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THE 1990-91 U.S.-PHILIPPINE BASE NEGOTIATIONS:
KILLING THE AMERICAN GOOSE

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SUMMARY

The withdrawal of U.S. forces from the Subic Bay Naval Base at the end of 1992 marked the end of the "special relationship" between the U.S. and the Philippines, centered, since the 1947 Military Bases Agreement (MBA), around a substantial American military presence. For much of that quarter century, the relationship weathered Philippine nationalist resentment of the U.S. role in the islands, disputes over compensation for U.S. use of military facilities, differences about jurisdiction over military personnel and specifics of base operations, and evolving visions of the strategic value of the bases.¹ Yet, until 1990-91, both sides were able to agree on conditions which allowed the U.S. presence to continue and huge amounts of U.S. assistance to flow.

Why did protracted negotiations fail to bring about agreement under Aquino? It appears that: 1) the U.S. estimate of the value of the U.S.-Philippine relationship and of the bases declined over the course of the negotiations; and 2) the Philippines failed to perceive the change and continued to act as though the U.S. commitment to their country and the bases was immutable. How was the U.S. able to overcome the inertia of a policy in place for a quarter century? Why did the Philippines miscalculate? The lens of the bureaucratic model of national decision-making provides a framework for suggesting answers.

Ironically, both the U.S. and the Philippines took the positions they did in the negotiations because of factors that

¹ William E. Berry, Jr., U.S. Bases in the Philippines: The Evolution of the Special Relationship (Boulder: Westview Press, 1989) ix-xii.

sharply circumscribed the power of their respective Executive Branch bureaucracies. On the U.S. side, a bureaucratic innovation - the office of Special Negotiator - provided the vehicle for a strong personality to marginalize the bureaucracy and its attachment to the status quo. In the Philippines, a weak presidency allowed base opponents to seize control of the negotiations from the Foreign Ministry.

THE BASIC STORY

After much posturing and haggling, the United States and Aquino's government reached agreement in 1988 on an amendment to the 1947 MBA agreement providing for about half a billion dollars of economic and military aid annually in 1990 and 1991. However, all recognized that the agreement only bought time: the 1986 post-Marcos Philippine constitution stipulated the departure of all foreign forces from the country by the end of 1991 at the "expiration" of the 1947 MBA unless a new treaty governing their presence had been approved by the Senate.² This was the "deadline" faced by both sides in Allison's model.³

While the U.S. did not accept the Philippine assertion that the 1947 MBA "expired" in 1991, exploratory talks toward a new agreement began in May 1990 and formal talks in September of that year. Issues were variants of the traditional questions: how long would the U.S. retain control, how much Philippine jurisdiction

² H.W. Brands, Bound to Empire (New York, Oxford University Press, 1992) 343.

³ Graham T. Allison, Essence of Decision (Harper Collins, 1971) 168.

would there be over U.S. military personnel and how much Philippine influence on military operations, and above all, how much would the U.S. be willing to pay. Negotiations were conducted to the accompaniment of a chorus of emotional anti-Americanism played out in the Manila press. The Philippines opened with highly publicized demands for an annual compensation package of about \$825 million, much of it in cash. Just prior to the explosion of Mount Pinatubo in June 1991, the two sides neared agreement on a package of approximately \$360 million annually in appropriated base-related assistance for an agreement of seven years, plus a suitable withdrawal period in the event of no extension.⁴ Assistance provided in other, largely non-monetary forms would have raised the total to about the \$825 demanded by the Philippines.

In response to the destruction of Subic Bay by Mt. Pinatubo, the U.S. side pressed for a revised accord. On August 27, an agreement was signed providing for a ten year tenure on remaining installations, reduced annual compensation of about \$203 million beyond FY 1992, and delinking of other assistance from the bases issue.⁵ This agreement was rejected by the Philippine Senate on September 16, 1991 because of dissatisfaction with the amount of compensation, in particular the shortfall in the agreement from the \$825 million originally demanded. Mrs. Aquino initially considered

⁴ Richard L. Armitage, Special Negotiator for Philippine Bases, Statement to the Subcommittee on Asian and Pacific Affairs, Committee on Foreign Affairs, House of Representatives, One Hundred Second Congress, First Session, September 25, 1991, 6.

⁵ Armitage, statement 7.

putting the issue to the people in a referendum but was persuaded she did not have the Constitutional powers necessary to do so. Following unsuccessful negotiations with the U.S. on a withdrawal timetable, she ordered U.S. forces from the Philippines by the end of 1992. The U.S. did not contest the decision.

THE UNITED STATES SIDE

Responsibility for conducting the negotiations for the U.S. was assigned to Richard L. Armitage, Special Negotiator for the Philippine Bases. A former Assistant Secretary of Defense with personal ties to Secretaries Baker and Cheney and the President, he was responsible only to those officials and was able, he relates, to ignore the bureaucracy. The lines of authority were clearly established soon after his appointment when the State Assistant Secretary for Congressional Relations tried to limit his contacts with Congress. Baker backed Armitage, and after that, the bureaucracy left Armitage alone.⁶

Armitage called the shots for the U.S. throughout the negotiations, in particular by offering the Philippines less than the Executive Branch would have been willing to pay. The U.S.-Philippine negotiations began several months after the end of the Berlin Wall and concluded several months after the end of the Gulf War. Armitage and Peter Watson, then NSC staff official on the negotiating team, report that the negotiating mandate given Armitage by the NSC Deputies' Committee at the start of the negotiations reflected Cold War assumptions by the agencies sitting

⁶ Richard L. Armitage, personal interview, 13 December 1993.

around the table that the Philippine bases were critical to the U.S. presence in the Pacific and that U.S. support of the GOP against Communist insurgency was essential.⁷

At the end of the day, the U.S. negotiating position reflected a judgement that the bases' value had depreciated significantly with the end of Cold War threats, and that in an era of resource constraints, compensation for the bases must correspond to their diminished value. There was resistance to this profound transformation in the American position. According to Armitage, the military services, used to unlimited access to the bases, a comfortable budget, and a rationale to justify both, initially argued that continuation of the status quo was essential. He believes that the Foreign Service, left to its own devices, would have made sure some kind of agreement came out of the talks.⁸

From the outset, Armitage considered the Executive Branch's negotiating terms unrealistic because too generous in relation to what Congress would accept. Armitage's insistence on close relations with the Congress paid off: they assured that the legislative and executive branches moved in sync toward what amounted to a significant rupture in U.S.-Philippine relations. During the course of the negotiations, there were over 600 communications with the Congress.⁹ As a result of these

⁷ Armitage, interview, and Peter Watson, personal interview, 15 December 1993.

⁸ Armitage, interview.

⁹ Armitage, statement 16.

consultations, Armitage knew that there was downward pressure on the "150" foreign assistance account, and argued in the first NSC Deputies meeting that the amounts the Administration was willing to commit to the negotiation were excessive.

The environment in Congress was not at all receptive to pressure from Philippine theatrics given the "jaundiced view in which many key U.S. legislators held the Aquino government".¹⁰ Initially enthusiastic enough about Aquino to vote large amounts of new assistance in 1986, Congress was increasingly disillusioned about her ability to govern given repeated coup attempts and failure to implement economic programs.¹¹ While Manila was conducting a public relations vendetta against the United States in the hearing of both President Bush and Congress, U.S. domestic base closures were increasing pressures in Congress to get rid of overseas bases, and Congressional support for maintaining a Philippine assistance account of over \$550 million in FY 1991 was declining dramatically.¹²

President Bush's own stance with regard to the negotiations was key to the Administration's ability to bring about a fundamental change in policy toward the Philippines. During the Reagan years, the President's commitment to Marcos overrode objections in both the Executive Branch and in Congress to

¹⁰ Richard L. Armitage, "The Philippine Base Negotiations", The Diplomatic Record 1990-91, eds. Hans Binnendijk and Mary Locke (Boulder: Westview Press, 1992) 163.

¹¹ Armitage, interview, and Watson, interview.

¹² Armitage, "The Philippine Base Negotiations" 163.

unquestioned support for the Philippines, and almost led the U.S. to fail to swing its support to Aquino at the critical moment.¹³ President Bush, on the other hand, "ultimately didn't care at all"¹⁴, and gave Armitage complete latitude. He appears to have been influenced by the same considerations as was Congress: exasperation with the ineptness of the Aquino Administration and its anti-American bias, and awareness of resource constraints.

Armitage spearheaded a critical review of the U.S. posture - what we really needed and why, and how it should be structured.¹⁵ He arranged a meeting with the JCS early on to get their views. When the Air Force Chief argued for a continuation of the status quo, Armitage countered him with information that some mid-level officers in the Air Force had already recommended "zeroing out" Clark Air Base. According to Watson, the service chiefs quickly backed down when asked to substantiate their positions.

The reexamination convinced the negotiators that the U.S. could get by without the bases. Armitage says that, by his third or fourth negotiating visit to the Philippines, he had come to believe that a continued U.S. presence in the Philippines was in the interest of neither country. He continued the negotiations, however, in part because we needed to convince our friends in the region that, if the negotiations failed, the Philippines had brought it on themselves. This is in fact what happened.

¹³ Brands 331-36.

¹⁴ Armitage, interview.

¹⁵ Watson.

After Mt. Pinatubo exploded, Armitage, acting within his authority, decided that the compensation terms must be cut back because of the loss of Clark and the damage to Subic - the value for U.S. money had obviously declined. His focus was on what Congress would be likely to accept. The U.S. had from the start of negotiations tried to delink assistance from base rights. In the end, the Philippines' insistence on linking assistance to base rights backfired.¹⁶

THE PHILIPPINES SIDE

U.S. assistance to the Philippines and the economic stimulus the bases provided the equivalent of 3 percentage points of GDP annually.¹⁷ A sizeable majority of the Philippine public wanted the U.S. to stay. In addition to the tangible monetary benefits, the Philippines benefitted in having a lower defense bill. Moreover, the American military umbrella provided some protection against coup attempts.

Emotional nationalist views prevailed, however, despite the supposed commitment of President Aquino to reach an agreement with the United States. Her personal conviction is in fact doubtful: in her first news conference as candidate for the Presidency, she announced she would work steadfastly for removal of the bases,

¹⁶ Armitage, interview.

¹⁷ Clark D. Neher, Southeast Asia in the New International Era (Boulder: Westview Press, 1991) 80.

although she modified her position thereafter.¹⁸ Armitage believes that she was "mildly" in favor of a new agreement.

Whatever her convictions, she never demonstrated visible leadership on the bases question until after the agreement was signed. Rather, she tried to play peacemaker within her government and between her people. The result was to leave the field wide open to anti-American forces.¹⁹

Aquino made no progress in reversing the sway of the oligarchy on the bureaucracy during her Presidency. The power of individuals mattered more than the institutions they represented.²⁰ The panel charged with the negotiations was nominally headed by Foreign Minister Manglapus, according to Armitage a true patriot who wanted the best deal for his country, but who negotiated seriously. In fact, the panel was dominated by Agriculture Minister Bengzon, a known opponent of the bases, who appointed other members with similar views.²¹

In addition to shaping the Philippine position, Bengzon appears to have sabotaged progress at key points, as when Manglapus was forced to back down from some previous positions. Aquino appeared to take no notice of this or other evidence of official

¹⁸ A. James Gregor and Virgilio Aganon, The Philippine Bases: U.S. Security at Risk Washington: Ethics and Public Policy Center. 105.

¹⁹ Armitage, "The Philippine Base Negotiations", 172.

²⁰ Neher 61.

²¹ Armitage, "The Philippine Base Negotiations", 158.

undermining of the negotiations.²² Bengzon may have forced the Philippine spokesman to break an agreement with the U.S. not to publicize details of the negotiations, and in February 1991 the details of the Philippines' initial, and unacceptable, \$825 million proposal were made public. This was key: the announcement appears to have set a standard of expectations for compensation which the final, post Mt. Pinatubo agreement did not meet.²³

Having established these expectations, the Aquino government was treated to the same kind of political theatrics in the Senate as it had used on the U.S.²⁴ Moreover, another Aquino tactic backfired: by announcing in advance of the Senate vote that she would seek a referendum on the bases issue, she may have encouraged some Senators to cast "symbolic" votes against the treaty in the expectation that a referendum and U.S. determination to stay would somehow assure the bases' survival.²⁵ According to Armitage, Aquino's government, unused to working with a legislature with real powers, did not lobby the Senate until late in the day.

Finally, unlike Marcos, Aquino was constrained by the Constitution. Although public opinion polls showed strong public backing for a continued American presence, she ceased consideration of a popular referendum under threats of impeachment from the

²² Armitage, "The Philippine Base Negotiations", 168.

²³ Armitage, "The Philippine Base Negotiations" 165.

²⁴ Armitage, "The Philippine Base Negotiations" 171.

²⁵ Armitage, "The Philippines Bases Negotiations" 172.

opposition.²⁶

CONCLUSION

While superficially very different, the internal processes of the U.S. and Philippines during the base negotiations reveal substantial similarities. The rupture in U.S.-Philippine relations marked by the closure of the Subic and Clark bases came about as a result of a derailment of standard bureaucratic procedures in both countries, which allowed a strong personality - Armitage for the U.S. and Bengazon for the Philippines - to direct negotiating positions in such a way that mutual preservation of the status quo ante became impossible. In the U.S., the bureaucracy was largely marginalized by a mechanism, the office of Special Negotiator, which has been generally employed by recent administrations to try to assure a result other than the "standard operating procedure" that regular channels would deliver. In the Philippines, the continued sway of "cronyism" under Aquino seems to have prevented any strong institutional character from developing. In both countries, the result was to move each country to a position more reflective of new realities - for the U.S., growing resource constraints and the end of the Cold War, and for the Philippines, the post-Marcos era.

²⁶ Brands, 344.