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U.S. Military Bases

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"...foremost among such foreign interests inimical to the sovereignty and welfare of the Filipino people is the presence of the U.S. military bases..."

Statement of Central Luzon
Alliance for a Sovereign
Philippines, Olongapo City,
adjacent to Subic Naval Base.

"Anyone who is against the bases has no business in Olongapo."

Mayor Ildefonso O. Arriola.

Dear Peter,

The two foregoing statements capture the pitch and breadth of sentiment on the U.S. military bases here. The issue of the tenure of Clark Air Base and Subic Naval Base in the Philippines is now firmly entrenched in the political arena with all parties jockeying for position in preparation for next year's base negotiations.

As the centerpiece of U.S.-Philippine relations, the bases are all things to all people. To many in the Aquino administration, the bases are something of a mixed blessing, providing vital economic and military security commingled with certain irritants. To many in the Philippine military, the bases are foremost the source of sorely needed funds. To mayor Arriola and the half million Filipinos living near the bases, they are the lifeline to prosperity. And to staunch nationalists, the bases are the foci of all evil: the symbol of U.S. domination, an invitation to nuclear attack, and most recently, the entrepôt for AIDS.

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One recent Sunday, I caught the last evening bus from Manila to Olongapo, the city next to Subic Naval Base. The two-hour airconditioned ride to Olongapo, about fifty miles northwest of Manila, was smooth and uneventful. A businessman friend had recommended that I stay at the Admiral Hotel, owned by Richard Gordon, former mayor of Olongapo and scion of its most powerful family. The hotel was conveniently located a block from the bus station, but when I saw the neon Casino sign winking over the entrance, I knew that I had made a mistake. As I soon discovered, Sunday nights Olongapo's chinese businessmen come to try their luck in the mayor's casino and add to the regular festivities. And after asking two ladies in a neighboring room to tone down their card game at 3 am, I vowed to find quieter lodgings. Such was my introduction to Olongapo's best known industry.

Subic Naval Base

Subic Naval Base, the primary logistical support base for the U.S. 7th Fleet, lies on the eastern rim of Subic Bay. The American portion of the base is technically a U.S. facility occupying some 14,400 acres within the larger Philippine base of about 37,000 acres. Under a 1979 agreement, which delimited the size of the U.S. facility, the Philippine flag flies by the main entrance and a Filipino officer commands the entire base.

The day I visited, Subic was relatively quiet. Only a half dozen major ships gently rocked in the azure waters: the USS Sterett, a guided missile cruiser based at Subic; the USS Tripoli, a visiting Marine helicopter carrier with a compliment of 1,300 personnel; a submarine tender; and a few cargo ships from the Military Sealift Command. On an average day, about 10 ships are in port.

During my "rolling tour" of the base, a helpful public relations officer emphasized how big everything is. To construct the runway at Cubi Point, the land base for P-3 Orion patrol aircraft and the 7th Fleet's carrier fighters when the aircraft carrier is in port, more landfill was moved than during the digging of the Panama Canal. The Naval Supply Depot is the largest outside the U.S. with over 200,000 items from C-rations to battleship gun barrels. All told, the nine major commands that make up the naval complex are supported by 6,400 U.S. military personnel, 700 American civilians, and almost 27,000 Filipino workers.

The real heart of Subic Base is the Ship Repair Facility (SRF). With three immense floating drydocks and a row of machine shops, the SRF handles most of the repair work for the 7th fleet and can perform almost any repair done in the U.S. The muscle behind the SRF is provided by 4,500 Filipino men and women who fill all blue collar positions and all but the top management posts. American managers at the facility

point out that although 120 Americans supervise SRF, Filipinos really run the show: they have the experience and continuity with many workers possessing a good two decades of know-how. The Americans "come and go," said one American manager, but the Filipino workers and managers stay.

The base workers are exceptionally skilled, said American supervisors, whether its folding sheet metal into ventilation ducts in the sheet metal shop, or operating a 40-year old lather or drill press in the heavy metal shop. And by U.S. standards, the labor is cheap too.

The average wage for all Filipino workers, from clean-up detail to high-level manager, is 30 pesos an hour (\$1.50). This translates into enormous savings when taking out a boiler, replacing a 40-foot drive shaft, or regrinding a propeller. Ship repair costs in Hawaii, the highest in the Pacific, are \$300 per man day vs. \$60 per man day at Subic, the lowest in the Pacific.

Because Filipino workers receive less than their American, Japanese, or Korean counterparts at other U.S. military bases, some of the more militant unionists charge exploitation. While this may be true in a global perspective, it is generally not perceived as such locally. Wages are based on a survey of comparable firms in Manila. For base workers, a job at Subic is a prized possession: the turnover rate is less than 3% annually, most of which is due to normal retirement.

Another indication of SRF's popularity is the number of job applicants, said Lou Schuster who heads the apprenticeship program that brings in most of the new SRF employees. According to him, each year there are about 15,000 applicants for 100 to 200 openings in the four-year program. While in the past, some apprentices were lured away from the SRF by higher paying dollar jobs in the Middle East, with the collapse of the Middle East construction boom, that no longer happens.

Labor relations, smooth as they are now, haven't always been so. Last year, a strike organized by Kilusang Mayo Uno activists blocked the gate at Subic for 11 days. Subic was reopened only after 42 of the leaders were dismissed.

On the day I visited, the major activity at the SRF was not the repair of a U.S. ship, but the overhaul of a Philippine Navy vessel, the Miguel Malvar, named after the last Filipino general to surrender to the Americans during the Spanish-American War. The Malvar, a 184-foot patrol craft escort mentioned in a previous newsletter, is indeed a "grandmother." Built during WWII by Pullman Standard Car Co. in Chicago, the Malvar was transferred first to South Vietnam in 1966, and later to the Philippines in 1975 for obvious reasons.

Nestled in the drydock, the Malvar hardly looked like a ship: portions of the bow and stern had been torn off and workers were cutting away plates of the hull to reveal ribs

that had rusted straight through. Like other Filipinos overhauling their society, workers were carving away whole chunks of the old and replacing it with identically shaped new pieces, thus maintaining the original structure. But unlike those in the tempest of politics, the base workers were afforded the luxury of a secure haven to perform their cutting and welding. The question in my mind was whether the Malvar, and society, would float? Or would the repairs prove as short-lived as those performed on the Malvar's previous owner, South Vietnam?

The last stop of my tour of Subic was a scheduled interview with Brig. General Artemio Tadiar, the deputy base commander. Following the 1979 amendment to the Military Bases Agreement, Subic Naval Base was placed under the control of Subic Base Command (SUBCOM) and Clark Air Base under Clark Air Base Command (CABCOM). General Fidel Ramos, AFP Chief of Staff, heads both commands with a deputy posted at each base.

Although the deputy base commander technically runs the base, his actual control is more analogous to that of the Emperor of Japan in the late 20th century. Perhaps the clearest indication of the relative importance that Manila attaches to SUBCOM is its choice for the current deputy commander.

As mentioned in a previous newsletter, Brig. Gen. Tadiar, Ferdinand Marcos' trusted Marine Commandant, led the tanks that were to snuff out the February Revolution. Once called "the boy general" because of his rapid promotion to star rank, Gen. Tadiar is powerfully built with a broad face that would look tough but for his frequent laughs and smiles. Although Gen. Tadiar is clearly disenchanted with the results of what he jokingly called "the February Fiasco," he said that he is glad that at least he was assigned to this post last October after "being in the freezer for seven months" without a position.

SUBCOM's primary responsibility is base security. In the past, a Marine Battalion was attached to SUBCOM, but due to pressing needs elsewhere, the Marines have been pulled out and replaced with a battalion of 700 Navy personnel. Gen. Tadiar sees his main task as training these sailors as an effective security force. At present a total of about 1,500 personnel guard the base on any one day, this includes U.S. military, AFP, and private security guards.

Base security has been an issue in the past. A large portion of the southern part of Subic Base includes rugged terrain bordering on Bataan province where the New People's Army (NPA) has a strong presence. In 1985, a Senate Minority Report claimed that an NPA squad had encamped two kilometers from the Naval Magazine. Gen. Tadiar disputed that the NPA have actually operated inside the base. But he noted that since Bataan province is "infested with NPA" the "Bataan side of the base is a little bit delicate" with many NPA "sightings."

For the most part, the NPA has not attacked the base or base personnel since 1974, when a group of U.S. Navy Seabees were killed including an Annapolis classmate of the Pentagon's principal policy maker on the Philippines, Assistant Secretary of Defense Richard Armitage. That the NPA has not launched any attacks is clearly more a matter of policy than capability.

Recently, however, base security has been beefed up with the establishment of a joint security equipment pool whereby AFP and U.S. personnel share vehicles, radios, small arms, and other equipment.

Regarding relations between SUBCOM and its U.S. counterparts, Gen. Tadiar characterized them as "very cordial" with "mutual respect and admiration for each other." But as with any relationship, said Gen. Tadiar, there have been "minor irritants," some involving incidents of "American guards fighting with Philippine guards." He emphasized, however, that through constant communication "there has not been a problem that has not been resolved."

Olongapo City

Olongapo City exists because of Subic Base. Each day over 6,000 Americans pass through the main gate into Olongapo; in one year they will spend \$56 million on entertainment. Adding to that \$55 million in salaries received by Filipino base workers, another \$50 million in checks to retired servicemen and dependents, and a similar amount in procurement by the base, brings the total to \$271 million annually. That works out to about \$1,000 for each inhabitant of Olongapo; the national average per capita income is less than \$600.

A walk from the main gate showed that everything revolves around the base. Beginning at the entrance gate, the strip of discos, beer halls, restaurants, and massage parlors, stretches for a good kilometer, almost up to city hall. The bulletin board outside city hall lists only new job openings on the base. And a large portion of the mayor's day involves base related issues.

When mayor Arriola said that "our only source of livelihood is the Navy," it was no exaggeration. Olongapo has no non-base related business, little fishing despite a good harbor, and no real industry. The city has grown with the base from a population of about 50,000 in 1950, booming during the Vietnam War to 200,000 in 1980, and is now officially at 280,000.

Formerly one of highest-level Filipino employees at the SRF, mayor Arriola is bullish on the base. He proudly noted that he has bettered community- base relations by reviving

the traditional festival on base on Fil-Am Friendship Day (July 4). He is also a transitional figure, the second temporary mayor appointed by the Aquino administration. Last year, Manila replaced long-time mayor Richard Gordon with Teddy Macapagal. When Macapagal subsequently stepped down to run for the local congressional seat on the administration ticket, Arriola was appointed as his replacement. Macapagal lost to Richard Gordon's wife.

In the mayoral elections, Richard Gordon is expected to run and win, according to ordinary citizens as well as members of the city council. His popularity stems from his ability to get things done: improving the city hospital, lowering the electric rates paid to the national power company, painting public transportation jeepneys a color-coded scheme, and delivering jobs. In addition, his amiable wife is active in civic projects. He also has the reputation of running a tough peace and order program. In one breath, a resident will claim that mayor Gordon has a "salvage squad" that disposes of petty criminals, yet in the next breath this individual will praise him for maintaining order.

Anti-bases activists in Olongapo, such as members of the Central Luzon Alliance for a Sovereign Philippines, are few in number and don't really expect to get much local support. Floro Cruz, a popular city councilman for 20 years, summed up local sentiment thus: "We are almost 100% for the bases staying right here...the trouble with people who proclaim themselves to be nationalists is that they don't have an alternative plan for employment." Anti-bases groups, believing that the issue will be decided on economic grounds, have proposed converting the base facilities to non-military industries including commercial ship repair, fishing, and tourism. But they are also the first to admit that they haven't met with much success in drawing up concrete plans.

While Olongapo is steadfast in support of the base, city hall has the air of a beleaguered camp. The mayor and city councilmen spoke of the politicians in Manila who "want to take the base away from us." "We are fighting for our existence here," said mayor Arriola. As part of his game plan he has set up a committee for the retention of the U.S. military bases. Privately funded, the committee is intended to counter anti-bases lobby groups and will launch information and petition campaigns.

Of course, members of city hall are concerned about the less desirable effects of the base. Speaking more as a father than as a charter member of the committee to retain the bases, Councillor Cruz said, "I can't help it. Before the children reach teenage, you catch them in the discos and houses."

Dr. Angelina Andrada runs the social hygiene center attached to the city health department. A soft-spoken woman in her

mid-50s, Dr Andrada is committed to assisting women employed in the entertainment business. Each day the center's staff of 32 examines 400 to 500 waitresses, cooks, "hospitality girls," and others for sexually transmitted diseases.

According to Dr. Andrada, there are slightly over 6,000 registered hostesses in Olongapo with another 20% to 30% of that number who work illegally without proper registration papers. Under city regulations, all hostesses are tested every two weeks. Dr. Andrada attributed the relatively low rate of sexually transmitted disease among the women, 3% to 4%, to the center's program of free examination, treatment, and health education. For entertainers in Manila's tourist belt, where there is no similar program, the rate is 7% she said. Under a joint program, the U.S. Navy provides all the medicines and equipment for the center. "We could not run this program without U.S. support," she said.

But now, as Dr. Andrada noted, AIDS "is the hottest issue." In 1985, after a six-month screening period, 8 cases were found positive for AIDS anti-bodies; in 1986, there were 15 more. Without funding for a program to provide alternative employment, Dr. Andrada faced a dilemma. "At first we allowed them to work," she explained, "because they might transfer to another club under an assumed name." But a few months ago, the Department of Health revoked the licenses of these hostesses, so now, with the cooperation of club managers, some of them have been able to find work as waitresses. Contrary to what the headlines of Manila's paper's say, Dr. Andrada emphasized that AIDS did not necessarily come from U.S. servicemen because hostesses are highly transient and, in addition, Olongapo and Angeles are on the itinerary for some foreign tour groups.

For someone who has dealt with the seedier side of Olongapo for 19 years, Dr. Andrada is remarkably positive about Subic Naval Base. "We have to face reality," she said. "If not for the entertainment business here, Olongapo would not survive."

Clark Air Base

The dawn bus from Olongapo to Angeles city was filled with a mixture of school children and peddlers taking their produce to the various markets along the route. After climbing up out of Olongapo and cresting the Zambales range, the local bus sashayed down into the broad sugar cane fields and paddies of Pampanga province. The onset of the rains seemed to have rejuvenated everything: from the school children who clambered on and off at every stop and families cooking breakfast by the roadside, to the delicate green, newly transplanted rice seedlings.

Gazing out at the archetypical scene of boys riding carabao out to the paddies for plowing, it occurred to me that something was missing: small, hand-held tractors. This was one of the premier rice growing regions of the Philippines, yet throughout the trip to Angeles, and later the return leg to Manila, I saw only carabao plodding along at a stately pace. In a comparable region of Thailand, the land would be swarming with sputtering, domestically produced "iron water buffaloes." But here was an economy that, until recently, had a Ford Motors auto body stamping plant and could produce M-16s in such number that the government wanted to compete with Colt for the Asian market, yet one of the cheapest forms of mechanization was not in the province.

Clark Air Base is in many ways the antithesis of Subic. Where Subic is squeezed in between the mountains and the bay, Clark is spread out over 129,000 very flat acres, of which 9,000 are the U.S. facility. Where Subic is strategically important, Clark is less so. And where Subic's location, secure harbor, and skilled Filipino workforce would be difficult to duplicate elsewhere, Clark could be placed almost anywhere.

When I arrived at the gate to Clark there was a minor security alert. Someone had walked off with something so all outgoing traffic was stopped for the next half-hour. A long line of cars formed and people waited with experienced patience since these alerts are fairly common. Annually the base and Americans personnel living off base lose about \$1 million a year to theft.

True to the stereotype that the U.S. Air Force goes over big for theatrics, the Air Force briefing was a masterpiece of lights and sound. I was seated at the head of an imposing U-shaped conference table as slides were alternately flashed on two large screens. Clark has far fewer visitors than Subic and the public relations personnel seemed to enjoy putting on their show and base tour.

Clark Air Base is home for the 13th Air Force, which is responsible for the Southwestern Pacific. The primary air units based at Clark are the 3rd Tactical Fighter Wing with 60 aircraft, including 48 1960s era F-4 Phantom II fighter-bombers, and the 374th Tactical Airlift Wing with 16 C-130 transport aircraft. Clark's fighter aircraft, the F-4s, are for ground attack. If more advanced fighters are needed F-15s would be flown in from Japan. As an officer explained, Clark is not important for what it has on the ground but for what could be flown in and parked on the 10,000 foot runway. In addition to the C-130s, which provide 95% of the airlift to the Indian Ocean, 3 C-9s provide medical evacuation for the entire Pacific. It was on one of Clark's C-9s that President Marcos was evacuated to Guam and later Hawaii.

But what's really the showpiece of Clark is the Crow Valley Electronic Warfare Tactical Range. It provides the most realistic combat training outside of Nellis Air Force Base in Nevada. Here, seven times a year, pilots from all over the Pacific practice bombing runs and dogfight with the opposing "Red Force." The 17 pilots who form the "Red Force" put trainees through the closest thing to actual combat. They fly F-5Es, similar to MiG-21s in performance, and are steeped in Soviet air combat doctrine. In addition to the pilots from Philippine, Australian, Thai, and until recently New Zealand, airforces that regularly participate in the exercises, a detachment of 100 personnel from the Singaporean Air Force is also based at Clark.

To support the 13th Air Force are 9,000 U.S. military personnel, 1,500 civilian personnel, and almost 16,000 Filipino employees. Because there are more personnel permanently based at Clark than Subic, the base has more of the feel of a community. This sense of permanence even permeates into the entertainment industry. Relations between Americans and hospitality girls are more stable and less mercantile than those at Subic, said some Americans. (That Angeles appeared more sedate than Olongapo may also be because my stay was limited to one day.)

As at Subic, the last stop of the day was at the office of the Deputy Base Commander. Since he had been called away to Manila, I spoke with his assistant, Col. Dullinayan, who has worked at CABCOM since 1982. CABCOM has about 600 personnel tasked with policing 43 kilometers of base perimeter. They are overstretched and can afford to man only some of the guard houses surrounding the base said Col. Dullinayan. Intruders and low-level theft seem to be a fact of life. "There are too many intruders to be satisfied with base security," said an American official. Again, there is an NPA presence in Pampanga, but it is not evident from the base.

To upgrade security, an 8 to 10 foot high concrete wall is being constructed around the smaller American facility while more guard towers are planned for the entire perimeter. In addition, U.S. and Philippine personnel now conduct joint patrols in the area surrounding the base. This has reduced unfortunate incidents such as one a few months ago when a jeep of U.S. Air Force personnel on security patrol mistook a night-time roadblock by casually dressed Philippine soldiers for an ambush, ran the roadblock, and were fired upon resulting in some injuries.

Base Negotiations

The last round of negotiations on the bases, in 1983, were exceptionally smooth, completed in just 6 to 7 weeks. One official called the agreement between the Reagan and Marcos administrations "the Camelot of base negotiations." Next year's five year review of the basing agreement, however, won't be quickly hammered out behind closed doors but will be subjected to intense public scrutiny and posturing.

Further down the road in 1991, the tenure of the bases under the Military Bases Agreement will lapse. Under the new Philippine Constitution, the bases "shall not be allowed in the Philippines except under a treaty duly concurred in by the Senate." Although the bases review next year is more immediate, already the guessing game in Manila is now identifying which of the 24 Senators are "anti-bases."

Senate President Jovito Salonga recently stated that, "A two-thirds vote is not easy to get, considering the composition of the Senate." If one wants to construct a list of possible no votes it isn't hard. Sen. Wigberto Tañada, son of the nationalist Senator and long time opponent of the bases Lorenzo Tañada, is a certain no vote. Sen. Rene Saguisag, nephew of Salonga and a former advisor to Aquino who boasts that he's the poorest Senator, has broadly hinted that he will vote no. Sen. Raul Manglapus, chairman of the Senate Defense Committee, has argued that because the bases are for Southeast Asian, not Philippine security, they should be partially distributed among regional allies. Senators, Victor Ziga, Agapito Aquino, Nene Pimentel, Heherson Alvarez, and perhaps Teofisto Gingona, are all possible no votes. Finally, some military officers and Southeast Asian diplomats consider Sen. Leticia Ramos-Shahani "anti-bases" because of her statement that foreign military bases encroach on the "independent foreign policy" stipulated in the Constitution. The sister of Gen. Ramos, she chairs the Foreign Relations Committee and will head up an Executive-Senate group to study the bases. Many here believe that, as one diplomat put it, "with the Senate the U.S. will have to work a lot harder."

Yet, given political realities, many senators will probably modify their stance by 1991 as President Aquino has. After signing an agreement in 1985 calling for the removal of the bases, she later changed her position to what is seen as a tacit yes on the bases. For instance, there are several senators such as Manglapus and Aquino who might vote no on purely nationalistic grounds. Yet, they are probably more concerned about the insurgency situation and what a decrease in aid to the military would mean if the bases were removed. The Philippine military depends on the U.S. for more than 20% of its total budget. The numbers are stark from the military's

perspective and they are certainly communicating this to the Senate. Thus, Philippine support for the bases rests not on what they do for external security, but on what they do for the economy and internal security. The continuing internal instability will make the Philippines all the more dependent on the bases.

Aside from the Senate, the other body that may have to decide on the bases is the general public. The Constitution states that, in addition to the required treaty, Congress may call a plebiscite on the bases and Aquino has made a commitment to do so. Public opinion polls have been taken and should be viewed with a healthy skepticism. For example, one of the better polls, taken by the Philippine Social Science Council in 1985, had a survey population of some 8,000 and found that less than half of the respondents had enough information on the bases to make a decision. Of those that did, 52% were for the continued presence of the bases, 30% against, and 18% undecided.

More importantly, two factors bode well for the bases. The first is pro-U.S. sentiment. This is a slippery item, but one that will favor the bases if a plebiscite is framed as a pro-U.S. or anti-U.S. vote. The second is pure economics. According to a study conducted at the National Defense College, the annual cumulative economic impact of the bases averaged \$1.3 billion from 1980 to 1986 with a high of \$1.5 billion or 5.2% of the GNP in 1986. (These figures are imprecise but do give a sense of the impact of the country's number two employer.) Whichever way public opinion goes, there will likely be a proliferation of pro-bases groups such as the one set up in Olongapo.

Finally, there is regional opinion. The pro-U.S. Association of Southeast Asian Nations (ASEAN) members benefit from the bases contribution to regional stability and incur none of the social and political costs associated with hosting the bases. They want to keep it that way.

Singapore, reflecting its status as a maritime state, is the only ASEAN member that has publicly supported the presence of the bases in the Philippines. Thailand and Malaysia have both communicated their support in private. But Indonesia, which has resurrected its call for a nuclear free zone, is unlikely to do so in keeping with its status as a non-aligned nation. Outside of ASEAN, China supports the presence of the bases, but not publicly. These statements of support are important demonstrations that the bases are not simply a U.S. goody, but are beneficial for the region. However, as one Ambassador cautioned, too many public statements supporting the bases could be counter-productive and construed as excessive interference in Philippine affairs.

Base negotiations have had a long and sometimes contentious past. What is most striking about past base negotiations is the consistency with which certain issues crop up. These "irritants," as both Philippine and American negotiators call them, involve: the nature of the bases compensation, whether it's security assistance as the U.S. officially calls it, or rent as Filipinos insist; the level of compensation; and issues relating to Philippine control over the bases and criminal jurisdiction.

Originally, the Military Bases Agreement of 1947 provided for a 99-year lease on the bases without compensation. In addition, the Mutual Defense Treaty of 1951 provides that the U.S. will come to the assistance of the Philippines in case of external attack. However, some Philippine officials consider the document a "paper tiger" and grumble that the American commitment to Philippine defense is not as strong as the commitment to NATO.

After the Magsaysay-Nixon Joint Statement in 1956, affirming Philippine sovereignty over the base, a Philippine negotiating panel, including 4 members of Congress, pushed for shortening the lease to 25 years and greater Filipino jurisdiction in criminal cases. The talks broke down, but in 1958 the basing agreement was shortened to 25 years. Not until 1966, and after a shooting incident involving Filipino victims, did the Philippines acquire its present criminal jurisdiction over cases not solely between Americans or in the line of official duty.

In 1976, base negotiations again stalled over the issue of Philippine control. Later, under the 1979 Amendment, SUBCOM and CABCOM were established with their Philippine base commanders and flags. While the Philippine commander was responsible for perimeter security, the U.S. facility commander, however, retained "effective command and control" and "unhampered operations" in the U.S. facility. In addition, a five year base review was stipulated and compensation was set \$500 million. In 1983, the U.S. agreed to prior consultation before engaging in operations from the bases and the compensation package was set at \$900 million over five years. Although U.S. operational rights have been circumscribed, past U.S. negotiators say that unlike basing rights in Spain and other countries, the U.S. "retains operational flexibility unmatched anywhere in the world."

The negotiations process has been a gradual erosion of U.S. base rights. The U.S. seeks to preserve the status quo as long as possible at a reasonable cost. While, the Philippines, not surprisingly, looks around the world at other basing agreements and makes a wish list: the criminal jurisdiction of Japan (but without footing the bill of the bases as Japan does), U.S. commitments to defend the Philippines similar to those granted NATO, limitations on U.S. base rights as in Spain, plus the dollar amount granted Turkey.

Until now, the U.S. has been fairly successful in negotiations. But now, with the openness of the Aquino administration sentiments, once restrained under Marcos, are being unleashed. To be sure, some of the Philippine complaints are posturing as a bargaining tactic, but many of these appear to be genuinely perceived as legitimate grievances. "There will be a backlash against the Americans for having been taken for a ride earlier in past negotiations," predicts one Southeast Asian diplomat. The bases, according to this diplomat, are now "a very emotional issue" and the U.S. will have to deal with a "more assertive Philippines." One measure of the changing tenor of the times, is that a senior Philippine negotiator, who was once characterized by his American counterpart as "the worst SOB I ever met," is today widely viewed as one of the few people who is "rational" on the bases.

Of all the issues surrounding the bases, the dispute over the nature of the "compensation package"--whether it's rent or aid--is the most salient. The volatility of this issue was illustrated when Secretary of State George Shultz visited last June for the signing of an economic assistance package. In his meetings with Congressmen and Senators elect, Shultz came down hard against the idea of rent. Feathers were more than ruffled. "It was really unfortunate," said one ASEAN diplomat, "he came with friendly support to sign an agreement ...and the result was a negative one."

The U.S. does not pay "rent" for the use of military facilities in allied nations because that would imply that the relationship was not mutually beneficial. And to begin making exceptions for the Philippines would undermine global alliances and basing agreements. From the Philippine perspective, especially that of the military, there are three reasons they want rent. (The military's view is important since for past base negotiations they did virtually all of the preparatory research, although this will probably change).

First, "rent" would theoretically guarantee an even flow of funds. The recent U.S. Congressional action to cut and then restore military aid to \$100 million has wreaked havoc with the military's planning. "It is a problem for us," said Brig. Gen. Arturo Castro, Deputy Chief of Staff for Plans and Policy. The American constitutional necessity that the U.S. executive branch can only make a "best effort" commitment to secure congressional funding is seen as a pressure tactic.

Reflecting the view of many officers, Gen. Tadiar said that the money "should be paid like a gentleman, on time and without strings."

Second, rent would mean that the Philippine government could do whatever it wanted to with the funds. U.S. security assistance includes monies under the Economic Support Fund which are monitored by the Agency for International Development, Foreign Military Sales credits for purchases of military hardware from U.S. contractors, and Military Assistance Program

grants of U.S. military equipment. A common complaint by military officers is that they cannot even buy cheaper Philippine products but are "forced" to buy from American defense contractors. While technically they are wrong, the process to receive an exception is lengthy and requires U.S. presidential approval. If the money was cash on the barrel, the Philippines could also buy cheaper patrol boats from Taiwan or what it considers better helicopters from England. "Our mouths water when we look at the specs" of other helicopters, said Gen. Castro. In the past he has headed up the AFP joint-study group on the bases and is expected to do so again.

The third reason is pride. Aid or assistance has connotations of a patron doling out largesse to a client; rent implies an agreement between two equals. Echoing statements of many others, a high-ranking Philippine Department of Defense official told me: "We don't want to be mendicants."

As for the amount of compensation, Philippine officials claim that Greece, Spain, Pakistan (which has no U.S. bases), and Turkey all receive more. A quick look at this year's numbers would seem to vindicate their position: all but Spain get more than the Philippines with Turkey bringing in almost one billion dollars annually. But, as the chart below indicates, except for Turkey, the other countries primarily receive loans for military purchases, not outright grants as does the Philippines.

	Military Assistance Program (grant)	Foreign Military Sales (loan)	Economic Support Fund (eco. grant)	Total
Philippines	100	0	180	284
Pakistan	0	290	250	540
Spain	0	265	12	280
Greece	0	435	0	436
Turkey	550	235	125	913

(Figures are in millions and are DoD requests for FY'88. As such they are subject to Congressional cuts and are for rough comparison only.)

The above figures for 1987 do not reflect the entire picture. The current five-year package for the Philippines is \$900 million consisting of \$475 million in economic grants, \$300 million in Foreign Military Sales credits, and \$125 in Military Assistance Program grants. The Philippine position has improved recently with the U.S. taking the unusual step of converting present military loans to outright grants. When discussing comparisons of aid levels with military officers, they often focus on the bottom figure and do not consider it significant that a large proportion of the aid to other countries is loans, which albeit concessionary, have to be, and are paid off.

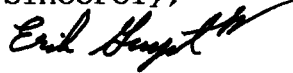
It is too early to predict what will be the magic number the Philippines requests, but it's likely to be in the ballpark of other nations with U.S. military bases. In addition, there have even been proposals to link the tenure of the bases with the Philippines \$28.5 billion foreign debt. One proposal would involve a tacit swap of the foreign debt for a 25-year lease on the bases. Although the idea is appealing as an easy way to solve a major headache, it is not viewed with much hope of success. Another longshot proposal, also by a serious person, involves bringing Japan in to share the burden of the bases compensation since the bases protect oil lanes to Japan.

The second set of issues--the "irritants"--revolves around Philippine sovereignty over the bases, criminal jurisdiction, and Philippine control over the operational use of the bases. For one, there is the nagging question of whether or not nuclear weapons are stored on the base. The Philippine Constitution forbids nuclear weapons except when in the interests of national security. The issue will probably never be resolved to everyone's satisfaction. For example, when Secretary of Defense Rafael Ileto was asked at a recent press conference if nuclear weapons were stored on the bases, he smiled and dodged the question by saying that there were parts of the U.S. facility off limits to him.

On the issue of Philippine sovereignty, the 1983 review provides for "prior consultation" with the Philippine government before the U.S. employs the bases for combat operations outside of the Mutual Defense Treaty, or bases long-range missiles. However, indicative of Philippine sentiment that this is not sufficient, a 1985 position paper by the National Defense College of the Philippines claimed that "the Philippines is unable to exact U.S. compliance for 'prior consultation.'" And Ambassador Emmanuel Pelaez, who will probably head up the negotiations, has written: "the bases, while nominally under the sovereignty of the Philippines, continue to be American bases subject to the control and sovereignty of the U.S." He recently compared the 1947 Military Bases Agreement to "an old house which its owners have tried to remodel over the years." He suggested that the best course is to "tear it down completely and build a new one." Clearly, as in 1979 with the establishment of the Philippine base commander, there is need for another concession that will provide more Philippine control over the bases. Yet, given internal economic and military exigencies, pragmatic wrangling over the size and shape of the compensation package is likely to weigh more than issues of Philippine control.

For many Filipinos, what they want from the bases as a whole, is what the Filipino workers at Subic cutting and welding the old ship Malvar already have on a smaller scale: the tools to rebuild on their own. The bases are the cornucopia that will provide for overhauling a ship, society, and perhaps even pay the staggering foreign debt. What the government wants are funds to restore institutions to their pre-Martial Law status, but like the base workers, with a minimal amount of U.S. advise and guidance.

Sincerely,

A handwritten signature in black ink, appearing to read "Erik Guyot", with a stylized flourish at the end.

Erik Guyot

Received in Hanover 8/24/87