

A Heritage Foundation Conference

The Future of U.S. Policy Toward the Philippines

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Roger A. Brooks: I am Roger Brooks, Director of the Asian Studies Center. At The Heritage Foundation and in its Asian Studies Center, we have taken a deep interest in advocating policies that strengthen Philippine democracy and strong friendship between the Philippine and American peoples. This is attested to by our many reports and activities concerning U.S. policies toward the Philippines and by our counting many citizens of the Philippines as our friends. Sadly, I believe one those friends, Brigadier General Oscar Florendo, passed away over the weekend in the line of duty. We share the grief of his family and colleagues, and in turn make it our duty to fully examine the issues at hand.

It is now a well-worn cliché to say that we live in a changing world. Whereas the Chinese might admonish that we live in exciting times, the advent of democracy in Eastern Europe and many parts of Asia has left us breathless. Today, we try to prepare for whatever the end of the Cold War may hold for us, particularly in the last decade of this century. In the Soviet Union and Eastern Europe and in Nicaragua, we find ourselves on the threshold of a victory of a war which we waged as actively with our ideas as with our arms. But instead of spoils, we find only new obligations, which many Americans may decide we can ill afford to assume.

Now this may be an odd way to start a program on the Philippines, but I do so in order to start in context and, regrettably, by contrast. Power in those countries that have been ruled by committed and often ruthless Communist potentates appears to be crumbling, while these same countries move haltingly toward democracy. Yet some other countries in which America has tried diligently to instill the principles of democracy seem to be facing clear threats to their stability. In particular, the December first failed coup attempt against President Corazon Aquino has placed the Philippine democracy in grave danger.

Today, three months after this coup attempt, relations between Washington and the government of Corazon Aquino are at their lowest point ever. Manila demands that Washington uphold its 1988 pledge to provide \$481 million in economic and military aid as part of the final review of the agreement that allows that American military forces to use the Philippine bases. President Aquino has threatened to give notice of terminating this agreement in September. This would oblige all U.S. forces to leave the Philippines by September 1991, when that agreement ends. To make her point last month, President Aquino deliberately declined to meet with visiting Secretary of Defense Richard Cheney. The reaction in Washington has been quick and strong, especially on Capitol Hill. One Congressman called President Aquino's snub "inhospitable, ungrateful and inappropriate." This rhetoric is remarkable considering Aquino's well-earned popularity in 1986, and especially so since United States Air Force jets essentially shifted the tide of battle to allow President Aquino to crush the December coup attempt. The recent coup attempt might have increased sympathy for Aquino's plight, particularly in the U.S. Yet, the snub of Secretary Cheney has had the effect of turning that sympathy into outrage.

There is now an increased inclination for many Americans, especially in Congress, to consider leaving the Philippines. They and other Americans question the utility of the bases in a post-cold war world. In addition, there are increased doubts that any Philippine government, democratic or otherwise, could sustain domestic support for the bases. Moreover, it is clear that many in Congress and the Bush Administration are unwilling to consider a higher "rent" for the Philippine bases.

We believe it is appropriate for us today to consider several issues: first, the condition of democracy in the Philippines; secondly, whether the Aquino government can save Philippine freedom; lastly, whether the impasse in the Philippine-U.S. relationship can be overcome in time to arrive at a new bases agreement.

We have some very good people to help us examine these questions. Jim Nach has been Director of the State Department's office of Philippine Affairs since September 1989. Much of his career has been in Asian Affairs, he served in Calcutta and then at the American Embassy in Saigon from 1960 to 1964.

Andy Semmel has served as Professional Staff Member on the Committee on Foreign Relations in the Senate, and has had primary responsibility for U.S. security assistance legislation, arms sales, and related defense issues.

Dr. Niksch has been at the Congressional Research Service for 22 years. His works have been published in *The Foreign Service Journal*, *Asian Survey*, *Far Eastern Economic Review*, and *The Asian Wall Street Journal* as well as in many other journals.

Richard Fisher has been at The Heritage Foundation Asian Studies Center since 1983. He is one of the most well-respected and well-known analysts in Washington on the Philippines and issues related to Southeast Asia.

I would like each person on the panel to speak for about ten to fifteen minutes on the subject before us today. Presentations will be followed by a short ten-minute break, after which time we will reconvene for about 35 minutes of questions and discussion.

Jim Nach: I was listening to the radio over the weekend, and of course the Philippines was in the news again in the way to which we have become accustomed. There were even claims of another coup attempt. This is most emphatically not the case. I think that it is important to start with the established fact. The fact is the government of Corazon Aquino is in charge and is running the Philippines; that goes from Cagayan Province in northern Luzon to Mindanao. I would say the episode involving suspended Governor Aguinaldo should not be seen as yet another coup attempt. It is an unfortunate episode, but the man is now on the run. The government is in charge of the capital city of the province, and our understanding is that Governor Aguinaldo has only a small number of men with him. The rest have surrendered to the government.

We might ask, is the Philippines out of the danger of another coup attempt? The answer is, I don't know. We deal with the realities of day-to-day life. As I mentioned, Aquino is very much in charge of the country, but another coup attempt is always a possibility. The Philippines is going through difficult circumstances. Also, the fact is not much is known about how many people were involved in plotting this coup, other than that only a small portion of the officer corps and a small portion of the armed forces of the Philippines took part. A lot of those people are still out there and have not yet been caught, although the government has been quite active. It has rounded up some of the major coup plotters, including General Abenina. But as long as such people are out there, some danger does remain.

Of course, questions have arisen as to why the coup attempt occurred. The line of the coup plotters has been that they are reformist. They claim there is too much corruption and too much inefficiency in delivering government services. They have a long bill of charges. I think the central reason for the coup attempt, though, was a question of power. Who is

going to run the Philippines and who is going to give the orders? You may notice that many of the coup plotters were those who had been involved in earlier episodes. They were involved in the 1986 events which transferred power from former President Marcos to President Aquino. Having tasted power, they like it, and seem to have decided on their own that they have a right to decide, putting themselves above the Philippine constitution, who will run the country. That is the way I look at the coup plotters. Stripped of the reform rhetoric, I think they are a group grasping for power.

The most effective antidote for this is straightforward law enforcement. That is: rounding them up, trying them in courts, and if they are guilty, convicting them, and sentencing them to terms in jail. Over the longer term, however, reform is important. We are talking about reforms in the military and in the government. It is important in itself and in the sense of coup plotting. It is important to show people that the government cares at all levels, starting at the local level, where historically, long before the advent of the Aquino government, problems of delivering services existed. Reform will help there. Reform will also help in the military by undercutting the appeal of coup plotters to those who may not have been involved before or those who may be sitting on the fence. The Philippine government needs to undercut the appeal of the coup plotters' message to those people.

I think, to be fair, any assessment of the Philippines must deal with how far the country has come since 1986. We read a lot in the newspapers about all the supposed failings of the Aquino government. It is a popular theme with both American journalists and some of the Philippine newspapers. But the country indeed has come a long way. I think we should give President Aquino high marks for restoring democratic government in the Philippines, not just in words, but in deeds as well. The country has had free elections at all levels. And in spite of all the criticism about the economy, there is considerable progress on the economic front, including a growth rate of 5-to-6 percent over the last three years. It has been a difficult undertaking, but the Philippines has one of the best records among the heavily indebted Third World nations in managing its economic accounts. This does not mean there are not tremendous problems, there are. And lately some problems have gotten a bit worse, such as inflation and similar issues. But the government has the desire to surmount them, and I believe it will.

More economic reform is, of course, always welcome. We believe strongly that privatization is the way to go. There is more to be done in the Philippines, and the field must be opened for more investment. Once again, there are various rules and regulations that might be worthwhile to look at. Changes can be made. Our understanding is that the Aquino government is now doing just that. There is action in the Congress, because improvement of the investment climate cannot be done by just a presidential order and a desire to get ahead with privatization.

I think we all have to recognize that these are often complex issues. It is very hard to sell off a company that has a net minus value to its assets. Negative assets are not popular to purchase. Often many things have to be done which are not easy to arrange. One major way in which we are involved is through the Multilateral Assistance Initiative, which is meant to complement the reforms of the Aquino government. It is helping provide the climate to encourage, among other things, private investment to come to the Philippines. It is also meant to stimulate domestic private investment in general, to get the economy working better than

it has been. So, overall, we see our role as one of helping the Philippines and reinforcing constructive change.

Our stand in favor of democratic government is clear cut, as seen December first from President Bush's statements and our actions at that time. Also, our law is clear cut. If the government of the Philippines is overthrown, by law we are required to suspend aid to the country. We have made that fact well known to all Filipinos, including anyone who may be in the coup-plotting business.

We are also, despite reports of \$96 million shortfalls, heavily involved in assisting the Philippines. We have been involved since 1986, and before that through a combination of development assistance, Public Law 480 food grains, economic support funds, and now through the Multilateral Assistance Initiative (MAI), which is getting underway. We have committed \$160 million in this fiscal year to the MAI, and have requested \$200 million for fiscal year 1991. This program will be implemented over time. We've made a one-billion-dollar multi-year commitment to the MAI.

Our key role is to help the Philippines prosper, and by its prospering we think the threats will be diminished, including the threats from inside, from potential military rebels claiming that the government is not doing enough. Of course, the greatest long-term threat the Philippines faces is from the Communist Party of the Philippines and its New People's Army (NPA), though, as a result of democratic reform and economic growth, its advance of the mid-1980s has been blunted. The NPA seems to have reached a plateau and, according to Philippine government figures, has actually started going down, but it still has a dangerous presence in many areas of the Philippines.

A lot more has to be done, a combination of military efforts, which we support with our military assistance programs and economic efforts, which are of course supported by the U.S. with our economic assistance programs.

In fact it is ironic, as Roger mentioned, that on a day when we saw on the front page of the newspaper a picture of a statue of Lenin being lifted off its pedestal, one of the last active communist, old-line Marxist movements in the world is still doing its thing in the Philippines. But the movement is a fact, and it will have to be dealt with by the Philippine government.

There has been a lot mentioned about the bases issue, and it even has figured prominently in the publicity for this meeting in terms of "crisis," "snubs," "ever-escalating demands," and "shortfalls." I don't think there is any need to re-hash what has happened in the last month or two. I think we should instead concentrate on the long-term picture. The fact is our two countries have a lot of common basic interests in the military facilities; they serve our interests and they serve the Philippine interests. I think even with the publicity we have had in the past few months, difficulties will be worked out, for it is in the interest of both countries to see an agreement through. We should not be hung up by language saying that the agreement ends on a certain date; that is not the important issue. The important issue is whether both countries have the will to devise a new bases agreement. The answer I would give is, yes, we do, and we expect to begin discussions with the Philippine government shortly. I look to the month of April as a likely time.

We will get on with the job, the facilities remain important to the U.S. There are alternatives, and this has been known for a long time. Nevertheless the Philippines is unique, unique in its geographical position, and unique in its history of U.S. relations and the fact that the bases have been there a long time. Some people say that such agreements are outdated, but I predict that the reality will be that we find that they are not outdated. The context is changing in Asia, but the U.S. presence remains welcome. The Philippines and the U.S. will move forward. We will put behind us the firestorm of recent days and weeks, which will soon be forgotten.

Andy Semmel: I am going to make about four or five points which I think are important to lay out in this symposium. I am making these points as a congressional staff member, and as a foreign policy advisor to a Senator who has very strong and supportive views about the maintenance of strong ties between the U.S. and the Philippines. I am not an expert on the Philippines, but I do pay attention because of my interest in the conduct of U.S. foreign policy. I would like to stress the U.S. relationship to the Philippines from a foreign policy perspective.

First, is a contextual point about the nature of the U.S.-Philippine relationship. There is a special historically-based relationship that underlies the bilateral problems we have that Jim Nach talked about in his presentation. It is a long-standing relationship that includes economic, political and security commitments over the years. There is also a colonial legacy of nearly fifty years between the U.S. and Philippines, which, of course means that there is a lot of history there. There is a lot of scar tissue. The perceptions of bilateral issues on the Philippine side tend to be different than the perceptions on the U.S. side, partly because of the colonial relationship. We fought together in common units against a common enemy in World War II. At the close of World War II we developed the defense ties, which have included the all-important U.S. military facilities in the Philippines.

Moreover, there are a large number of Filipinos who live in the U.S. have been educated here and have become citizens of the U.S. Likewise there are a large number of Americans who reside in the Philippines. This, too, has an impact on the dynamics of our relationship. Trade and assistance, both economic and military, are significant in terms of shaping that relationship. In 1986, the U.S. played a key role in the democratic revolution which brought President Aquino to power. This subsequently led to a number of developments that we are all going to talk about, such as the Multilateral Assistance Initiative, which is designed to give the economy a jump start and to give some more breathing space to the democratic institutions. And of course, more recently, the U.S. played a key role in terms of military intervention in the December coup attempt.

I mentioned all these things because I think they suggest, as a sociologist or a social scientist would say, a sort of a symmetrical relationship. From the Philippine perspective, this colors attitudes towards the U.S. and has a similar effect in the United States. But this also means that U.S.-Philippine issues tend to be more sensitive than those between many other countries. The management of our relationship is a little more complex, a little different than the management of our relationship with certain other countries. Motives tend to be often times more suspect, changes more difficult, and shifts in policy more problematic than they might be in some of our other bilateral relations. Slightings are exaggerated, snubs tend to take on far greater meaning than they might otherwise, and often times events are blown out of proportion. I think part of this can be traced our special relationship that is grounded

in the peculiar history between the two countries, and which sets the larger contextual stage on which the events we are talking about are acted out.

The second area I want to mention is the importance of the events on February 1986 and the democratic transition that took place at that time. As I see it, this is the key event which has shaped, and is continuing to shape U.S. policy towards the Philippines. The fact that it was essentially a non-violent revolution that moved the Philippines away from an authoritarian government toward a democratic government was welcomed and encouraged here in the U.S., as well as in the Philippines. The support in the United States did play a key role in a number of dimensions: the election-observer group that was out there, chaired by the Senator that I work for, emissaries to Marcos, advice from the United States that came during and after the transition, the degree of economic and military assistance, the Multi-lateral Assistance Initiative, and so forth, were all evidence of the degree to which the United States participated in this democratic transition. The credit of course goes to the Philippine people, not the United States, but we were there aiding and abetting that transition.

From the standpoint of U.S. foreign policy, the success of this transition is consequential not just for the Philippines. Looking at it from the perspective of U.S. foreign policy, this non-violent, peaceful democratic transition, if it remains successful and takes root, provides a model and an inspiration for democratic forces in other countries. In my travels in East Asia and elsewhere, such as Korea, Pakistan, Chile, and even Nicaragua, wherever I've been, people cite the events in the Philippines in February 1986 as a major event that they look to for guidance, inspiration and precedent. So from the standpoint of U.S. foreign policy and the unfolding of these democratic transitions normally through the election processes, the Philippines has set a very important precedent. In effect it was one of the very first times that the U.S. decided to support democratic forces against an essentially pro-American, anti-Communist, authoritarian government that was in power at the time. This was a very important change in U.S. foreign policy, and it is very important for us to see that success take root in the Philippines and for the United States to help the democratic forces to succeed there.

Similarly, in the area of economic reform in the Philippines, the Multi-lateral Assistance Initiative is an important precedent for the United States. If, in fact, the approach to re-vitalize the Philippine economy succeeds, it provides a very important and interesting model that may be applicable elsewhere. The idea of a multi-nation, multi-year, multi-content, multi-sectoral approach to economic recovery in a single country may be applicable elsewhere. For these reasons, success in re-vitalizing the economy is essential, not just for the Philippines, but also for the success of the ideals and values that seem to be central to U.S. foreign policy, certainly in Third World countries and Eastern Europe as well. The Philippines then, in a sense, is a model that, depending upon how it evolves over time, is critical to other areas of the world. It occupies a role similar to Poland in the context of Eastern European countries. If the democratic and economic reforms in Poland work, then it can be an inspirational model for the rest of Eastern Europe.

The third area I wanted to talk about is the effectiveness and stability of the Aquino government. I want to talk about this because it seems to be the area in which the media concentrates its attention. The questions they often ask are: How well is she doing? Is she

strong enough? Is she exerting executive powers effectively and efficiently? Is the government divisive? Can she pull the various threads together? Will she survive?

I believe the U.S. should be supportive of the democratic change that has taken place in the Philippines and encourage the democratic transformation that has been underway for three or four years. We should cool it on the negativism and criticism that has been evident in the press and in other sectors as well. In my judgment the highly negative approach of these questions, this cavalcade of criticism, does nothing more than to weaken the government even more, undermine the business confidence in the Philippines, and raise doubts about U.S. commitments there – the true intentions of the United States. Much of this seems to be counter productive to the goals of the United States and the Philippines. So I think it is time for us to ease off on the criticism. In saying this, I don't mean to suggest that we should turn our backs or close our eyes to the problems that exist.

We all know what these problems are in terms of governmental efficiency infrastructure, poverty, the insurgency, and so forth. Much needs to be done in the Philippines, and perhaps others may touch upon these needs, but I think we also need to emphasize that much has been accomplished in three or four years. There has been a peaceful political transition, there is a new Constitution, there is a new Congress, there have been thousands of local elections. There has been a relatively impressive economic growth rate, and foreign investment has increased, especially in the past year, and as Jim Nach pointed out, financial management has been praised among others by the International Monetary Fund. All of this has taken place during the period in which there has been an active communist insurgency, instability in commodity prices, particularly sugar and coconut exports, as well as six coup attempts. So under these circumstances, I think the successes that have taken place add up to a net positive gain.

The fourth area I want to talk about is U.S. commitments in the Philippines. This is an area that the press and others have given a considerable amount of attention, particularly as we discuss the question of coup attempts. Again from the Congressional perspective, I think the U.S. needs to be unequivocal in its support of Philippine democracy – unequivocal in terms of economic reform in the Philippines and unequivocal in opposing any coup attempt, whether it comes from the right or the left, from whatever source, in the Philippines. We have to make it known to both military and civilian coup-plotters that if there was a successful coup the following would happen:

- 1) U.S. assistance would be terminated automatically. This is a law, not just a matter of policy.**
- 2) It would automatically thrust the Philippines into international isolation and would isolate the Philippines in the international community;**
- 3) It would reverse the economic growth which has taken place over the past three or four years.**
- 4) It would undermine business confidence;**
- 5) It would lead to the departure of U.S. military bases; and**
- 6) It would do nothing more than encourage the insurgency in the Philippines.**

So the U.S. policy is that we need to support and encourage democratic growth in the Philippines, and we need to support the economic changes and restructuring that is taking place.

At the same time, we have to be careful how we do this because of the asymmetrical relationship I mentioned earlier. I happen to believe that the so-called Gates mission a few months ago was one way not to do it. The mission backfired. It came from very good intentions, but because of the baggage of the past, it resurrected images of previous U.S. emissaries going to the Philippines. And it spawned the usual rumors and innuendos in the Philippines, while creating uncertainties about the U.S. commitment. There are other ways in which the U.S. can validate its commitment to democracy and to economic reform. One of the obvious ways is to do something about the \$96 million shortfall in meeting our "best efforts" pledge in the base-review agreement. This will be a difficult problem, but we should make an effort. The real question is: Where do we get the additional funds? We need to discredit any notion that the U.S. has advised, or will advise, the government to call a snap election, as some have alleged. This has never happened and never will happen, despite allegations to the contrary.

What it comes down to in the final analysis is the question of who, what and where are the alternatives to President Aquino. As I read the statements of the so-called coup plotters, they don't seem to have a program. They do articulate vague and contradictory promises and pronouncements, much like Mussolini did when he promised to get the trains to run on time. Clearly, we need to be more industrious in meeting these commitments. The leadership has to come from the executive branch because it can't come from the U.S. Congress.

The last point I want to make focuses on U.S. security and strategic interests, as well as on the maintenance of further U.S.-Philippine ties. I also want to talk a bit about U.S. military facilities in the Philippines.

A few years ago I would have argued in a similar forum that the U.S. military facilities in the Philippines were essential to counter the Soviet threat in the Far East, and that our forward defenses were important as a deterrence for Soviet-inspired aggression throughout the region. This is still a valid argument to make and is one of the reasons for keeping U.S. military facilities there. But the strength of the argument is not as great as it was in the past, because the Soviet Union has become so preoccupied with its own internal problems.

The U.S. bases are nonetheless strategically important to the U.S., and the Philippines will have to make their own judgment on how important they are to them. It is essential that the United States stay in the Philippines and retain those bases and protect our interests in the Far East, South East Asia, the Indian Ocean, the Persian Gulf and elsewhere. Nearly 40 percent of U.S. trade is in the Pacific, roughly 60 percent of the world population resides there, and I understand that 50 percent of the world's oil passes through these critical sea lanes. Because the U.S. is a maritime nation, we have to act as a maritime nation. Moreover, virtually all countries in the region are unequivocal in wanting the U.S. to stay in the Philippines. We want to stay there, and most of the Filipinos want us to stay, but they still have to make that judgment official.

The Philippine bases are important not just because of the military bases, but also for the shipping facilities at Subic, and because of the all-important training facilities that they provide the United States and the regional military establishments. Speaking more broadly, we

have to decide as a country whether we are a great power, and whether we want to stay in the Philippines and to tough it out during the negotiations. I agree with Secretary Baker and Secretary Cheney that if we are not welcome there, and the Philippines want us to leave, then we should leave. But we should try to stay there because the military bases are in our interest.

It seems to me that our interests are long standing in the region. The U.S. has provided in the post-World War II setting the glue that held much of the world together and helped countries in the region to prosper and grow. The security that we provided is one of the reasons that prosperity and growth took place. In the future we are going to have to play a key role in keeping the sea-lanes open, not only for our commerce but also for the commerce of the countries in the region as well. No one but the United States can do it, and for that reason alone we are going to have to fight as hard as we can to stay in the Philippines.

Mr. Brooks: Thank you very much, Andy, I know you have to go, but before you do I would like to pose just one question to you.

In light of what you were saying about the best efforts of the President to help with the \$96 million shortfall and also about the strategic importance of the bases, how do you assess the chances of the United States resolving the money question in the context of the negotiations on the bases, which I believe appear important to you and at least to one senator.

Mr. Semmel: Well, that is a key question. Of course the "best efforts" pledge is a multi-year pledge. In the previous five-year "best efforts" pledge for the Philippines the total resources we provided exceeded the total that was pledged during that five-year time. That is history, of course, so the hope is that the shortfall could be made up through whatever means are available to us in Congress or through supplemental or additional transfers from the Defense Department, which is being drained repeatedly. If we want to try to make up those funds in FY 90, I don't think it will be possible. And in FY 91, unless the Administration comes in with a slightly higher request for foreign assistance, it is not going to be easy to get those additional funds. But people such as Senator Lugar and Congressman Solarz will have to take the lead. It is unfortunate they are not on the Appropriations Committee, which, regrettably, tends to shape our foreign policy. So we will have to work on the appropriations side, and we will be exploring in the next couple months ways which we can perhaps make up some or all of that shortfall, even though the odds are against us doing that.

Then the question is, is there another way of providing some kind of compensation that perhaps could be calculated as a substitute for that \$96 million. Working on the Berry amendment and other areas that could be the functional equivalent of economic assistance come to mind. In direct answer to your question, it is going to be very difficult, the odds are not very favorable that we will be able to make up those funds. Those of us who are strong supporters of the Philippines will do our best.

Larry Niksch: Let me start with the usual disclaimer that these remarks are personal observations and do not represent the views of my own organization the Congressional Research Service, or any other branch of the U.S. government. I would begin by making four summary points with regard to the situation in the aftermath of the attempted coup d'etat in December. The first of these is that the American military intervention on behalf of the Aquino government has altered the volatile Philippine political environment, and it

has heightened the importance of future U.S. policy decision to prospects for political stability and economic recovery in the Philippines.

Secondly, the American stake in Philippine economic and political successes has grown as a result of the intervention. The potential dangers to U.S. successes or interests, which were already high, will certainly escalate if there is a lack of future successes with regard to political development and economic reform in the Philippines.

Thirdly, the United States now faces an even bigger dilemma than it faced in the past: how to influence the Philippine government to implement reform and govern more effectively on the one hand without undermining it politically on the other hand.

Fourthly, it is uncertain how the United States military intervention in December affected prospects for negotiations of military base rights after 1991. The impact of American policy on the Philippine attitude towards the bases remains a very volatile situation.

These emerging difficulties and dilemmas for American policy stem basically from the weaknesses of the Philippine government, both in fact and in Filipino perceptions, and also from what seems to me to be low level prospects at best that the Philippine government will be able to revitalize itself and implement promised reforms.

Now the Aquino government has had successes, and these have already been alluded to. One could even argue that some of these successes match those of the early years of the East Asian modernizers such as Park Chung-Hee in Korea and Lee Kwan Yu in Singapore. Nevertheless, in the current situation failures and shortcomings of the government are now at least as equally important. Declining government ability to deliver services, infrastructure, rural health and education are major difficulties and shortcomings of the Philippine government. This problem of the government delivering basic services was symbolized by President Aquino's promise of October 1987 to clean up the garbage in Manila. From every indication, this promise was not kept.

Then there is the failure to carry out promised reforms. There are a number of areas that we could comment on, such as privatization, land reform, and exchange rate reform. There is also the failure to move on decentralization, shifting of power from Manila to provinces and municipalities. This often is overlooked when people discuss the Philippines, but it seems to me that this is a fundamental problem. Measures taken so far by the government have been half-hearted at best in the case of decentralization.

Then there is the issue of corruption. We don't know how much corruption actually exists. Nevertheless, President Aquino increasingly is being criticized by Filipinos for the alleged corrupt activities of her relatives. The Philippine long distance telephone company case that emerged in November was particularly damaging to her in this respect.

Then there are the policies toward the military, and I would make two comments here: 1) President Aquino has relied on a Philippine Constabulary leadership of the armed forces of the Philippines. This Constabulary leadership is opposed increasingly by sizable elements of the Army and the Marines. 2) There also is the problem of counterinsurgency. And here very simply, civilian elements of the national government are not involved with dealing with the insurgency. The armed forces gets very little support, and the civilian government exercises very little oversight or influence over the armed forces, especially how the armed forces carries out its missions and operations in the field.

Now what did the nearly successful December coup d'etat show? First, it showed that President Aquino is losing support of elite elements of the Army and the Marines that supported her in past coup attempts, especially younger officers.

Secondly, she is losing the *active* support of Manilans, the people who put her into power in 1986. Criticisms of her weak presidency and governmental failures, as well as the corruption issue, have changed the attitudes of Manilans from active support to passive support and, in some cases, neutrality. People support democracy, and this is true of Manilans as well as other Filipinos: but they increasingly are becoming ambivalent about their president and their government.

Then we have the situation with the loyal military units in December. Even though they played a very significant role in putting down the coup attempt, these units nevertheless suffered considerably in terms of morale from having to expend themselves. It seems to me that there is a possibility they may not have the stomach to resist a future, determined bid to topple the present government of the Philippines. From this, if another coup attempt should take place, a stronger American military intervention than occurred in December would be required. About the aftermath of the attempted coup, I would make these points:

First of all, the armed forces leadership under Secretary of Defense Fidel Ramos has too little control to move against the coup leaders and participants. The penalties so far have been light, and most coup leaders remain free. That situation prevailed before the coup as well as at the present time. President Aquino indicates that she is going to stick to this Constabulary leadership under Ramos and De Villa, emphasizing its loyalty over its performance. She shows no sign of shifting the power of the Armed Forces of the Philippines (AFP) to Army or Marine leaders. In the firing of Chief Canieso, chief intelligence officer in the Philippines, I think there is a clear and ominous sign in this direction. I interpret this firing as coming basically from the advice of Secretary Ramos. We also have the cabinet changes that I think show no clear indication or will to improve the government's performance and especially to deal with the issue of corruption.

Now in all of this where does American policy stand? Was the United States correct in intervening to save the government last December? I would answer, yes it was. The fact is most Filipinos want representative democracy and oppose the alternative, military rule. And the surveys that have been taken in the Philippines since December show general support or favorable attitudes toward the U.S. action. As Andy Semmel pointed out, a military-dominated government would be no more effective than the present government and would be much more unpopular. The military dissidents and their civilian supporters have no clear cut political and economic programs, and they represent a mixture of idealism, anti-civilian attitude and straight power seeking.

If the U.S. had not intervened and if the coup plot had succeeded, the result would have been that international economic support for the Philippines would have evaporated. And then of course American laws require a cut off of aid, as already pointed out. This would in turn create a severe problem in U.S. policy towards the Philippines of how to deal with a military-dominated government.

The U.S. role in the Philippine internal situation has changed because of what happened in December. The positive element is that the intervention probably has ended the rightist misperceptions and Filipino public perceptions that the United States would do business

with a coup d'etat regime. U.S. intervention may act as a firmer deterrent in the future against another attempted coup d'etat. But this in itself cannot be counted on.

Filipinos on the other hand, even those that supported U.S. military intervention, are and will be apprehensive that the United States will take advantage of the intervention to strengthen its overall role in the country and ignore Filipino sentiments. The Aquino government is probably more dependent on the United States. But as the snub of Secretary Cheney shows, the government will look for ways to assert its independence or to symbolize its independence from American influence. With regard to the physical safety of Americans in the Philippines, it is uncertain, and we really don't know yet whether the military renegades and the Communist Party of the Philippines will try to take sustained advantage of the situation to begin targeting Americans for violence or assassinations, but one cannot discount this possibility.

Now what should American policy be? I will give you a few personal thoughts that I have:

We should have as a very firm objective the deterring of another coup. It seems to me that we can do this by emphasizing the specific steps in public that the U.S. would take against a coup government. We can talk about the specific programs and assistance that would be ended if a coup d'etat government took power. This goes well beyond aid; there are a lot of other programs and forms of assistance: liberal textile quotas, sugar imports, the general system of preference in trade, that could also be withdrawn. If you added all this up, you would probably be coming to close to \$2 billion, or slightly more in terms of the amount of money that could potentially be cut off from the Philippines. Maybe we should be talking about the specifics even beyond the question of cutting off aid.

Secondly, I think the U.S. has to begin to de-personalize its relationship with Corazon Aquino. We need to move away from the presently close identification that the U.S. government has had with her. We certainly need to avoid anything at this point that would suggest U.S. encouragement of President Aquino seeking a second term.

Now this must be done very subtly. We could reduce our personal praise and endorsements of her performance in office. There has been a lot of that kind of personal praise in the past and I think it is time to back away from that in the future. We should begin to speak more openly of governmental shortcomings, but again not to personalize these with President Aquino. In short, we need to talk more about the Philippine government, good or bad, and less about President Aquino. We need to stress, as Andy Semmel pointed out, that American policy is to support the democratic process in the Philippines and that elections and the electoral process are the appropriate means of bringing about political change. I would agree with Andy that we should not in any way encourage a premature or snap election, that our policy should be to support the present constitutional system including a regularly scheduled system of elections provided in that system.

We also, it seems to me, need to avoid too close an identification with the Ramos De Villa leadership of the armed forces of the Philippines. I would balance our contacts with Secretary Ramos and General De Villa by stepping up our contacts with loyal Marine and Army leaders, as well as some of the recently retired and loyal senior Army generals. Once more, we need to avoid any act that might suggest that the U.S. is encouraging Secretary Ramos should he decide to make a presidential bid in 1992. There will be a temptation per-

haps for the United States to send signals along those lines, those must be avoided. The United States should maintain a firm neutrality with regard to candidates in 1992.

With regard to the Multilateral Assistance Initiative, the U.S. government should use it as much as possible as a vehicle to pressure the Philippine government for economic reform and for better governmental performance. The U.S. government probably should press to make release of MAI money conditional upon specific performance criteria in areas like privatization and revisions in laws affecting foreign and private investment. Since much of the MAI is targeted to facilitating the entrance of foreign private investment into the Philippines, that issue ought to get a high level attention in the MAI mechanism.

Let me say a few words about the bases. Should the U.S. seek base rights after 1991 in the Philippines? I would argue yes for two or three reasons.

First of all, even with a reduced Soviet threat and an improvement in East-West relations, the U.S. in the Pacific does face and will face a situation different than it is likely to face in Europe in the future. That is a relationship among four major powers in the Western Pacific – the U.S., China, Japan, and the U.S.S.R. – a permanent relationship. Three of the powers are nuclear powers; and the fourth, Japan, has the ability to develop nuclear weapons very quickly should it decide to do that. I don't think Japan will, but one has to keep Japan's potential in mind. The U.S. therefore is going to need a military presence in the Western Pacific, even if the presence in the future is at a lower level than it is today.

The U.S. military position in the Western Pacific should not depend primarily on our military facilities in Japan, given the deteriorating state of Japan-U.S. relations and the uncertain future of that relationship. If we lose all of our bases in the Philippines after 1991, then we would come to depend on bases in Japan. Given this four-power balance and a more likely equal-distant relationship among the four powers in the Western Pacific, the United States security role in the future should be based more on our relations with the middle powers in the region, South Korea, Singapore, and if you will, the Philippines.

Now obviously, from what we have already heard, the United States should not be overconfident about the bases negotiations. We have mentioned a \$96 million shortfall and the fact that there remains considerable opposition to base rights in the Philippine Senate and that Filipino public attitudes remain volatile.

When we go into these negotiations, it seems to me that we ought to have at least three goals: 1) to retain the essential elements of the U.S. military presence; 2) to seek an agreement that enhances the government of the Philippines politically at home; and 3) to seek an agreement that politically supports a closer U.S.-Philippine relationship in the 1990s one that is smoother than the relationship has been in the past few years.

Last year I wrote an article for the *Far Eastern Economic Review* suggesting that the U.S. consider offering to turn the Clark base back to the Philippines, and seek instead an agreement for base rights for Subic Bay Naval Base after 1991. This agreement would perhaps include a joint use arrangement for Subic and arrangements for some degree of future U.S. access to Clark, such as use of the training range periodically. But Clark would be turned over to the Philippine government and the Philippine air force. There are several reasons for this.

Militarily, Clark is more expendable than Subic. Its loss would not seriously weaken a declining U.S. military presence in the Western Pacific. Any downgrading there probably would emphasize the naval presence after withdrawals of ground and air forces in the Western Pacific. Moreover, such a proposal would undercut Philippine expectations that the U.S. would seek the status quo in the bases talks. The Aquino government would have some specific U.S. concessions that it could display to the public and to the Philippine Congress.

Such a proposal also would strengthen pro-bases public sentiment and pro-U.S. attitudes within the Philippine public. An agreement would have a better chance of changing minds in the Philippine Senate and bringing about a ratification of an agreement by the Senate. Finally, such a proposal would have at least some chance of moving negotiations away from the aid-rent issue and avoiding a repetition of the 1988 negotiations. A repetition of the 1988 talks probably would spell doom for the negotiations and for any agreement that came out of the negotiations.

Finally, it seems to me that our negotiators should drop references to the special relationship between the United States and the Philippines. I say this in connection with the aid-rent issue. Let's be frank, in terms of aid and U.S. aid policies, our special relationship is with Israel and Egypt, not with the Philippines. We ought not to deceive ourselves and play upon expectations among the Filipinos by talking about a special relationship, when in aid terms one can certainly and logically argue that we have failed over the last forty years to deliver on that promise.

Richard Fisher: I will address three questions that I increasingly hear.

First, "Does the Philippines still matter to the United States?"

Second, "Can the United States make a difference in helping the Filipinos resolve their internal crises?"

Third, "Can we get a bases agreement that satisfies the Philippines and the United States?"

By her various protests about the \$96 million U.S. aid shortfall President Aquino no doubt hoped to cause Washington to think twice about its monetary obligations. Instead she has added momentum to what is becoming Washington's most thorough, if not always its deepest, reassessment of the Philippines and the U.S.-Philippine Alliance.

A question I hear continually from friends, many of whom work on the Hill, is does the Philippines still matter to the United States now that we appear to be moving into a kinder, gentler world? It is the libertarian position that appears to be becoming increasingly more mainstream, which is that the bases are not necessary and it makes no difference to the security of the United States if the place goes Communist. In response one usually hears about our history and our obligations, and I do agree with everything Andy Semmel mentioned. But, unfortunately, obligation does not have a line item in our budget, much less a congressional earmark.

So I would simply ask these people to consider how a non-aligned, unstable Philippines might affect us. I see several following implications flowing from that. As long as we have forces in the Philippines, we are able to respond much more rapidly to unforeseen conflicts

that might occur on the Korean Peninsula, in South East Asia and the Persian Gulf. Now I'll hold that both North Korea and the Soviet Pacific fleet today are very well armed, though it is conceivable that we may see a reduction in these threats in the future. But reductions in the Communist threat may be supplanted by a rise in historic regional tensions. Non-communist Southeast Asian states right now are among the major arms purchasers in the world. China seeks to expand its territory in the South China sea and is building air and naval bases on its islands there. And any vacuum we create by our withdrawal from Southeast Asia will be filled by China and possibly by India and Japan. And I don't count on them always to share our national security interests.

Now if forced to leave the Philippines, the Pentagon appears ready to relocate to a combination of facilities like Singapore, Guam, Okinawa, perhaps Palau and Australia. But current estimates for the cost for such relocations run from \$3 to \$6 billion, and for that money you simply can't replicate the kind of advantages our forces have in the Philippines. And I note that the FY 90 military construction budget request is only at \$4.6 billion. In its current budget cutting frenzy I rather doubt that Congress would be willing to increase that budget to fund such a re-location.

Now, if the U.S. does withdraw from the Philippines, does that mean the place will go communist? Of course not in the near term, but I believe that in the long term that Communist Party of the Philippines (CPP) will be strengthened. For example, in Pampanga Province, host to Clark Air Base, half of the barrios there are said to be threatened by CPP political networks. Last September when I visited in Angeles City, right outside Clark Air Base, I interviewed both a police captain and a former communist rebel. The captain thought that if U.S. forces left Clark, the CPP might gain control of the surrounding province.

I also think in the near term a U.S. withdrawal surely would increase the likelihood of further coup attempts. And as we know, the last one nearly succeeded. An authoritarian Philippines might become more militarily aggressive towards its neighbors as a way of diverting attention away from its own domestic weakness. And we should remember that the communists were growing 20-50 percent a year during the final years of the last authoritarian Philippine ruler, Ferdinand Marcos. And if they won, a communist Philippines would wage war against its neighbors. The CPP for many years has had long-standing ties with all the communist parties in Southeast Asia.

Can the United States help preserve Philippine democracy? The answer is a qualified "yes." Our intervention in last December's coup was an extreme example of American capabilities. But I think it is highly unlikely that in a future coup attempt, use of such simple, non-violent military power will work. The coup plotters will likely seek to pre-empt U.S. intervention, and I do not think the Administration would like to treat the Philippines like Panama. We should recall that last time General McArthur invaded the Philippines he had 300,000 troops. In addition, the involvement of U.S. troops in suppressing the next coup attempt may have the real effect of uniting more Filipinos against the United States.

The more complex answer to my second question is that Washington can help Manila only insofar as Manila is willing to help itself; Manila must implement a serious political and economic reform agenda. U.S. military aid comprises about 15 percent of the Philippine military budget. This aid does help diminish troop grievances over pay and poor equip-

ment. Furthermore, a continuing interaction with the U.S. military does inhibit the spread of anti-democratic impulses, particularly among the older officers. But further coup attempts can only be prevented by Aquino. Since December she has rounded up many of the coup leaders, but many remain at large. She has also engaged many mid-level leaders in dialogues to hear out their grievances. The best way to prevent further coup attempts is to demonstrate real leadership. I think such leadership was demonstrated over the weekend when she sent forces out after Governor Aganaldo.

In addition, I believe she must show much firmer leadership in the fight against communist insurgency. She must put greater emphasis on pushing local political officials to support the military or take a leadership role in counter-insurgency programs. The military would come to respect the civilian authority much more as a result. I point to the successful example of this kind of cooperation on the island of Negros. And it is just as important that Aquino address the corruption issue inasmuch as it increasingly touches members of her family.

In the near term such action will alleviate the crisis of confidence in her government. But for the medium and long term, Aquino simply cannot delay in implementing major structural and free market economic reforms. De-centralizing the bureaucracies and dismantling monopolies, like the Philippine Long-Distance Telephone Company, cannot be delayed. She must also increase debt-equity swaps, liberalize import controls, and allow foreign companies to own much more than the 40 percent equity that they are currently allowed to own in the Philippine companies.

I would suggest that Washington could have a greater impact for the good by seeking to further this reform agenda than by giving ever increasing amounts of foreign aid. The way in which our aid is being used to promote reform, through the Multi-lateral Aid Initiative, or Philippine Assistance Program, is a good example of where to start. And on the practical side, I see this course as almost necessary because I feel it is unlikely that there will be any great increases in economic or military aid to Manila. The Administration has requested the full amount of \$481 million for FY 91, but I simply don't see them getting it. Now this leads me back to my initial comments about how Mrs. Aquino was protesting about the aid shortfall and my last question:

"Can Washington and Manila arrive at a mutually acceptable bases agreement?"

Unfortunately if Manila insists on pressing the money issue to the exclusion of all other considerations, I think the negotiations are likely to fail. To be blunt, I think the opinions I hear on Capitol Hill, and increasingly from the Administration, lead me to conclude that the upcoming negotiations will not succeed if they start out as did the rancorous 1988 bases negotiations.

However, I do not think that such a scenario is as a fait accompli. It is indeed possible to consider arrangements that meet U.S. financial limitations if both Manila and Washington demonstrate a willingness to alter the current military relationship and consider other forms of compensation.

What I would suggest is that we draw down our military presence in the Philippine bases while allowing for joint use of the facilities by Philippine and U.S. forces. Over time, this transition might include military U.S. aid in the form perhaps of fighter aircrafts and naval

ships that would give the Philippines a self-defense capability it now lacks. From the U.S. side aircraft and ships would come from surpluses expected from anticipated arms cutbacks, though in monetary amounts this would represent an expensive transfer. Ideally such a transfer would be timed to the armed forces in the Philippines ability to absorb the equipment, and after essentially defeating the communist insurgency.

I would suggest that the advantages to the United States would be continued access to Philippine facilities. For the Philippines this arrangement would offer the opportunity to increase its military and diplomatic importance to the region. This would follow if Manila decided to use this transition to become an active member of the informal U.S. led pro-democratic defense network in Asia that includes Japan, South Korea, Thailand, Australia, and perhaps Singapore. Aircraft from Australia, Thailand, and Singapore already use the Cope Thunder aircraft training range.

I would point out that various degrees of informal bi-lateral military cooperation exist between several of the ASEAN states. And inasmuch as the ASEAN states eschew any formal alliances, the Philippines stands to become a broker of informal coordination if not limited informal cooperation between the United States, and perhaps Japan and Korea and the non-aligned ASEAN states. In this way, the United States could reduce its military presence without creating a vacuum that would be filled by others. Such an evolution would be an important element of a post-cold war condominium in Asia.

By becoming an engaged member of the wider pro-democratic defense network, the Philippines would become a contributor to regional security rather than just a current beneficiary of an American military presence. And as the communist insurgency wound down, reorientation to external defense would allow Manila to fashion a smaller, more professional, and hopefully, less politically active military. By enforcing its own internal security, the Philippines would remain an attractive location for foreign investment.

Recent statements by Secretary of Defense Ramos, and my own informal polling of Administration officials, suggests that there is growing interest in this concept of joint use. But sadly, popular debate in Manila concerning the bases rarely rises above the issue of money, or the political Left's long campaign against those bases. If this situation continues, my faint cause for optimism here may be premature.

