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## LAST CHANCE FOR THE U.S.-PHILIPPINE ALLIANCE

### INTRODUCTION

Washington and Manila have been negotiating the future of United States military facilities in the Philippines since September 18. These Philippine-American Cooperation Talks (PACT) may lead to a new military and economic relationship between the two countries. In this new relationship, the U.S. would help the Philippines assume responsibility for its own defense, allowing the U.S. to reduce its military presence, and promote economic reforms that would reduce Philippine dependence on foreign aid.

At stake in the talks are continued use by the American Air Force of Clark Air Base in Pampanga Province, and by the U.S. Navy of Subic Naval Base in Zambales Province. The Military Bases Agreement (MBA) allowing the U.S. to use these bases expires on September 16, 1991. The current talks will determine if the U.S. can retain long-term access to Philippine bases or if the U.S. will be forced to dismantle its facilities within the next few years.

**Reducing Forces.** For years, the aim of the U.S. was to retain its Philippine bases indefinitely. Now, however, with reductions in the global Soviet threat, Washington has shifted its position somewhat, and wants to reduce its forces based in the Philippines over the next ten to twelve years. Continued access to Philippine bases is needed to insure U.S. control of sea-lanes in Southeast Asia and to ease the transit of U.S. forces to potential conflict areas from Northeast Asia to the Persian Gulf.

By contrast, Manila, after the first week of the PACT talks, has given the U.S. less than one year to leave five out of six military facilities, including

Clark Air Base. One Philippine version of a draft agreement reportedly would call upon the U.S. to leave Subic Naval Base by September 1994.

**Generous Offer.** So far, the talks seem at an impasse. If this continues, the U.S. must be ready to leave the Philippine bases before the expiration of the MBA next September. The U.S. must begin withdrawing in January 1991 to meet the deadline if there is no new agreement. To avoid this, U.S. Special Negotiator Ambassador Richard L. Armitage has made the Philippines a generous opening offer. He offered to reduce U.S. forces in the Philippines over ten to twelve years to cushion the impact on the Philippine economy. A ten- to twelve-year U.S. drawdown will also give more time to the Philippine military to combat the Communist Party of the Philippines (CPP) and then build up its air force and navy to compensate for departing U.S. forces.

In return, the U.S. wants to retain long-term access to Philippine bases. But while it is reducing its presence, the U.S. can offer to assist the modernization of Philippine air and naval forces and allow greater Philippine use of U.S. military facilities. After this transition, the Armed Forces of the Philippines (AFP) could defend strategic sea-lanes near the Philippines, thus contributing to regional security.

By retaining access to Philippine bases the U.S. can make less expensive the deployment of Pacific-based military units in future operations like those now in the Persian Gulf. Building alternatives elsewhere to the Philippine bases will cost from \$3 billion to \$6 billion. Guam, Singapore and other possible sites of U.S. bases, moreover, do not offer the geographical and labor cost advantages of the Philippines. As a result, the U.S. Seventh Fleet, in particular, would become more dependent on bases in Japan.

**Harming the Philippines.** The impact of a rapid U.S. withdrawal will be severe on the Philippines. The bases employ 80,000 Filipinos, making the U.S. the second largest employer in the Philippines. Manila also may lose over \$1 billion a year in bases-related U.S. spending. This would come at a time when the Philippine economy is in trouble. Annual economic growth this year is expected to slip to 2 percent, down from 5.7 percent in 1989. The crisis in the Persian Gulf has increased Manila's oil bill and added to Philippine unemployment. What is worse, economic instability may trigger further coup attempts by military rebels, like that which almost succeeded in December 1989. While Corazon Aquino gets low marks as President, the military government following a coup probably would be worse, and would increase the long-term chances of victory of the CPP. A communist-controlled Philippines would be a threat to regional stability.

If Aquino evicts U.S. forces from the bases, the Philippines will decline on Washington's list of priorities. Without the bases, it is unlikely that the U.S. could fulfill its defense guarantees to Manila under the 1951 Mutual Defense Treaty. Rapid eviction from Philippine bases also would betray America's recent generous support of the Philippines. Americans gladly welcomed Aquino's new government in 1986, and since then have given over \$2 billion in direct economic and military aid. Then last December, U.S. jet fighters helped save the Aquino government from a coup. With Americans being

asked to pay new taxes, they should not also be asked to support ungrateful allies.

Rather than giving the U.S. an eviction notice, Manila should consider a new bases agreement. Washington must insist that such an agreement:

- ◆ Give U.S. military forces ten years' access to Clark Air Base, Subic Naval Base, and the Crow Valley aircraft exercise range;
- ◆ Allow joint use of these bases by U.S. and Philippine military forces, with the Philippines gradually assuming the cost of maintaining the bases;
- ◆ Arrange for Washington to transfer U.S. aircraft and ships to the Philippines to allow that country to assume responsibility for its own defense;
- ◆ Decrease direct American economic aid in favor of expanded trade agreements and U.S. assistance in reducing the Philippines' \$27 billion foreign debt.

American patience with Aquino and her country is not endless. If it becomes clear by December that the Aquino government rejects a long-term military relationship that meets U.S. requirements, Washington should be prepared to:

- ◆ Begin in January 1991 to dismantle all U.S. military equipment in the Philippines;
- ◆ Move aircraft logistic support capabilities to Guam and expand Navy logistic support capabilities in Guam, Japan, and Singapore;
- ◆ Use the \$681 million intended for fiscal 1991 U.S. economic and military assistance funds for the Philippines to help pay for the relocation of U.S. forces;
- ◆ Unilaterally modify or suspend U.S. defense guarantees under the 1951 U.S.-Philippine Mutual Defense Treaty, consistent with the reduction in U.S. ability to fulfill those commitments caused by loss of access to Philippine bases.

## PHILIPPINE BASES AND AN EVOLVING U.S. STRATEGY

Since 1898, when the U.S. took the Philippines from Spain, Philippine bases have been a cornerstone of American strategy in Asia. States a Pentagon report this April: "Our facilities in the Philippines form a cornerstone of our regional basing structure and military presence. The facilities also provide U.S. forces significant logistics, maintenance and training support."<sup>1</sup>

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1 Office of the Assistant Secretary of Defense for International Security Affairs, *A Strategic Framework for the Asian Pacific Rim: Looking Toward The 21st Century*, April 1990, p. 11.

From Philippine bases, the U.S. has been able to control the sea-lanes through the South China Sea and the Straits of Malacca. Japan invaded the Philippines in 1941 to grab control of these sea-lanes. In 1947 the U.S. and the Philippines signed a 99-year Military Bases Agreement; this was modified in 1965 and now expires on September 16, 1991. In 1951 both countries signed a Mutual Defense Treaty.

**Declining Soviet Threat.** In the post-World War II era, control of the sea-lanes in Southeast Asia by the U.S. Navy has ensured regional stability, permitting the successful democratic and economic development of the non-communist states of East Asia. With the decline of the Soviet global threat and the recent U.S. defense budget cutbacks, the Pentagon has decided to reduce its large forward deployed military forces in Philippine and other Asian bases. This April, the Pentagon announced plans to withdraw 15,000 of the 135,000 U.S. military personnel in Asia from 1991 to 1993.<sup>2</sup> Planned reduction in the Philippines for the first three years is 2,000 of the 17,000 U.S. personnel based there, plus closure of the Navy's San Miguel communications facility. The U.S. Air Force will withdraw one of two combat jet fighter units based at Clark, while the only U.S. Navy combat ship based at Subic, the USS *Sterett*, already has been withdrawn.

Despite the cooling of East-West tensions, a case still can be made for some residual American forces to be based in the Philippines. During the 1985-1987 U.S. naval deployments to the Persian Gulf to protect shipping from Iranian attack, Subic Naval Base and Clark Air Base supplied equipment and spare parts to the U.S. forces. This year, though most of the forces initially used in Operation Desert Shield did not come from Pacific-based units, in late August the Seventh Fleet, based in Yokosuka, Japan, deployed an aircraft carrier battle group to the Persian Gulf including the aircraft carrier *Midway*. And in October, the California-based aircraft carrier *Carl Vinson* will relieve the *Independence*, now in the Persian Gulf.<sup>3</sup> For these carriers, the nearest source of weapons and spare parts to sustain these forces is now Subic Naval Base.

**Future threats.** The Soviet Pacific Fleet, meanwhile, remains a threat to Asian stability. This fleet deploys two *Kiev* class anti-submarine aircraft carriers, 75 combat ships, and 94 attack submarines.<sup>4</sup> The Soviet Pacific Fleet may soon receive a nuclear-powered aircraft carrier of the *Tblisi* class. And while the Soviets recently have withdrawn ships and aircraft from Vietnam's Cam Ranh Bay, Moscow could easily reinforce its Vietnamese base.

Some continued access to Philippine bases would enable the U.S. swiftly to oppose future threats. These might include Chinese attempts to enforce its

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2 *Ibid.*, P. 7.

3 John McBeth, "Studied nonchalance," *Far Eastern Economic Review*, September 20, 1990, p. 21.

4 *A Strategic Framework*, p. 3.

territorial claims to most of the South China Sea.<sup>5</sup> China already is building air and naval bases in the disputed Spratly Islands. India, which is building up its navy and now has two Soviet-built nuclear submarines, may seek to extend its military influence to Southeast Asia.

Access to Philippine bases also gives Washington more options to respond to future Middle East conflicts. And there is, of course, the possibility that Japan may again become an independent military power. Though unlikely soon, such a troubling development cannot be ignored. The U.S. presence in the Philippines helps prevent the imbalance of power in Asia that might lead to a Japanese decision to rearm.

## A NEW FILIPINO-AMERICAN MILITARY RELATIONSHIP

On September 18 the U.S. and the Philippines began the Philippine-American Cooperation Talks (PACT). In his opening remarks to the Philippine negotiating panel, chief U.S. negotiator Richard Armitage said that "the days of a very large presence of U.S. sailors and airmen in the Philippines are coming to an end." He then expressed the U.S. desire for a "new Filipino-American partnership" that allowed for "some measure of U.S. presence on Philippine bases."

### **Subic Naval Base**

Since 1898 Subic Bay has been the largest U.S. Naval base in East Asia. This 37,000-acre base contains a 2,400-acre U.S. facility with equipment sufficient to repair any U.S. Navy ship. Subic's depot stocks 180,000 items, from food to battleship gun barrels, and includes a 2.5 million-barrel oil depot. The Filipino work force has generations of experience servicing U.S. ships and is less expensive than labor in Japanese or Singapore shipyards, where the U.S. might be forced to go if it left Subic. Also located at Subic is the Cubi Point Naval Air Station, from which P-3 *Orion* anti-submarine aircraft can patrol the South China Sea.

Subic's harbor is well sheltered by mountains and is located roughly midway between possible conflict areas in the Persian Gulf and Northeast Asia. Washington hopes to retain U.S. ship repair and logistic support capabilities at Subic. The U.S. is considering greater joint use of Subic with the Philippine Navy, and the conversion of parts of Subic to allow for commercial use.

### **Clark Air Base**

Since 1917, Clark has served as a U.S. air base. This 1,800-acre facility contains two runways, radar, electronic intelligence monitoring equipment, and a terminal to handle cargo airlifted by the U.S. Military Air Transport Command. The U.S. now is completing construction of the second runway at a cost

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5 G. Jacobs, "Chinese Waves in South China Sea Causing Ripples in Far-Off New Delhi," *Armed Forces Journal International*, October, 1990, p. 40.

of \$27 million, and is building new housing on base for all U.S. personnel. By next year, the U.S. will station one squadron of about twelve F-4 *Phantom* jets at Clark, which it would like to replace with more capable F-15E *Eagle* fighter-bombers.

Though Clark is less important than Subic, the two bases complement each other. Large cargo aircraft lifting naval supplies to Diego Garcia Air Base in the Indian Ocean use Clark instead of Subic. Though the U.S. is considering joint-use of Clark by the Philippine Air Force and by some commercial ventures, Washington would like to retain sufficient access to Clark to station some combat aircraft there to assist future emergency deployments, like Operation Desert Shield in the Persian Gulf.

### **Training**

The Pentagon places a high value on training opportunities in the Philippines. Subic Bay is used for U.S. Navy gunnery practice and Marine amphibious landings. U.S. Air Force combat units in the Western Pacific use the Crow Valley air combat and bombing range. This facility hosts an annual series of "Cope Thunder" air exercises, in which airmen fly up to 150 sorties a day.<sup>6</sup> With equipment in nearby Camp O'Donnell, this range simulates enemy radar and anti-aircraft defenses. There would be a 75 percent reduction in training capability in the Western Pacific if the U.S. lost access to Clark and Crow Valley.<sup>7</sup> Training for U.S. forces could be moved to Alaska or the continental U.S.

### **Upgraded Security Partnership**

U.S. negotiator Armitage told the Philippine bases negotiating panel that the gradual reduction of U.S. forces would allow the Armed Forces of the Philippines to "take on greater responsibility for the defense of this republic as well as a greater voice in the security of this region of the world." For decades, the U.S. largely has been responsible for the external defense of the Philippines. The Philippine Air Force, for example, is equipped mainly to assist army operations inside the Philippines against military rebels and communist insurgents. Against an external threat, the Philippine Air Force could scramble a single squadron of aging and poorly maintained F-5A *Freedom Fighter* jet fighters. The Philippine Navy has no ships that match its much better armed neighbors. The Rand Corporation estimates the Philippines, by relying on the U.S., saves \$640 million a year it might have to spend on external defense.<sup>8</sup>

U.S. military assistance is also useful against the Philippines' military rebels and communist insurgents, particularly American-supplied uniforms, trucks, and helicopters.

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6 Stewart M. Powell, "Fallback From the Philippines," *Air Force Magazine*, July, 1990, p. 81.

7 Representative Jim Kolbe, "Special Report: What about the Philippines?" *U.S. Naval Institute Proceedings*, July 1990, p. 45.

8 Cited in John McBeth, "No arms race, here," *Far Eastern Economic Review*, April 12, 1990, p. 26.

Philippine reliance on Americans for defense predictably has led to Filipino resentment. Many Philippine military leaders would like to see the Philippines defend itself and contribute to regional security. This August a senior Philippine military leader told The Heritage Foundation: "As we become stronger we can shoulder the burden of keeping freedom alive in this part of the world." Philippine officials look favorably at the recent U.S. military assistance agreements with Greece and Portugal, in which the U.S. provides modern aircraft and other weapons.

These officials would like to acquire modern military equipment. Philippine minesweepers and patrol ships might cooperate with larger U.S. Navy ships in keeping open sea-lanes in the South China Sea. Manila also could increase defense cooperation with its neighbors.<sup>9</sup> Australia, Singapore, and Thailand already participate in "Cope Thunder" aircraft exercises. With the proper equipment and training the Philippine armed forces may be able to allow the U.S. to reduce its forces in the Philippines without leaving a security vacuum that might tempt growing regional powers like China and India.

## NEW ECONOMIC RELATIONSHIP

During the opening round of negotiations in September, Manila said it wants to add economic articles to a new bases agreement that would allow for expanded access for Philippine goods to U.S. markets and assist the Philippines in reducing its debt. Washington should see such a new economic agreement as an opportunity to promote economic reforms to make the Philippines less dependent on foreign aid. So far, however, the Aquino government has resisted almost all U.S. pressure to introduce needed reforms.

Such a U.S.-Philippine trade agreement might eliminate Philippine trade barriers in exchange for increased access to U.S. markets for Philippine products like textiles and manufactured goods. In return, the Philippines could end restrictions on U.S. corn exports and better enforce laws protecting foreign patents.<sup>10</sup> Last year, the Philippines exported \$3.1 billion in goods to the U.S., the second largest market for the Philippines; U.S. exports to the Philippines totaled \$2.2 billion. The U.S. is the largest foreign investor in the Philippines, with over \$1.3 billion in investments.

**Massive Foreign Debt.** Manila would like U.S. assistance in reducing its \$28 billion foreign debt. Debt service payments currently use 40 percent of the Philippine budget. Of Manila's \$27 billion debt, about \$1 billion is owed

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9 Richard D. Fisher, Jr., ed., "The Future of U.S. Policy Toward the Philippines," *Heritage Lecture No. 268*, p. 17.

10 Office of the United States Trade Representative, *1990 National Trade Estimate Report on Foreign Trade Barriers*, U.S. Government Printing Office, 1990, p. 163.

to the U.S. government, and \$4 billion is owed to the Japanese government. The rest is owed to private banks and multilateral lending institutions, like the International Monetary Fund. The Philippines would like the debt owed to the U.S. government to be forgiven, and points to Washington's recent forgiving of Egypt's debt.<sup>11</sup> Unlike the Philippine debt, however, the Egyptians owe their money mainly to the U.S. government.

**Economic Woes.** Manila desperately needs economic reforms that would spur growth. Gross National Product this year may grow only 2 percent, down from 5.7 percent last year. Partly to blame for this decline is the fall in foreign investment caused by fears of political instability. Also to blame was the July earthquake that caused about \$361 million in damage.<sup>12</sup> The Persian Gulf crisis is taking its toll in higher oil prices and the loss of 60,000 jobs held by Filipino workers in Kuwait and Iraq. Combined unemployment and underemployment has remained at 40 percent.

So far, bureaucratic decentralization and other reforms that would promote economic growth are on hold. Aquino blames this on an obstructionist Congress and bureaucracy. She recently formed a coalition of non-government organizations called "*Kabisig*," meaning "Linked Arms," to bypass Congress and bureaucratic opposition to reforms. But this is resented by many in the Philippine Congress, further reducing Aquino's ability to govern. Much of the blame for economic stagnation is Aquino's. She balks at privatizing government-owned corporations like Philippine Airlines and the luxury Manila Hotel. This August she caved in to protectionist pressures to postpone implementing a program to lower import tariffs from 50 percent to 30 percent.<sup>13</sup> She also has failed to overcome the system of patronage for political "cronies" that contributed to the overthrow of her predecessor, Ferdinand Marcos.

## MANILA'S INITIAL RESPONSE ON THE BASES

Manila's position on future U.S. access to its bases, as expressed during negotiations in September, seems designed to reduce America's willingness to cooperate closely with the Philippines. After refusing to speak substantively on the bases situation in the past four years, on the eve of the September negotiations Aquino at last stated, "It is now necessary for our government to work with the United States for arrangements regarding the orderly withdrawal of their forces from our country."<sup>14</sup>

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11 Philippine Finance Secretary Jesus P. Estanislao, press conference, National Press Club, Washington, D.C., September 28, 1990.

12 Roberto Tiglao, "Manila's malaise," *Far Eastern Economic Review*, October 11, 1990, p. 78.

13 Roberto Tiglao, "Duty bound," *Far Eastern Economic Review*, September 13, 1990, p. 42.

14 "Aquino appeals for 'withdrawal' of U.S. military," *Washington Times*, September 18, 1990.



Manila says it wants control of Clark Air Base by next September 16. It is not clear that Manila wants U.S. forces to depart by that date.<sup>15</sup> There are some reports that Manila wants to turn Clark into an international airport and shopping center.<sup>16</sup> But it is unlikely that Manila can afford the estimated \$45 million yearly maintenance bill if it takes over Clark next year. Nor can Manila afford to lose the money the U.S. spends on salaries and services at Clark, which was \$171 million in 1988. Converting Clark to a commercial airport, meanwhile, would require new roads, terminals, radar, and navigation equipment.

The Philippines wants control of Crow Valley also by next September, and may rent the facility as a training area to other countries after the U.S. leaves. How it would do so after the U.S. dismantles its training equipment is unclear.

The Aquino government has not stated its position on the Subic Bay Naval Base, but a Philippine draft of a bases agreement reportedly calls for the U.S. to leave by September 1994.<sup>17</sup> A Philippine Joint Legislative-Executive Bases council, led by University of the Philippines President Jose Abueva, a leader of those demanding that the U.S. leave its Philippine bases, is looking at plans to turn Subic into a commercial port, with the U.S. Navy as a principal customer.<sup>18</sup> This would not be very attractive to Washington. Any relationship less than a "base" would make U.S. access vulnerable to uncertain Philippine politics. The U.S. could be expected to remove its ship repair equipment from Subic. Replacing it would require a massive Philippine investment. Maintenance and upkeep for Subic already costs the U.S. about \$160 million a year. In 1988, the U.S. spent \$359 million for salaries, services, and supplies at Subic.<sup>19</sup> Turning Subic into a commercial port could increase the price of repair services, making Subic less attractive to the U.S. Navy.

## CHALLENGES TO THE U.S.-PHILIPPINE ALLIANCE

In addition to Manila's tough stand on the bases, the U.S.-Philippine alliance faces challenges from communist and military rebels who seek to topple Philippine democracy. On October 4, military rebels launched their seventh unsuccessful coup attempt against the Aquino government. The sixth such attempt, last December, almost succeeded.

Military dissatisfaction against Aquino remains high, and further coup attempts are possible. A military junta, if it took power, might be hostile to the U.S.. One rebel faction, the Young Officers Union, is reported to follow a left-

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15 William Branigin, "Nationalism Affects Talks on U.S. Bases In the Philippines," *Washington Post*, September 26, 1990, p. A28.

16 "After the Jets & Carriers Go," *Asiaweek*, September 21, 1990, p. 66.

17 "Face-Off Over a Bases Phaseout," *Asiaweek*, October 5, 1990, p. 38.

18 "Privatization plans," *Far Eastern Economic Review*, April 12, 1990, p. 25.

19 *Ibid.*, p. 26.

ist anti-American ideology and may contemplate cooperation with the Communist Party of the Philippines (CPP).<sup>20</sup> If there is a coup, American officials immediately will impose the U.S. law that cuts off economic and military aid to any group that overthrows a democratic government.

**Exporting Revolution.** The CPP long has worked to end the U.S.-Philippine alliance. The CPP has about 19,000 guerrillas, down from about 25,000 guerrillas in 1986. Since 1987 the CPP has killed about ten Americans, including two U.S. airmen at Clark this May. By working to end the U.S.-Philippine alliance and U.S. support for Philippine democracy, the CPP hopes to increase its chances of victory. A CPP regime likely would try to export communist revolution to the Philippines' neighbors.

Another challenge to the U.S.-Philippine alliance is an anti-American brand of Philippine nationalism. The Philippine Senate, which includes many harsh critics of the U.S., must approve a new bases agreement by a two-thirds vote; most are expected to oppose a new bases agreement. Another example of anti-American feeling was Aquino's shocking refusal to meet with U.S. Secretary of Defense Richard Cheney during his visit to Manila this February. Ostensibly, Aquino feared appearing too beholden to the U.S. after U.S. jets helped keep her in power by grounding rebel aircraft during the December 1989 coup attempt.

The snub of Cheney was also meant to show her displeasure with Washington's cutback of U.S. economic and military aid. In 1988 President Ronald Reagan had made a "best efforts" pledge to obtain \$481 million in aid for the Philippines in 1990. This was trimmed \$385 million owing to cutbacks in the fiscal 1990 U.S. foreign aid budget. If the U.S. withdraws from the bases, the Philippines, of course, will lose much more. U.S. assistance and bases-related spending total over \$1 billion a year.

## LAST CHANCE FOR THE U.S.-PHILIPPINE ALLIANCE?

Ambassador Armitage told Philippine negotiators in September, "The Philippines and the U.S. have but one opportunity to make, voluntarily, such a fundamental restructuring of this vital relationship." This is dictated by the quickly approaching September 16, 1991, end of the current Military Bases Agreement (MBA). If there is no agreement that meets U.S. requirements on access to Philippine bases by the end of this year, then the U.S. must begin withdrawing its equipment this January. This is required because American officials believe that at least eight months are needed to dismantle the U.S. facilities.

American policy makers are justly impatient with the Aquino government. This May, commenting on preliminary negotiations on the bases, George

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<sup>20</sup> John McBeth, "Who are YOU," *Far Eastern Economic Review*, June 7, 1990, p. 26.

Bush said, "Those are great facilities, but there are limits to what I will accept as President."

If the U.S. cannot be assured of adequate access to Philippine bases, then the U.S. will have to seek alternatives. The U.S. quickly can shift some functions of Clark Air Base to Singapore, with which the U.S. is completing an agreement allowing for American use of Singaporean military facilities. One problem is the U.S. would be able to base only about a dozen aircraft in Singapore, compared to about 48 at Clark. Guam's Anderson Air Base is another alternative to Clark, but it is five hours flying time away from Southeast Asian sea-lanes. Alternatives to Subic include Guam, Singapore, and greater reliance on Japanese bases. The estimated cost of leaving Philippine bases and building new bases may range between \$3 billion and \$6 billion.

**American Generosity.** If there were no new U.S.-Philippine agreement, Americans would have to bear the expense of leaving, despite their generous support of the Aquino government. Americans welcomed Aquino's victory in 1986 and invited her to address a joint session of the U.S. Congress that year. The U.S. exceeded its \$800 million pledge in economic and military aid to the Philippines between 1985 and 1989 as part of a scheduled review of the MBA; in fact, the U.S. gave about \$1.7 billion.

The U.S. also took the lead in 1988 in organizing a multinational effort to help the Philippines; this is called the Philippine Assistance Plan. Several countries, including Japan, pledged \$10 billion in PAP economic aid over five years. The U.S. has pledged to contribute \$1 billion, in addition to bases-related assistance.

Last December, the U.S. helped save Aquino's life during the military coup attempt. American Air Force jets forced down rebel-controlled Philippine aircraft that were bombing Aquino's palace. These U.S. jets also turned the tide of battle, enabling loyal military forces to defeat the rebels. The U.S. has rushed relief assistance when natural disasters have struck. In response to this July's earthquake that killed over 1,600 Filipinos, the U.S. aircraft made over 500 flights delivering relief assistance. And on September 28, a U.S. C-141 cargo jet transported 140 Filipino refugees from the Persian Gulf crisis to Clark Air Base.

### **An Adequate Agreement**

With mounting likelihood of a long-term U.S. military commitment to defending stability in the Persian Gulf, bases in the Philippines can trim the deployment costs of U.S. forces. They can allow equipment to be repaired without having to return to the U.S. This advantage is not so great, however, that it forces Washington to accept Manila's terms. In fact, continued American access to bases in the Philippines is more important to the Philippines than the to U.S.

As such, any new agreement with the Philippines must meet U.S. requirements for access to its bases. Manila should be told that a new agreement should:

◆ ◆ **Give U.S. forces access to Subic Naval Base, Clark Air Base, and the Crow Valley aircraft training range for at least ten years.** Access for less than ten years wastes American resources that could be spent building alternatives to Philippine bases. While the U.S. gradually would reduce its presence at these bases, it would be able to increase usage in an emergency, like that now in the Persian Gulf. During this ten-year period, the U.S. would bear the maintenance costs of the facilities that it uses. Manila should be told that this is the critical element of a new agreement, of which the U.S. must be assured by the end of 1990.

◆ ◆ **Provide for increased joint use of the facilities by the Armed Forces of the Philippines and U.S. forces over the ten years of the agreement.** Currently, the Philippine Air Force makes little use of Clark and the Philippine Navy makes little use of Subic. During the period of the agreement, the U.S. would offer limited assistance to enable parts of Subic and Clark to be used for commercial ventures if they did not interfere with U.S. use of these facilities. Example, the U.S. can offer use of its radar and air navigation equipment at Clark for commercial air cargo shipments. The Philippines would bear the cost of any modifications to the facilities for commercial use.

◆ ◆ **Arrange for aircraft and ships to be transferred to the Philippines to allow that country to assume responsibility for its defense over the period of a ten-year agreement.** At first the U.S. should offer relatively inexpensive aircraft like the F-5E *Tiger II*. Later could come more capable and expensive F-4 *Phantom* or F-16 *Falcon* aircraft. The U.S. should give the Philippine Navy patrol ships and minesweepers for keeping open sea-lanes near the Philippines. Washington also should offer to upgrade military cooperation with the Philippines. This might include U.S.-Philippine Air Force exercises and eventual Philippine Navy participation in U.S.-led multinational naval exercises like RIMPAC.

◆ ◆ **Recognize that U.S. bilateral economic aid to the Philippines will fall from the current levels of \$441 million a year to between \$150 to \$300 million a year.** In place of this aid, agreements should be negotiated to increase quotas for textiles and expand access to U.S. markets for other Philippine goods. Such a trade accord eventually could lead to a general free-trade agreement eliminating Philippine and U.S. trade barriers to each other's goods and services.

◆ ◆ **Enable the Philippines to reduce its \$27 billion foreign debt.** The U.S. should consider forgiving some or all of the nearly \$1 billion Philippine debt owed to the U.S. government. But before doing so, Washington should seek

assurances that Manila's other major official creditors, like Japan, also would forgive some or all of Manila's debt. In addition, the U.S. could offer assistance to revive Manila's stalled debt-for-equity swap program. This means of reducing debt has been successful in Chile, which traded debt for equity in government-owned corporations.<sup>21</sup>

### **Downgrading relations**

If no agreement providing for long-term U.S. access to Philippine bases is possible by the end of 1990, then the U.S. must prepare to leave its Philippine bases as quickly and as economically as possible. The U.S. should seek alternative bases. At the same time, Washington should make it clear that by evicting U.S. forces at short notice, Aquino betrays and repudiates America's staunch friendship and generous support of the her government.

If the U.S. must leave Philippine bases by September 1991, the U.S. should:

◆ ◆ **Begin this January to dismantle all American equipment in its Philippines military facilities that would be useful in building new air, naval and training facilities.** During this process, the U.S. should increase its security forces at its Philippine bases to protect U.S. personnel, and bring home all personnel and military forces not needed in the dismantling of the bases.

◆ ◆ **Use the \$641 million requested by the Bush Administration for fiscal 1991 economic and military aid to the Philippines to fund the withdrawal of U.S. forces and equipment from the Philippines.** This money also should be used to begin building alternative facilities.

◆ ◆ **Begin building alternative bases to the Philippines that allow U.S. forces to deploy to Southeast Asia and the Indian Ocean.** The U.S. and Singapore are completing negotiations on an accord that would allow U.S. military use of Singaporean bases. The U.S. gradually should upgrade the forces based in Singapore to include F-15E *Eagle* fighter bombers. The bulk of U.S. air cargo transport functions should be shifted to Guam. The ship repair and naval logistic support functions of Subic Naval Base should be distributed to Guam, Japan, and Singapore.

◆ ◆ **Consider suspending or modifying U.S. defense guarantees to the Philippines in the 1951 U.S.-Philippine Mutual Defense Treaty.** Lack of access to Philippine bases would reduce significantly American ability to meet defense commitments to the Philippines. American military aid and training programs to the Philippines should be continued only insofar as the Philippines can pay for them.

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<sup>21</sup> Melanie S. Tammen, "Reducing Third World Debt: Private vs. Public Strategies," Heritage Foundation *Backgrounder* No. 699, April 10, 1989, p. 1.

## CONCLUSION

For 92 years Americans and Filipinos have worked together to construct and defend democracy in Asia. Filipinos willingly adopted American democratic models for their own. American forces liberated the Philippines from Japanese occupation, and Philippine forces helped the U.S. oppose communist aggression in Korea and Vietnam. It is now time for a new Philippine-American relationship. Now the Philippines must prepare eventually to defend its territory and reduce its dependence on foreign economic aid. The Philippines should phase itself into the wider pro-democratic defense network in Asia.

**Philippines Hardships.** If, however, Corazon Aquino chooses to oust American forces from Philippine bases, then America must downgrade its military and economic relationship with the Philippines. This will impose some military and financial hardships on the U.S. as it withdraws from the Philippines and seeks new bases. But the real losers will be 64 million Filipinos, who will suffer increased unemployment and political instability. This could keep the Philippines mired in the stagnation that makes them a glaring and embarrassing exception to Asia's general progress toward greater freedom and prosperity.

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