

The impact of American Philippine economic policy on Philippine modern economy during the Cold War

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Abstract. As an important country in Southeast Asia, the Philippines has repeatedly occupied an important geographical position and had an important geographical and political position during the Cold War. Since the Cold War, the relationship between the United States and the Philippines has been very close, and the influence of the United States on the Philippines is self-evident. Therefore, studying the political influence of the United States on Philippine economic policy during the Cold War has important theoretical and practical significance. Starting from the economic policy adopted by the United States in the Philippines, this paper analyzes the economic assistance methods of the United States to the Philippines and its political influence on the Philippines and explains why the United States exercises neocolonial control over the Philippines from two aspects. This article argues that the United States has influenced the Philippine economy in a neocolonial way in an attempt to expand the political influence and sphere of influence of the United States itself.

1 Introduction

During the Cold War, in the 80 years since the end of World War II in the United States, the world pattern has gradually changed, from the bipolar pattern dominated by the United States and the Soviet Union to the obvious trend of multi-polarization. The relationship between countries has always been the embodiment of the change of the world pattern. After the 1950s, the cold war between the United States and the Soviet Union extended to Asia. With the improvement of its strategic position in Southeast Asia, the decolonization policy of the United States in Southeast Asia also reflects the characteristics of neocolonialism. As an important country in Southeast Asia, the Philippines is adjacent to the South China Sea in the West and the Pacific Ocean in the East. It is an important node of the first island chain, guarding the Bashi Strait, and has a very important strategic position. Therefore, during the Cold War, the United States' economic assistance policy to the Philippines on the one hand helped the economic development of the Philippines, on the other hand, strengthened the relationship between the United States and the Philippines, and infiltrated the forces into Philippine politics. As for the foreign aid of the United States, its foreign aid theory has made a lot of research results, among which the international interest theory is the most mainstream, and its main representatives are Morgenthau and Waltz. Morgenthau's theory is that no matter what form of foreign aid, its essence is political, and the main goal is to promote and protect national interests [1]. While Waltz believes that under the anarchy, the major world powers are competitors, they

seek to establish hegemony and establish a security system, and foreign aid policy is a hegemonic tool [2]. Previous studies mainly focused on the changes in U.S. aid policy to the Philippines and the influence of U.S. colonial rule on the Philippines. The conclusion is that the American colonial rule has changed the direction of modern political development in the Philippines, making the Western colonial rule replace the political development with the traditional characteristics of the Philippines, or on the other hand, making the so-called oligarchic elite control the Philippine society in the special relationship of colonialism. That is to say, the political development of the Philippines after independence is a kind of inheritance relationship compared with the colonial period. The purpose of this study is to complement the economic impact of aid policy on politics, to highlight the importance of economic factors for social development, and to elaborate that this control method is different from the previous direct slavery of the suzerain power to the colonies, but to enhance its dependence on the United States with economic aid, to indirectly control.

2 The Philippines' strategic position towards the United States during the Cold War

The Philippines has been a colony of the United States for half a century. The earliest can be traced back to 1898, when the United States won the Spanish-American war, The United States occupied the Philippines instead of Spain. Since then, the Philippines has become a

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sphere of influence and a colony of the United States. But at this time, the Philippines has not yet become the focus of the United States. In 1899, the United States put forward the "open door" policy to carve up China with foreign powers. Southeast Asia is not its key area. But at this time, its impact on Philippine politics was obvious and profound. The later basic political systems introduced by the United States, such as the presidential system, the bicameral Parliament, and the two-party system, all began in this period. At that time, Taft stereotyped how the United States transplanted a democratic system for colonial rule in the Philippines. Taft's stereotype refers to cultivating a group of American Philippine upper-class elements by transplanting Western parliamentary democracy to facilitate the colonial rule of the United States. This foreshadowed the family elite politics in the Philippines. In 1946, the Macduffy Act was promulgated and the Philippines became independent. Since then, the world has entered the cold war. From 1947 to 1991, the North Atlantic Treaty Organization led by the United States, and the Warsaw Treaty led by the Soviet Union carried out political, military, and economic struggles between the two camps. The two superpowers of the United States and the Soviet Union competed for world hegemony. In 1948-1950, a large-scale Revolutionary Movement broke out in Southeast Asia. The United States believes that these revolutions were made by the Communist Party and the Workers' Party intelligence agency manipulated by the Soviet Union [3]. This is an indication that the Soviet Union wants to control Southeast Asia. The founding of the People's Republic of China in 1949 further expanded the power of the Soviet Union, which was also a communist country, in the Asia Pacific region, breaking the balance of power between the United States and the Soviet Union in East Asia. In January 1950, Secretary of State Acheson delivered a speech, clearly announcing that the United States' defense line in the Asia Pacific region should be located in the Aleutian Islands in the north, through Japan and Ryukyu Islands, and extended to the Philippines [4]. At the same time, the strategic position of the Philippines has gradually improved. The documents nsc48/1 and nsc48/2 (the United States' position on Asia), nsc64 (the United States' position on Indochina), and nsc124/1 and nsc124/2 (the United States' policy statement on the objectives and course of action of the Communist Party of Southeast Asia's aggression in Southeast Asia) proposed by the Truman administration all believe that Southeast Asia has an important position in the Asian cold war [3]. Geographically, the Philippines is located in an important place, guarding the Bashi Strait and located in the first island chain. The island chain plan used it as a military base to blockade the Communist countries. Therefore, the Philippines has an outstanding strategic position for the United States to curb the Communist forces and expand its sphere of influence.

3 The economic policy of the United States to the Philippines during the Cold War

Before and after World War II, the evolution of the United States' decolonization policy in East Asia was a process of opposing the old colonial order in Europe and establishing a new colonial order in the United States [5]. The United States uses economic aid and investment to control the economy of Southeast Asian countries and influence the politics of Southeast Asian countries.

To better explain the impact of the United States on the Philippines, the Neo-colonial view is very important. Neocolonialism is a more covert and indirect means of colonial aggression by Western powers against non-Western countries after the Second World War. The process of establishing the new colonial system is simply that, first of all, it was a colony of an imperialist country. Secondly, under the wave of the national liberation movement, the imperialist country (suzerain state) allowed its national independence and established an independent country. Finally, the imperialist country used its economic advantages to control the newly established colonial country politically, militarily, and culturally, Imperialist countries control and continue to extract wealth by fostering puppet regimes or using commerce (state power and transnational corporations are the two major ways of Neo colonialism infiltration). Under this scenario, the independent colonial countries will continue to be under control and serve as the commodity markets, raw material-producing areas, and investment sites of the imperialist countries. During the Cold War, the United States indirectly controlled the Philippines through foreign policy, which was in line with the control of imperialist international over the former colonial international under the Neo colonial model. While using the aid projects to the Philippines to enhance its influence on the Philippines, the United States also used this as a medium to skillfully infiltrate some regional organizations' activities related to this and take the opportunity to expand its influence in the political life of the Philippines.

3.1 Fourth point plan

The fourth point plan, also known as the "plan for technical assistance to backward areas", is named because it is the fourth point of the aggression plan put forward by US President Truman in his inaugural address on January 20th, 1949. The target of the plan was developing countries, which was a supplement to the "Marshall Plan" implemented in Western Europe at that time. The fourth point is to provide economic and technical assistance to underdeveloped regions such as Asia, Africa, and Latin America.

The goal of the fourth point plan is not to serve the economy of the recipient countries but to serve the United States to contain the Soviet Union

The ultimate goal of United and communism. Therefore, the assistance of the United States is mostly given to countries that have important strategic significance in implementing the containment strategy. For example, India's Nehru government pursues a nonaligned foreign policy, while Pakistan is an ally of the United States, and the assistance received by the two

countries is very different. India, with a population of 400 million during the Nehru administration, was the most populous noncommunist country in the world at that time, receiving only US \$ 45 million (the US foreign aid budget was US \$6.5 billion in 1952). As a reward for its political and military alliance with the US, Pakistan received on average twice as much economic aid as India in addition to military aid [6].

The plan aims to control these areas politically. Truman also hoped that through the economic and technical assistance provided by the Fourth Point Plan, the economic situation of some third-world countries would be improved, so that these countries could achieve political stability, and then eliminate the soil of communism infiltration. In June 1949, Truman pointed out in his State of the Parliament address that underdeveloped regions must have a "solid economic foundation". Without such an economic foundation, it is impossible to meet the needs of the people in these regions. "If they are frustrated and disillusioned, they will turn to pursue those heresies advocating development through autocracy. Therefore, the free country, that is, the United States, must help these regions establish a solid economic foundation. At this time, it believes that the United States is the only country capable of providing such assistance. Therefore, the United States, through economic and technical assistance, helps the economically underdeveloped countries and regions in Asia, Africa, and Latin America to develop their national economies, consolidate the economic foundation of governance, and resist the influence of "heresy", that is, communism.

From the economic perspective, the fourth plan is to a large extent the extension and continuation of the traditional U.S. foreign economic policy in the new situation, that is, the foreign policy serves the U.S. economy, especially helping U.S. enterprises to develop commodity markets and raw material supply channels overseas, to ensure the prosperity of the U.S. domestic economy. To carry out the fourth point plan, the United States sent a large number of technical personnel abroad for technical cooperation and received personnel from many countries to the United States for training. The cooperation projects mainly involve agriculture, raw material development, transportation, vocational education, and health. By the end of 1951, the "fourth point plan" had been extended to 33 countries. From July 1st, 1945 to June 30th, 1967, more than 30% of the cumulative US \$117.2 billion in foreign economic and military assistance was given to non-Communist underdeveloped countries.

3.2 Economic and technical assistance

To help the Philippines improve its economic problems, the United States provided economic and technical assistance to the Philippines. According to the documents, the total amount of economic and technical assistance of the United States to the Philippines in 1954 was US \$ 220 million, specifically including the first, agricultural assistance projects: designed to help the

Philippines increase food production. The second is the public health project: help the Philippines control the spread of malaria and establish regional health units. Education project: assist the Philippines in establishing professional and professional teacher training. Transportation projects: Assist in the construction of roads and ports, and carry out extensive and comprehensive transportation surveys. Mineral resources project: assist the Philippines in developing its mineral resources and provide technical guidance to government officials. Public administration project: It aims to improve the efficiency of the government, and the labor-management relations center has been established by the government's School of Public Management.

3.3 USAID assistance to the Philippines

The aid activities of the International Development Agency in the Philippines have become an important part of the alliance between the two countries. It is a strategic means for the United States to consolidate and deepen the relationship between the United States and the Philippines.

Based on the content of the assistance, the International Development Agency also has the Food Security Bureau, the Economic Growth and Agriculture and Trade Bureau, the Democracy and Conflict Management and Humanitarian Relief Bureau, and the Global Health Bureau. In addition to the above departments, the International Development Agency also has institutions such as policy planning and training, legislation and public affairs, and the inspector general's office to coordinate and supervise the operation and management of administrative and operational departments [7]. UNDP is an assistance system covering politics, economy and trade, social development, and other aspects, and can realize the connection and supervision of all links from policy planning to project implementation. The Philippines is a deeply involved country, and its influence on the Philippines has penetrated all aspects of political and economic activities. For example, according to the statistical prediction, by the end of the UNDP assistance project in 2009-2013, 90% of the poor people in the Philippines will enjoy the financial assistance provided by social medical insurance [8]. It can be seen that the United States' assistance to the Philippines plays a key role in the economic development and stability of the Philippines. So its action decision is enough to influence and make the United States indirectly control the political economy of the Philippines.

4 Impact of the above measures

4.1 Philippine economic situation

In the 1950s, the Philippines was considered one of the most promising countries in Asia. The level of economic development is second only to Japan. In 1950, Japan's per capita GDP was 454 US dollars, the Philippines 293 US dollars, Taiwan 237 US dollars, South Korea 157 US

dollars, Thailand 129 US dollars, and Indonesia 98 US dollars [9].

4.2 Examples of impacts

In fiscal year 2008-2009, the specific measures of the United States in the field of energy and environmental protection are as follows: first, addressing climate change. First, develop alternative energy and clean energy. Help promote alternative energy. About 180 million liters of coconut biogasoline were produced and sold. 31 million liters of ethanol were sold. This saved us \$ 270 million in foreign exchange. Second, establish modern energy facilities. More than 30,000 people have access to electricity. The Renewable Energy Act was passed. Increased efficiency in the energy sector. More than \$4 million was invested in energy projects. Second, strengthen environmental supervision. More than 270000 hectares of forests and coastal ecosystems have been better managed and maintained. More than 60 local government departments have funded a variety of environmental protection projects. Illegally cut timber valued at about US \$180000 was confiscated. Third, improve the urban environment. About 600000 people have access to potable water. Attracted more than \$16.5 billion in private funds. 18 local governments recycled more than 25% of local waste products [10]. The economic growth theory proposed by Rostow, a famous American economist, believes that a country's economic growth needs to go through six stages, namely, the traditional social stage, the stage of preparing to take off, the stage of taking off, the stage of advancing towards maturity, the stage of high mass consumption and the stage of pursuing quality of life. Rostow suggested that the United States provide economic assistance to developing countries according to their stage so that developing countries can choose the Western development model, implement Western democracy politically, promote market economy economically, achieve political stability and economic development, and completely get rid of the influence of communism and the Eastern European model of the Soviet Union. It can be seen that this theory explains the main purpose of the United States' economic assistance to the Philippines during the Cold War, that is, to deal with communism. After the Cold War, terrorism soon became a major threat to the national security of the United States and became one of the main purposes of the United States' assistance to the Philippines.

However, the theory of economic growth also has its shortcomings, that is, it overemphasizes the purpose and interests of the donor countries and belittles the status and interests of the recipient countries. Social exchange theory can make up for this defect to a great extent. Dingshaobin, a well-known domestic expert on aid, pointed out that the theory overcomes the one-sidedness of the theory of the interests of donors and the theory of the needs of recipient countries. It inspires researchers to observe and understand the relationship between aid and aid from the perspective of reciprocity, attaches importance to the power of 'weak' recipient countries,

and pays attention to the dependence of donor countries on recipient countries [11].

5 Conclusion

The resource exchange relationship between the United States and the Philippines has strong common interests. The United States has provided a large amount of assistance to the Philippines to obtain some special strategic interests from the Philippines. This strategic interest acted as a deterrent during the Cold War to prevent the "expansion" of communism in Southeast Asia; After 9.11 after the end of the Cold War, strategic interests focused on the prevention of terrorism and the rise of China. From the perspective of the Philippines in general, the economic assistance of the United States is very important. This is conducive to its economic development. For the Philippines, which has a large population and an underdeveloped economy, this is undoubtedly a very valuable resource.

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