in making *política de familia* anathema. The new constitution of 1986 had specific provisions to prevent families from monopolizing political power (by having many family members in political office) and amassing businesses for their exclusive possessions.

And yet not long after their assumption to *malakas* status, members of President Aquino's family who had been the primary critics of the graft and corruption of the Marcos/Romualdez family alliance, became the targets of such criticism. Observers have noted that large-scale graft and corruption was still practiced by members of the Cojuangco families and their proteges, and that the main difference between the two regimes was that Cory's allies act as if they were in a hurry to grab all before the end of her term. Since there was the supposition that re-election might not occur, (and Cory has vowed not to run for re-election), the new cronies had only a fixed time with which to amass a fortune, and this has magnified the frenzied speed of corruption in the post-war period. In this sense the Cojuangco alliance could amass a large fortune in a shorter span of time than the Marcoses.66 Even Colonel Gregorio "Gringo" Honasan who led a series of coups against

66Personal communication with Feliciano Atienza, leader of a peasant cooperative movement in the Philippines, Ann Arbor, November 4, 1989. This observation was also made by Paul Rodriguez, National Vice-President for Visayas of BAYAN (New Patriotic Alliance), Ann Arbor, November 22, 1989. These observations were also made by Filipinos visiting overseas and in letters to their relatives outside the Philippines.
the Aquino government has cited the scale of corruption as a justification for their attempts to seize power.  

These facts report that again in the conflict between the two cultural values, politica de familia had the edge. But it did not dominate completely as the overthrow of the Marcos regime would indicate. The cycle of administrations waltzing in and out of office which Marcos put to a temporary end in 1972 was again launched in 1986 beginning with Mrs. Aquino. Criticisms against the Cojuangco family has undermined Corys' popularity and disappointment reigns over her lack of moral leadership. And yet it is obviously difficult for Mrs. Aquino to contend with the pressures of traditional family values. Her quandary depicts in capsule form the unresolved conflict of values that continue to plague the character of post-war Philippine politics, impeding national economic progress and any program for national welfare.

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CHAPTER VI
CONCLUSION

The conflict between Filipino cultural values and western values explains the recurring 'cycles' of political administrations in post-war Philippines. This hypothesis provides a meaningful framework with which to analyze patterns within specific periods in Philippine post-war history and across the three different eras--the republican period, the martial law period, and the Aquino administration. A steady deterioration of Philippine economy and politics has occurred at the end of each successive cycle. Instead of a linear development, a downhill trend is observed, as the Philippines declines in prosperity and institutions reveal signs of breaking down.

The republican period (1945-72) witnessed the marginal prosperity of the Philippine economy being siphoned off by politicians and families who were later criticized for graft and corruption. The period experienced the classic oscillations wherein families entered politics, carved business empires, were criticized for such immoral behavior, then were voted out and replaced by other families who not long after became guilty of the same sins. With American support, Marcos as the first president to gain a second term of office, broke these seemingly neverending political cycles by escalating the patronage system, and crippling the country's finances in an extravagant reelection campaign. This break was further made apparent by his assuming dictatorial powers under martial law. But the crony capitalism that characterized the Marcos regime merely escalated the magnitude of graft and corruption to unprecedented heights. The Aquino administration riding on a popular 'revolution' against crony capitalism failed to check the magnitude of crony corruption and instead increased the rate at which fortunes could be amassed, the Cojuangco family
alliance has been accused of acquiring crony assets in less time than it took the crony capitalists to accumulate them. Apparently, deteriorating economic conditions have increased the needs of families, thereby worsening the magnitude of corruption;—and the cycle continues.

The ambivalence between traditional family values and western values among protagonists involved was an important factor that prevented resolution of the conflict. Successful families who had built their business empires through the use of política de familia were not completely devoid of western values. In public they outrightly declared that they believed in these western values although in practice their behavior displayed the obvious use of kinship politics. This did not necessarily mean however, that these families merely used western values as a useful tool with which to accumulate public sympathy for the voting polls. In some cases this may indeed have been true, but more often, such families really believed in the principles behind the rhetoric of nationalism, ethics and morals, and professionalism that they had adopted as a standard of values alongside their traditional mores. Not outrightly perceiving the conflict between the two values, families applied one standard of values (western values) to other families particularly when criticizing their adherence to kinship politics, and when presented with an opportunity, one standard of values to themselves, (política de familia). In this manner, both values existed together side by side, unintegrated but having almost equal importance. Even those families who had been the spokesmen for western values experienced the same ambivalence in varying degrees. In some cases, (i.e. the Cojuangcos,) they shed publicly professed values and practiced fully política de familia once they themselves assumed power. In other cases, some individuals (particularly known nationalists of the period--Senator Jose Diokno, President Diosdado Macapagal, Senator Francisco Sec Rodrigo, Senator Lorenzo Tañada, Senator Benigno Aquino Jr., and his wife President Corazon Aquino, for example), have exhibited behavior more compatible with the western values of nationalism, ethics and morals, but although some of them may have been willing to risk
their lives for such values, the pressures of política de familia reined them from showing such staunch adherence consistently throughout their entire political careers.

This conflict hypothesis can therefore provide some framework for an understanding of the inconsistent behavior of elite families and politicians in post-war Philippines. An important reason for this ambivalent behavior is the difference between the values taught at home and the values learned at school. The educational system, largely engineered by Spanish and American colonials inculcated exclusively western values, while day to day life in the home required the individual to abide by traditional Filipino family values.

Furthermore, both sets of values had equal prestige. The exposition of the elements of política de familia in chapter two has shown that families that were malakas and thus aggressive in their practice of kinship politics, were regarded with awe. The family's prestige then inspired others to seek an alliance with it. At the same time, the adherence to the western values discussed in chapter three were equally prestigious. The fact that the election campaign speeches always invoked the imposition of western values as the ideal, was evidence for the influential hold these values had on the populace. Whether or not the western values were in reality merely rhetoric could not disguise the high esteem accorded to them. And although many were resigned to the system of palakasan as an inevitable dynamic in Philippine politics, Filipinos want the implementation of western values, even if perhaps they only wish it applied on other families except themselves. The brief accounts of pre-war Philippine history discussed in chapters two and three showed that Filipinos, particularly those in the nationalist movements, were intensely attracted to these values. Chapter five's discussion of the 1986 'revolution' revealed the middle class risking their lives for democratic values.

These various family case studies with focus on the Lopez family has illustrated that política de familia was the vehicle used by families to build a successful economic empire. Coupled with family unity and talent it became a formidable force in the national political
arena. In fact, comparatively speaking it seemed almost necessary for a family to operate using *política de familia* if it wanted to achieve success. Nevertheless these families did not perceive themselves to be champions of the precepts of kinship politics. Instead, they saw themselves as dutiful family members fulfilling their obligations to their family by aiding in the prosperous growth of their family’s prominence. At the same time, because they had also been imbued with western cultural values they insisted (and perhaps really believed) that their actions were purely altruistic, and that they had not neglected to consider the national interest.

Both the case studies of the Lopez family, and the Marcos family however demonstrate that success brought on by *política de familia* by its very nature was temporary and ephemeral. It was political power that gave these families access to special privileges used for the expansion of the family business corporation: loans from government banks and financial institutions, dollar allocations, special business franchises, quotas, and tax incentives or exemptions. But eventually, these families were criticized for their neglect of the national interest and faced with a total loss of political power. Once political power was lost, the family empire, so dependent on these artificial and arbitrary special treatment, disintegrated.

If this conflict is reduced to a contention between ideology (western values) and personal interests (*política de familia*), the emerging pattern shows personal interests continuously jeopardizing the ideological policies. Obviously, perhaps because the family values have been present far longer than western values, *política de familia* emerges the more dominant force. Although in the public arena western values is the victor, in actual practice *política de familia* triumphs. Western values attempt repeatedly to confront the flaws of kinship politics while *política de familia* evades public critique and continues to pervert the application of western values.

In the pre-war period, chapters two and three have shown how kinship politics was to a significant degree responsible for failure of the Philippine revolution against Spain and
America. Disunity, largely brought about by politica de familia, and the desire to put family interests above the national interest was responsible for the failure of the Philippine revolutions in the late nineteenth and early twentieth centuries.

In the republican period (1945-1972) politica de familia ensured the fall of each presidential administration. Presidents who at the beginning of their administrations implemented policies that spoke for the national interests discovered that elite families succeeded in subverting official policies to benefit their family interests. The esoteric principles of "Filipino First" launched by President Carlos Garcia were undermined by politica de familia. President Diosdado Macapagal's policy of 'free enterprise' and a call to the 'end of special privileges' was resisted by the powerful elite families who coalesced precisely to dispense with the president and his policy of 'free enterprise'. Marcos's avowal to destroy the oligarchy was stifled by his more overwhelming desire to enrich his family. The dream of the technocrats to push for economic development quickly went down the gurgler when they succumbed to the pressures of kinship politics. And Mrs. Aquino's lofty pronouncements that she would not give special favors to her relatives became empty phrases when confronted with politica de familia. In this ongoing conflict, the fact that politica de familia appears to be winning does not mean that it has already won the battle. Indeed, politica de familia has the edge, but the conflict continues and each family in power including Marcos who enjoyed dictatorial powers under martial law ultimately collapsed under its own weight.

The dissertation however does not purport to explain psychologically why such a tension exists; neither does it propose suggestions for its resolution. The thesis simply calls attention to the existence of such a conflict as one diagnoses a disease and outlines the consequences of such a tension; in a manner not unlike Jose Rizals's intentions for writing Noli Me Tangere (The Social Cancer). He opens the novel with an appeal to his country:

Now, desirous of your welfare, which is also ours, and seeking the best cure for your ills, I shall do with you what was done in ages past with
the sick, who were exposed on the steps of the temple so that the
worshippers, having invoked the god, should each propose a remedy.

To this end, I shall endeavour to show your condition, faithfully and
ruthlessly. I shall lift a corner of the veil which shrouds the disease,
sacrificing to the truth everything, even self-love---for, as your son, your
defects and weaknesses are also mine.¹

Answers to the puzzling question of why such conflict occurs may be explored by social
psychologists, although at present there are no specific studies of families and their
responses to opposing cultural values in the literature of social psychology.²

A possible reason for the continuing persistence of the conflict is the nature of
United States policy in the Philippines. The role of the United States in Philippine post-
war politics, although not explored in this thesis, is of major importance. The Americans
are the mentors of Filipinos in the practice of democracy and the western values of
bureaucratic professionalism. Filipinos always look up to their American mentors, and
admiration for American democratic values have colored Filipino electoral responses to
specific politicians running for office. Those politicians perceived to receive American
endorsement like Ramon Magsaysay, Ferdinand Marcos, Manuel Roxas, and Corazon
Aquino, to name a few of the outstanding ones, are popular at the polls. And yet American
behavior is ambivalent. While America represents the ideal model of democratic values,
she displays contradictory behavior when she consistently meddles in Philippine politics as
in the case of full support for the Marcos dictatorship. This ambivalent behavior by
American policy in the Philippines only exacerbates the tension that the Filipinos are
already experiencing between politica de familia and western values.

There were many points were American interference specifically confused Filipinos
regarding the practice of democracy. At the end of world war II it was the Americans who

¹Jose Rizal, Nole Me Tangere, translated by Leon Ma. Guerrero, (New York,

²From a discussion with Professor Eugene Bernstein, social psychology
professor at the University of Michigan, Ann Arbor, November 30, 1989.
determined which Filipinos collaborated with the Japanese. Although Manuel Roxas had a record of collaboration, General Douglas MacArthur exonerated him because he was the American preference for the first president of post-war Philippines. Shortly after the Americans were instrumental in denying the seats of elected members of the Democratic Alliance (former members of the Hukbo ng Bayan Laban sa mga Hapon - or People's Anti Japanese Army), not only because they were feared as communists, but specifically because their presence would have prevented the passage of the parity amendment allowing Americans full rights as Filipinos in the exploitation of natural resources in the Philippines.

In the early 1950s Secretary of National Defense Ramon Magsaysay's presidential campaign was implemented with CIA interference. The US fully supported the Marcos dictatorship; with no less than George Bush sent as an emissary to officially toast Ferdinand Marcos for his "adherence to democracy". The Americans of course were well aware of the corruption of Marcos and his cronies. Despite this, US bankers continued to grant the loans that they knew became the source of corruption in the martial law years.

The creation of the crony empires like that of Herminio Disini, were possible because of American endorsement of loans from American financial institutions. American behavior, which was in direct contrast to their espousal for democratic values, only served to exacerbate the tension by confusing the Filipinos, who were already having difficulty contending with democratic values and their own familistic orientation.

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The Lopez family history provides concrete evidence of the conflict as it is experienced by one of the most prominent families of the period. Although different elite families may have slightly varying responses to the pressures of kinship politics and western values, the Lopez family experience is a typical one. The brief discussions of the Marcos and Cojuangco families as well as the capsule family histories of the Puyat, Rodriguez and Rocos families (see appendix) confirm the similarities between the Lopez experience with those of other prominent and rival elites. The story of the Marcos/Romualdez family in the period of martial law is a model of politica de familia in its most pure or extreme form. For a significant period only one family alliance—that of the Marcos family could had complete access to all political power and consequently all special privileges for an indefinite period.

The Lopez family's entrance into national politics made the creation of the business empire possible. As long as Fernando Lopez was in power, whether as senator, or vice-president, brother Eugenio was able to acquire the special privileges, particularly the preferential bank loans that generated the capital for business investments. Given this symbiotic relationship between political power and the connections necessary for business success, it was not surprising that the family's height of political power (vice-president for two terms 1965-1971) coincided with the summit of their economic wealth. Once political power was completely lost in the martial law years, the family was stripped of its business corporations overnight. (In the administration of Diosdado Macapagal, 1961-1964, the family was also out of power and had to suffer some economic retrenchment due to Macapagal's campaigns against politica de familia and the Lopez family in particular.)

After the 1986 'revolution', the family's close ties with president Corazon Aquino, and the re-entrance into politics of one family member (congressman Albertito Lopez), has enabled the family to practice kinship politics aggressively once again. In the recovery of its lost corporations, the family has only been partially successful, since recent campaigns against the restoration of elite family monopolies has quelled the family's efforts to claim
majority ownership of Meralco, repossession of channel four, and the franchise for the telecommunications satellite. It remains to be seen whether Meralco president Manuel Lopez who is being groomed for political office will succeed in providing the venue for a Lopez family comeback.

But the family's success made it a prime target for critics who spoke against the Lopez family's use of palakasan. In the republican period they were attacked for their use of kinship politics to acquire their business empire. They were accused of having 'vested interests', of not paying their loans and for trying to control the country economically and politically. In the Macapagal administration they were singled out as the prime examples of families that used special privileges for familial business advantages. And late in president Marcos's second term of office (1971), as well as the martial law era, the Lopez family were named supreme in the category of oppressive oligarchs and stripped of their business properties as part of the Marcos campaign to destroy the oligarchy. Even after the 1986 'revolution' when sympathy for the Lopez family as victims of martial law were at their height, the Lopez family was criticized for its relentless application of politica de familia in its determination to regain its former prominence and wealth.

While the politica de familia practically ensured the family's success, it inevitably courted criticism. In crucial points of post-war history, such criticism caused a fall from power and subsequently a loss of economic wealth. The continuing rise and fall of the family history paralleled the cycles of administrations of post-war history. These oscillations were a consequence of the conflict of values that has persisted throughout the major-ears of post-war Philippine history.

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The fact that the tension or conflict remains unresolved assures that the cycles will continue indefinitely. It is obvious that it is not possible for the Philippines to become
completely western; family values are just so irresistibly strong. At the same time the other extreme—going completely traditional and allowing politica de familia to reign is not a viable solution either, as the Marcos regime has shown. Despite this, the 'revolution' that brought Mrs. Aquino to power still reinstated the pattern of cycles reminiscent of the republican period. The tension has therefore proven to be unhealthy for the Philippine socio-economic situation. With each cycle there is a marked downhill trend in Philippine economy and society.

The persistence of the conflict is also an indication that the Filipinos are still in the process of groping for the right type of government. The constitutional convention held in 1971 was evidence that they were not satisfied with the political style practiced in 1945-1970 and wished to make the necessary corrections. The martial law period that followed allowed them to experiment with the authoritarian form of government which some argued then was more compatible with Filipino cultural predilections. The 1986 'revolution' that toppled the Marcos regime rejected the dictatorial form and demanded a return to democratic values. The new 1986 constitution, complete with its new safeguards against family monopolies, became yet another attempt to bring about a government that would satisfy the populace. All these trials could also be seen as necessary steps in the struggle for nationhood and self-identity.
APPENDIX
CAPSULE STUDIES OF OTHER FAMILIES

To supplement the major case study on the Lopez family and the adjunct families (the Marcoses and the Cojuangcos), brief summaries of data collected from three other families will be discussed here. The data is presented to show slight variations in the family's responses to this conflict of values, since although the dissertation argues that the Lopez family's response is the typical one, not all families behaved in the same manner. Since the martial law regime only permitted the Marcos/Romualdez family and their allies to practice política de familia effectively, the family histories presented here cover the republican period only---1945-1972.

Puyat Family

The Puyat family fortune could be traced only to the turn of the century. Don Gonzalo Puyat, decided to leave Pampanga and move to Manila in 1907 'to seek his fortune'. He worked at a billiard hall owned by a Spaniard and eventually became adept at repairing billiard tables. Barely a year later he was able to buy out the Spanish owner and operate the billiard hall himself. In 1909, he began repairing his own billiard tables and selling them as new. After winning the grand prize for his tables at the First Industrial Exposition in Manila (1912), he turned to manufacturing furniture and bowling alleys (by 1918). By 1938, he started pioneering in the manufacture of related products like
laminated doors, parquet flooring and panelling miscellaneous millwork. Although World
War II became a temporary setback, the family was able to benefit from American war
damage payments facilitated by a contract to supply the furniture for the Manila Hotel.
From this venture the very successful House of Puyat (which manufactured furniture for
the Philippines and for export) was born. The Puyats then expanded their logging
concessions, moving from Mindoro to Surigao del Sur.

But the Puyat business empire did not emerge until the son of Don Gonzalo Puyat
entered politics. Gil J. Puyat originally wanted to be a doctor but his father confronted him
with the rhetorical question: "But who will help me in my business?" Since Filipino fathers
felt that they could not trust those outside their kin group, Gil had no choice but to major in
Business Administration at the University of the Philippines. He then became active in
civic organizations notably the Rotary where he was Manila president (1940) and the first
Filipino vice-president of Rotary International. He also served as President of the
Philippine Chamber of Commerce for four years (1945-49), director of the board of the
Philippine National Bank (1945-49), was a member of the Philippines Reparations
Commission, (1946-47) and the National Economic Council.

Then, in 1951, without any political experience whatsoever, he ran for senator and
won. He was the protege of the Nationalista Party's president--Amang Rodriguez who
approached Puyat and offered him the chance of a political career. At that point, it was

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2Interview with Antonio Puyat, son of the late senator Gil J. Puyat and grandson of Don Gonzalo Puyat, Manila, May 19, 1988.

3From Gil J. Puyat file, Lopez Memorial Museum, Manila. At the present writing there is no biography written on senator Puyat who passed away in 1981. Victor Puyat had mentioned that a Madrigal had been commissioned to write the biography but so far no progress had been made. Antonio Puyat said his father did not really want to have his biography written, a distinct difference from many elite families who felt compelled to have their own official family histories and biographies recorded.
suggested that the party would benefit from the fresh ideas of an economist rather than a lawyer. It was during his tenure as senator and later senate president that the mother company Gonzalo Puyat and Sons mutated from a furniture company to an industrial conglomerate. The family then branched to Steel (APO—Puyat Steel), Flour Milling (Republic Flour Mills), banking (Manilabank), real estate developing (Loyola Memorial Park) life insurance (Alpha Mutual Life Insurance Co.), succeeding in extending their logging concession to the maximum 25 year lease. Like Fernando Lopez, Gil Puyat had strong presidential aspirations but he failed to get his party's nomination. He did climb however, to the position of president of the Nationalista Party, succeeding his political patron Amang Rodriguez in 1965 and became senate president in 1967.

Gil J. Puyat was one of the economic nationalists of the 1950s who believed in the "Filipino First" policy. Serving as senator in the administration of President Garcia who launched this policy, senator Puyat believed in the rapid turnover of foreign industry into Filipino ownership and the protection of Filipino-owned industries. "Filipino-First" meant that Filipinos were to be given preference in all matters pertaining to the economic development of the Philippines. Nationalist politicians like Lorenzo Tañada and Claro M. Recto preached that the "Filipino First" policy would encourage the growth of Filipino industries and in doing so benefit the country as a whole. But some "Filipino Firsters" took advantage of the strict controls to gain monopoly over some industries. To implement this policy, strict rules had to be enforced on the import and export of goods, and the

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purchase of US dollars was restricted to the Central Bank. Politicians had ready access to the dollars, facilitating the expansion of their own businesses. The nationalist "Filipino First" policy was sadly reduced to a rationalization for *política de familia* where efforts to acquire businesses could be attributed to economic nationalism. Even those avid "Filipino Firsters" (and its critics in the Macapagal administration) confessed that the "Filipino First" policy failed primarily because it was used by a group of businessmen to advance their own personal interests.7

Senator Puyat was criticized for these very faults. His steel plant was labelled "the beauty parlor industry" because it did not really manufacture steel, it bought flat sheets from the US and then merely curled them, "gave them a permanent wave" to make them corrugated roofing material.8 In other words, the industry was not really a Filipino industry that would benefit the community in the long term, and yet the senator enjoyed tax exemptions, privileges under the investment incentives act, and dollar allocations from the Central Bank. Manila mayor Arsenio Lacson pointed out the unfairness of the special 7 million dollar allocation the Central Bank had granted senator Gil Puyat for the "G-I sheet factory".9

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The tension between *politica de familia* and western values was also evident in this family's attempts to reconcile with the fact that they were businessmen who engaged in politics. Despite the fact that it was obvious that the Puyat empire blossomed because one family member was in politics and acquired special concessions for his family, official family reports stressed that the business success was due to Don Gonzalo's entrepreneurship; indeed, all the corporations were under the holding company of Gonzalo Puyat and Sons; that is, those businesses set up by senator Puyat were also brought under the umbrella of his father's company, preserving family unity. The special issue of the *Manila Chronicle* which focused on Don Gonzalo Puyat emphasized his nationalism and his desire to manufacture things Filipino and thus provide employment for his countrymen.

Senator Puyat was always known as an economist and his public image concentrated on the man as an economist rather than as a politician. His sons, Antonio and Victor, stressed that their father was adamant that politics and business should not mix. The senator constantly discouraged his sons from ever entering, or even contemplating a political career. (From Victor's point of view the attempt of his two brothers to run for the constitutional convention "was not really politics" since it was to write the constitution not to engage in politics.) The senator himself believed he was not blending business with politics because he had kept separate business hours for his personal business hours and political affairs.\(^\text{10}\) Obviously, in the senator's own mind he knew that it was not ethically proper to use politics for business prospects; yet his own performance revealed that his political career built the family's industrial empire. Nevertheless it seemed satisfactory to reconcile this tension in his psyche, by maintaining "separate" business hours. The need to stress the family's concern for the national interest was paramount. Antonio Puyat, though critical of his father's managerial methods spoke of his father as politician in highly

\(^\text{10}\) Interview with Antonio Puyat, Manila, May 19, 1988.
laudable, ethical and nationalist tones. He spoke of the Puyat industries as beneficial to the national interest.\textsuperscript{11} Son Victor also highlighted the image of his father as a nationalist in the same manner that official publications written on the family centered on the national benefits of the Puyat enterprises.\textsuperscript{12}

The martial law years were not good to the Puyat family. Although Marcos did not wage a vendetta against the Puyats as he did with the Lopez family, senator Puyat did not become a crony capitalist, refusing to ally with Ferdinand Marcos. The Puyat assets were more or less left untouched although Marcos had made attempts to control Manilabank, through front man Jobo Fernandez. The collapse of Manilabank was partly due to Fernandez' refusal to clear the banks checks, precipitating a run. The bank lost about a billion pesos and Marcos refused to lend them the money needed to salvage the dwindling funds. In the end the family to resorted to a modus vivendi with the Marcos family. Antonio Puyat approached Greggy Araneta (the husband of the President's daughter Irene Marcos) and offered him the position of vice-chairman of Manilabank for the sole purpose of acquiring "a direct pipeline to Marcos and doublecheck the news that was being fed to Marcos".\textsuperscript{13}

The withdrawal of the family from politics stunted the growth of the Puyat conglomerate, and coupled with increasing family discord, the family empire broke up into individual sections. In 1976, a major rupture occurred that destroyed family unity. The sons of Gil Puyat (with the exception of Antonio who worked as administrator for the mother company Gonzalo Puyat and Sons), had been given the choice positions in the

\textsuperscript{11}Ibid.


\textsuperscript{13}Interview with Antonio Puyat, Manila, May 19, 1988.
companies engineered by their father: Victor was in Group Developments Inc., Vicente was president of Manilabank, Gil Jr. was in Puyat Steel, and Jose was in the logging industry. The children of Gil's brother Eugene, and sister Leoncia Puyat Reyes began to question the principle behind these appointments perceived to be a result of favoritism. At the same time Gil's own son Antonio became critical of his father's judgement concerning the managerial ability of his sons. Antonio felt that his father gave his sons positions without accountability. Unfortunately some of these sons were not doing a good job. Gil's obsessive adherence to family values blinded him to the faults of his sons who were never reprimanded for their failures.

...I feel that my father did not manage things right. He was too busy with politics. Somehow his long time association with politics influenced his decision-making even in business. Its a question of appeasement. Politics is appeasement, compromise. Whereas, business is clear cut--either this or that. In other words, you were asking me about holding people accountable, precisely, I think he would not, because it is family---and that is the weakness, and we have to change that. Its not professional. You have to distinguish with your children what their rights are--the rights to ownership fine, that you can never remove, but the right to management, it's got to be earned and if nobody in the family can run the business properly, I think you should consider getting an outsider. I mean, that's my feeling.14

In the end a nephew of the senator led the movement which ousted Gil J. Puyat from his position as chairman of Gonzalo Puyat and Sons. In this family dispute, one of Gil's sons, Antonio allied with his uncle and aunt against his own father and siblings.

After this division of properties, the Puyat family as a family corporation fell apart. From hereon if the Puyats prospered or failed, they would do so individually and not as a family. True to politica de familia, Gonzalo Puyat and Sons had funded the political campaigns of senator Puyat, thus eliciting many complaints and criticisms from the other relatives who resented the fact that their inheritance was used for the uncle's political

14Interview with Antonio Puyat, Manila, May 19, 1988.
ambitions. Unlike the Lopez family, the Puyats were not united enough in their conception that their uncle's political office was essential to their business success.

It may also be argued as Antonio suggested, that the incompetence of Gil's sons, particularly Vicente, caused the other family members to question his right to manage the bank. Since inevitably it was Senator Gil J. Puyat who had full authority regarding the appointment of positions, and since he had repeatedly refused to make his sons accountable for their actions, it was also natural for the other relatives to demand a more efficient management. In the last analysis, it was also a disagreement over managerial style. Senator Gil J. Puyat, like his father before him practiced the traditional family style of management where the family corporation remained united under one authoritarian patriarch. Even though he personally was instrumental in enlarging the family business, all the companies that he created all became part of Gonzalo Puyat and Sons which embraced his father's original investments and those of his siblings. It was important to think of the family interest above the individual one: hence Gil gave up his ambitions to become a doctor to join his father's business, and he declined the position of first Filipino president of Rotary International for the same reason, (it would have entailed one year of absence from the Philippines much to the chagrin of his father Don Gonzalo who exclaimed--"Who are you working for the Rotary or Gonzalo Puyat and Sons?"). But true to *política de familia* style, family members were given positions regardless of their professional talents and were thus not professionally accountable for their actions. Incompetent members who may have also been guilty of personal abuse of position were not checked and removed. Family members like Antonio Puyat on the other hand preferred a more professional method of management. Individuals should account for their actions despite the fact that

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15Ibid.
they may be family members. It was this conflict between politica de familia style management and western style professionalism that eventually tore the family apart.

Rodriguez Family

The history of the rise of the Rodriguez family would dispute currently popular interpretations of Philippine elite families as having possessed elite status for many generations and whose basis of wealth was land and agriculture. The man solely responsible for the creation of the Rodriguez fortune was a mere zacatero (fodder cutter) at the turn of the century. His family's rise to prominence was attributed to one man's skill in applying the methods of politica de familia. It was his political career that provided the means to build such a vast family fortune. And being a man of humble beginnings, Amang Rodriguez embarked on a political career during the American period from the bottom—mayor in local politics to senator, senate president and Nacioanlista Party president—theoretically the most powerful man in the Nacioanlista Party, a position he occupied for ten years.

Eulogio Rodriguez (later nicknamed "Amang") born in January 21, 1883 began his career as a zacatero in Montalban, the province of Rizal where he supplied the American cavalry stationed there with zacate (fodder grass) in 1902. His close associations with the American soldiers provided him with a political patron and in the same year Governor General James F. Smith appointed him acting mayor of Montalban.16 From this small break, with American patronage Amang began his steady rise to political power. In 1909,  

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he was elected (and twice re-elected) presidente (municipal president) of Montalban. Then in 1916, he was elected governor of Rizal province (the richest province in the Philippines as well as the province with the greatest number of voters\textsuperscript{17}). He was reelected in 1922 and named ad interim Mayor of Manila by General Leonard Wood in 1923. (In the same year Wood also appointed him representative for Nueva Viscaya.) A year later, he ran for the second district of Rizal in the House of Representatives and won. In 1931 he became the head of the Chamber of Commerce of the Philippines. Governor General Frank Murphy named him Secretary of Agriculture and Commerce in 1934, a cabinet position which he retained when President Manuel Quezon became first president of the Philippine Commonwealth in 1935. By this time, Amang had sons that also displayed an interest in politics. In 1937, his eldest son was elected Governor of Rizal, and after his death in 1958, younger son Isidro also became governor of Rizal. In 1937 therefore, the beginnings of the Rodriguez political dynasty was formally launched. President Quezon appointed him mayor of Manilain 1939 and in the eve of the war, (1941) Amang became senator. He reached the apogee of this political career in 1953 when he became senate president for 10 years (1953-1963) and president of the Nacionalista Party for twelve years\textsuperscript{18}. In his capacity of NP president he was one of the most powerful men in Philippine national politics. Like Fernando Lopez and Gil J. Puyat, Amang Rodriguez had

\textsuperscript{17}Interview with Governor Auido Agbayani, former secretary of Amang Rodriguez, Manila, April 28, 1988.

\textsuperscript{18}The bio-data of Eulogio Rodriguez was taken from his official biography commissioned by his granddaughter Marites Pineda. See Carlos Quirino, Amang (Quezon City, 1983). Another official publication on Amang Rodriguez published by the Eulogio "Amang" Rodriguez Foundation which is a glorification of his political achievements and nationalist sentiments, is D. H. Soriano, Teotio del Castillo, Luis L. Alfonso, Rodriguez Ang Dakilang Amang, (Metro-Manila, 1983). Other accounts of Amang Rodriguez's life which support the account written by Quirino are V. S. Sambo, "Don Eulogio 'Amang' Rodriguez", Manila Chronicle Special Issue on the Life and Career of Don Eulogio "Amang" Rodriguez, January 7, 1970, pp. 20-30, and Amada Tiptace-Valino, "The Rodriguezes of Rizal", Family Portrait in Two Parts, Mr and Ms, February 26, 1985, pp. 18-20, and March 5, 1985, pp. 20-21.
presidential ambitions that were never fulfilled, unable to make it to the party nomination at the convention.

Amang Rodriguez was also an astute businessman. While the Lopez family had one brother in politics and one brother with a business acumen, and the Puyat family had a patriarch who founded the family corporation, and a son whose political career fueled the creation of an industrial empire, the Rodriguez family's success was largely due to the efforts of one man. Although in later years, Amang Rodriguez initiated two sons and a son-in-law into politics, (after his death another in-law became mayor of Quezon City), it was Amang who envisioned and supervised the family business. In later years, his children would be very active in the corporations he founded but they were not creative enough to expand or branch out into different fields. Whatever Amang Rodriguez had built was retained but not expanded. Consequently, the family remained primarily embroiled in the field that Amang most preferred: real estate. At the same time, since the children had a profound respect for their patriarch, the companies established were never resold or divided among family members, with the family continuing to hang on to these businesses regardless of their profitability.

Amang first set up the Philippine Trading Company (1928-1972) which sold guns, ammunitions and sporting goods. It was run by Amang's children and first wife Juana Santiago. In 1929 he founded Luzon Surety Company Incorporated because he noticed the absence of reliable local firms issuing surety bonds. Luzon Surety was an investment Rodriguez conceived together with his friend Leopoldo Aguinaldo. The pair decided to include among the incorporators a group of wealthy and prominent businessmen to bolster the prestige of the company. These men were also among the friends of Rodriguez--wealthy Pampanga sugar magnate Vicente Villanueva of Negros, Ramon Arevalo (a lumberman), Rafael Ramos, and Wenceslao Trinidad, who had been collector of internal revenue
and served as general manager of Pampanga Sugar Mill.\textsuperscript{19} Two years later Luzon Investment Company was opened by Rodriguez and the associates of Luzon Surety Co. The company handled the investment of customers' money for a variety of businesses. In the 1930s he also invested in the Agno Placer Mining Company and the Mandaynon Mining Company. Then in 1948, the real estate company was founded under the mother company of E. Rodriguez and Company. This company bought land and later developed them into subdivisions, and became the mainstay of the Rodriguez family empire. Two other corporations, the National Life Insurance Company and the Rodriguez Rural Bank (1952), the first rural bank in the Philippines, were also launched after the war but were not as profitable as the real estate company.

Since Amang Rodriguez was completely immersed in politics, politics being his first love, his first wife Juana Santiago and later on her children were responsible for managing the business investments he founded. Like Vice-president Fernando Lopez, Rodriguez was the quintessential politician with the knack for a grass-roots appeal. Whereas in the case of Fernando Lopez it was an inborn talent since he was born to a wealthy family, Rodriguez appealed to the common man because he did come from the ranks of the poor. He never received a college education and was known in political circles for his bad English grammar. But it was precisely these traits that won him votes. His motto "Politics is \textit{addition}" revealed succinctly the practical nature of a political philosophy molded by the idiosyncracies of traditional Filipino kinship values. He had made that remark in defense of criticism that he had accepted into the Nacionalista Party members of the Democratic Party which had been dissolved.\textsuperscript{20} And indeed, in the Philippine scene that


\textsuperscript{20}Carlos Quirino, \textit{Amang}, p. 37.
motto was an essential prerequisite for political and business success. The more allies and supporters or ritual 'kin' that one incorporated into his family alliance, the greater the pool one could draw on for connections or aid, and thus the greater also the chances for success. Amang had staunchly adhered to this personal political philosophy, even grooming politicians like senator Gil J. Puyat as his protegés in the Nacionalista Party. His unswerving faith in such a political philosophy inspired him to help even those who opposed him or went against him in politics. The aid would naturally illicit gratitude, utang ng loob and thus support for the master politician. This philosophy also propelled him to patronize the entrance into politics of his immediate family.

The two main criticisms against him made by political rivals and outspoken journalists were his use of political office to build a business empire, and nepotism in the form of aggressive attempts to establish a political dynasty of sons and a son-in-law who were perceived to lack the necessary qualifications. As in the case of the Lopez family, it was Diosdado Macapagal, (as vice-president at the time) who criticized Amang for enriching himself in politics.

...I intend to show, case by case, during the campaign, that while he was allegedly serving the people during the last 50 years, he, at the same time, built a vast multi-million family business empire.

For the present, it is enough to point out that whereas by his own admission he started public life as a zacatero, he is now easily one of the richest men in the Philippines.

My reference to his business empire and the wealth that the Senate President amassed during his half-century of public life is not a personal attack, but is pertinent to the issue of public morality that our people will be asked to decide in the coming elections. Graft has infested the highest levels of our government today because public office and the influence that

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22 Interview with governor Aguedo Agbayani, Manila, April 28, 1988.
it yields are a golden opportunity to make money, to amass fortunes, and build business empires.  

The other criticism against Amang—his attempts to build a political dynasty, was satirized in the press. Manila Chronicle columnist I. P. Soliongco poked fun at the senate president's attempts to have his two brothers appointed mayor of Davao and Zamboanga cities and a son chairman of the Games and Amusement Board. His facetiousness would be humorous if it did not so poignantly reveal the conflict between familial obligations and national obligations. Soliongco purported to argue that in behaving this way Rodriguez was merely acting like a good father.

Yesterday, we defended Mr. Rodriguez on the ground that in pressing for the appointment of three members of the Rodriguez clan, he was merely fulfilling his paternal duties, and that, for this reason he should be praised rather than criticized.

Today, we shall show that regardless of this consideration, his efforts are meritorious in themselves.

It is our great regret that the family of senate president Rodriguez is not as big as it should be. Imagine if he and his forebears had been as prolific as Abraham! Why, President Magsaysay would not be having the trouble his is now having looking for men to work in the government. All he has to do is consult the Rodriguez family register, and lo and behold! he has an official ready to take the oath of office and serve.

Manila Times columnist Alejandro Roces argued, "any person...who uses his influence and position to perpetuate his name and entrench his family in government bureaucracy cannot be interested in the welfare of the country." Referring specifically to Amang's behavior, Roces elaborated:

Our criticism on Amang's actuations stems not from private grudges but from his obsession of getting his heirs into government office. The last elections witnessed a strange macabre affair when Amang worked for the


25 Alejandro Roces, "To Amang's Friend: Let's Fact the Facts", Roses and Thorns column, The Manila Times, November 6, 1959, p. 4-A
re-election of his dying son. The son, God rest his soul, was physically incapable of office! We have heard of dead men voting in Philippine politics but, till then, we had never heard of a candidate campaigning from his death bed.

If we were to base qualification on achievement, which should be the case, the record in Congress of Amang’s son-in-law Genaro Magsaysay, is zero in the void.26

Violations of a more specific nature were done by his sons who were actually charged with graft and corruption. Jose S. Rodriguez, chairman of the National Development Company (NDC) was charged with: (1) creating new positions and appointing key officials to duplicate the duties and functions of the management, (2) causing the adoption of the resolution that gave him blanket authority to choose directors in two companies and appointing himself and his minions to those positions in utter disregard of seniority, qualifications and experience, (3) interfering in the management of the NDC mills by insisting that the officials give top priority to the printing of textiles contracted by his son or by his friends, to the prejudice of those who had deposited money for previously scheduled job orders, (4), excluding the general manager from the approval of a charter to purchase 12 NDC vehicles, (5), spending half the time slated for a price survey in Europe, to a vacation in Spain, a country not in the itinerary, and (6), taking advantage of his official position and causing the masters of NDC ships to accept shipments of several crates of personal effects in his name without the proper bills of lading.27 Clearly, Jose Rodriguez was practicing política de familia, maximizing the effect of his malakas status by exacting exemptions and privileges for his personal family alliance. Amang’s other son the governor of Rizal—Isidro Rodriguez was also charged with violation of the anti-graft law stemming from an an alleged illegal trust agreement entered into by the Rizal provincial

26ibid.
government with the Overseas Bank of Manila. In the case of Governor Rodriguez, the charges were made after the death of his father who died in 1964.

The record of the Rodriguez family however contrasted with the family's own image of themselves. In his defense against Macapagal's charges Amang announced that he was in public office to serve the people: "My only business now is to serve my people to the best of my ability." The Rodriguez family had a great admiration for their patriarch that they had elevated his character to mythical proportions. The image the family painted in their interviews and in the official family sponsored publications about Amang was that of a man who only concerned himself with helping the poor and underprivileged people of the Philippines, utilizing his personal funds for his political allies, --a selfless, and practically faultless man, (the only transgression that the family would concede of their hero was that he had maintained a querida or mistress). This glorified, romanticized version of Amang's personality was a constant theme emphasized by some members of the Rodriguez family and their allies. The other families interviewed for this dissertation, including the Lopezes, although respectful of their family patriarchs were not as averse to self-criticism.

The family's ambivalence was more obvious in their comments about the Lopez family. They somehow saw themselves as "entirely different" to the Lopezes. In their perception, the Lopezes were really more interested in business than anything else, "they really took advantage of their connections", putting up television stations", "and they


31Interview with Marites Pineda, Manila, May 29, 1988.
would use it for political reasons".\textsuperscript{32} It was easier for the Lopezes to utilize their connections because there were two brothers---one in politics and one in business. Don Eugenio could aggressively maneuver for special privileges without being accused of lacking \textit{delicadeza}\textsuperscript{33} because it could be argued he was doing it to help his brother.\textsuperscript{34} The Rodriguez patriarch on the other hand did not aspire for a business empire, being much more interested in politics: "His main goal was really to be a political leader and really to serve the country."\textsuperscript{35} In the martial law years, a large portion of their family property was expropriated by the Marcos government, but the family was paid for it. Had they not had the proper political connections, Marites believed that they would not have been compensated at all.\textsuperscript{36} Further evidence of ambivalence was found in Marites' own criticism of her uncle, governor Isidro Rodriguez. In her mind her uncle's major failing was his refusal to help family members by using some of his political connections to assist them in business, and his refusal to patronize other interested members in their political careers.\textsuperscript{37} The Rodriguez family felt compelled to project an image of Amang and his descendants as champions of western values; that is, concerned with the national interest above the familial one, showing \textit{delicadeza}, being above nepotism, and conscientious in performing civic duties.

\textsuperscript{32}Interview with Rizalino Mendoza and Adelaida Rodriguez Mendoza, Manila, May 29, 1988.

\textsuperscript{33}See chapter three for definition.

\textsuperscript{34}Interview with Marites Pineda, March 20, 1988.

\textsuperscript{35}Interview with Marites Pineda, Manila, May 29, 1988.

\textsuperscript{36}Interview with Marites Pineda, Manila, March 20, 1988, and May 29, 1988.

\textsuperscript{37}Interview with Marites Pineda, Manila, March 20, 1988.
A brief discussion of the political and business style of the Roces family is included to show a different trend—that of a family who had all the ingredients for success parallel to the Lopez family, but somehow failed to consolidate its efforts to build a family empire as large as the Lopezes. The Roces family like the Lopezes were in media—they owned the The Manila Times (and originally the TVT Chain of newspapers—La Vanguardia in Spanish, The Times, in English, and the Taliba, in Tagalog), one television station (channel five), and have five family members in journalism. At the same time, three brothers were directly involved in politics, one as congressman for most of the republican period, one served as vice-mayor of Manila and after that remained an important contact person within the Nationalista Party, and one serving as Secretary of Education under the Macapagal regime. Why did they not become as formidable as the Lopez family?

The Roces family had its roots in Asturias, Spain in the city of Gijon. In the nineteenth century Alejandro Roces y Gonzales moved to Manila and served as regidor of Manila in 1854 and was also elected alcalde real. Three grandsons, Alejandro Roces (married to Antonia Pardo), Marcos and Rafael became involved in the newspaper publishing field in 1910. Even before the basis for a family corporation could be founded, one brother's ambition succeeded in creating the mistrust that would produce an inevitable division between the family. Rafael and Marcos bought the El Renacimiento and published it as the La Vanguardia (later it would have its sister newspapers, the Times in English and the Talibá in Tagalog). The paper was originally purchased by the two brothers but the elder Alejandro assumed equal share in the business. Eventually, the newspaper began to prosper and the older brother Alejandro, who was a close friend of President Quezon told his younger brothers that the president was interested in buying the paper. Deferring to the president's desires the two brothers sold the paper. But eventually they discovered that the
paper was never sold to Quezon, and that their older brother now had sole ownership of the very lucrative publication.\textsuperscript{38} \textsuperscript{39}

World War II clearly defined the family division. Four sons of Rafael joined the guerrillas and one son was executed by the Japanese for his leadership in the Free Philippines movement, an underground organization of the Civil Liberties Union with its own publication. Rafael Roces Jr. "Liling" was a journalist who wrote for the underground publication Free Philippines under the pen name "Gulok". He was arrested by the Japanese for intelligence activities and was imprisoned in Fort Santiago, along with his brother, Jesus Marcos "Tuting". Once released, Tuting joined the guerrillas in Mindoro, with another brother Jose Francisco "Peping". Brother Joaquin "Titong" joined a group in Rizal, and Alejandro "Anding" joined Colonel Marking.\textsuperscript{40} The publisher of La Vanguardia, Don Alejandro Roces Sr., on the other hand had collaborated with the Japanese, and the newspaper now called The Tribune, became a Japanese propaganda newspaper. Their association with the enemy forces so angered a group of Filipino guerrillas they assasinated his son Alejandro Roces Jr. "Andong", who was then serving as Chief of Police of Manila.

After the war Alejandro Sr.'s eldest son Ramon and youngest son Joaquin "Chino" Roces carried on the publication of the Tribune now renamed The Manila Times.

\textsuperscript{38} Interview with Rafael's sons, former vice-mayor of Manila, Jesus Marcos Roces, Manila, July 25, 1988, and businessman Marcos Victor Roces, Manila, July 12, 1988, and personal communication with youngest son Alfredo Roces, Sydney, August, 1988. The official publication on the Roces family, which concentrated the role of Ramon Roces y Pardo, son of Alejandro Roces (and published by Ramon Roces) does not mention the role of Rafael and Marcos in the early history of The Manila Times. The publication glorifies Alejandro and his children to the point of eliminating unpleasant facts such as the Alejandro's collaboration with the Japanese in World War II. See D. H. Soriano, The Roces Family Publishers, (Manila, 1987).

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\textsuperscript{40} Interview with Jesus Marcos Roces, Manila, July 25, 1988.
Meantime, three of Rafael's sons entered politics: Jesus Marcos "Tuting" became Vice-Mayor of Marila under Mayor Arsenio Lacson in 1951, Joaquin "Titong" was elected congressman in 1953, (and served four terms until the declaration of martial law in 1972), and Alejandro "Anding" who became Secretary of Education in 1962 under the administration of President Diosdado Macapagal. The fact that three brothers were in politics, and that their cousins owned the largest newspaper in the country, and one television station (channel five) appeared a sure recipe for success. The control of media also branched to journalism--congressman Roces was once a columnist, Secretary Roces was a famous short-story writer and columnist for The Manila Times and The Manila Chronicle, youngest brother Alfredo Roces was a columnist for The Manila Times from 1961-1971, and Liling's son Antonio Roces was a columnist for the Daily Star.

Unfortunately, the family's inherent division had already precluded any collaboration between both branches of the family. The media publishers (the businessmen) did not ally with the politicians. Joaquin "Chino" Roces, publisher of The Manila Times, wanted a professional, neutral paper and thus the publication never openly supported Roces political candidates. In fact, in their desire to be neutral, the newspaper sometimes favored the opposing candidate. In the running of the paper, the relationship between the children of Alejandro and those of Rafael, was one of employer and employee. Manila Times Columnist Alfredo Roces for example received no special favors from his cousins who paid him P20 a column for over ten years for the daily columns, until the paper was closed down by Marcos. Nevertheless, the newspaper publishers were successful businessmen. Ramon Roces expanded into magazines and comics in the vernacular which became extremely popular. The Roces politicians were also successful, congressman Roces never lost an election, the vice-mayor won one election and lost one (for mayor), and Secretary

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41Ibid.
Roces served one term and then lost an election for senator. But the two branches of the family were never linked in business, so each side prospered individually. The Manila Times never became a mouthpiece for Roces family interests in the same vein that The Manila Chronicle, which never made any money, was undisputably a Lopez paper.

Within the same branch of Rafael Roces, the politician brothers did not collaborate with the businessmen brothers in the family. In fact, a reason advanced by other rival families for the failure of the Roces family to become a powerful one was their individualism: kanya-kanya (to each his own). Any benefits or largesse obtained by the individual politician brother was not pooled into the family’s resources. On this point, the sons conceded that their father’s strict adherence to the code of delicadeza had forbidden them from utilizing their political positions for the family’s business gain. For example, when Tuting was vice-mayor he discovered that the road (Jose Abad Santos) connecting Binondo to Avenida Rizal that had been planned was finally going to be realized with the release of the necessary funds. This was privileged information which he suggested would benefit the family financially if his father would buy properties along that road. But, his father did not believe it was correct to take advantage of information learned at City Hall. Neither did Rafael believe in acquiring loans from banks, and without loans there was no way business could be expanded. Tuting declared in frustration that his father was a businessman in the wrong times, since he applied nineteenth century ethics to the twentieth century, and as a consequence was completely out of date with what was happening around


43Congressman Joaquin R. Roces was at one time linked to the Stonehill scandal. Harry Stonehill was an American businessman who was deported for putting a large number of politicians in his payroll ostensibly to acquire for him the necessary privileges for his business. See Dante Simbulan, "A Study of the Socio-Economic Elite in Philippine Politics and Government, 1946-1963", Ph.D. dissertation, Australian National University, 1965, p. 310.
him. "Papa was always a century behind!"44 It must be noted however that none of the sons were really imbued with an overpowering business drive. Rafael in fact was a pioneer in the introduction of new products to the Philippines. Prior to the war he had put up the first gasoline station in Manila. The Ideal Theater was the first cinema house in the Philippines. After the war he brought the first scooter (the vespa), the Olivetti typewriter and the Neki sewing machine, and the first laminating machine to the Philippines. Unfortunately none of the sons were enthusiastic about marketing these products. The first jalousies were also introduced by Rafael via the small family company (Luxaire).45 With the advent of import control quotas in the 1950s, the family was unable to compete with those families who were given larger quotas due to their connections with the powers that be, while Rafael adhered firmly to his delicadeza ethics.

Martial law was a trying period for the Roces family. Since the entire family was persecuted by Marcos, it brought both branches of the family together. Marcos expropriated The Manila Times, and Channel five, and imprisoned publisher Joaquin "Chino" Roces. Congressman Roces and his two journalist brothers Alejandro and Alfredo lost their jobs and were not permitted to leave the country. The family also developed close ties with the Lopezes who like themselves were also victims of the martial law era.

Persecution had compelled the Alejandro branch of the family to join the opposition. Chino Roces was responsible for collecting the one million signatures that persuaded Corazon Aquino to run for president. As during the war, the Rafael branch opposed the dictatorship. Tuting Roces acted as campaign manager for Mrs. Aquino and

44Interview with Jesus Marcos Roces, Manila, July 25, 1988. This is also corroborated by Marcos Victor Roces, interview with Marcos Victor Roces, Manila, July 12, 1988.

the Lopezes contributed financially to the election campaign. Both families stood side by side at the barricades and at the EDSA revolution in February, 1986. Subsequently Tuting and Chino Roces joined the Lopez family in the revival of The Manila Chronicle, while earlier in 1986 Ramon Roces had revived The Manila Times.

The Roces family however, never built the business empire under politica de familia dynamics. that they had the potential to build. Family discord, and the drive for western individualism as well as the delicadeza ethics and patriotism predisposed any pooling of resources and the establishment of a family corporation with political ties. The business talents and political talents remained separate never achieving that peculiarly Filipino symbiotic relationship that was the trademark for success in the post-war years.

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46It should be qualified that both Chino and Tuting were not so much pro-Cory as anti-Marcos. Once Mrs. Aquino became president, they were critical of her lack of moral leadership. Chino Roces' speech quoted in Chapter one was written by Tuting Roces.
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