

"Innovative" Ideas For Prolonged US Stay After 1991

Enrico Esguerra

The Constitution envisions that upon termination of the RP-US Military Bases Agreement, no foreign military facilities and troops shall be allowed on Philippine territory. In the absence of a treaty ratified by the Senate, the continued presence of foreign military facilities and troops on our land shall constitute a violation of the Constitution.

Although the Constitution allows for the possibility of the presence of foreign military facilities and troops beyond 1991 under a treaty, we believe that such extension is not in the national interest.

In order to meet the requirements of our Constitution, the Philippine Government should immediately serve the United States Government notice of the termination of the RP-US Military Bases Agreement. [UP Faculty Declaration on the Military Baselands, 19 September 1989.]

As the Philippine government undertakes studies for alternative uses of the baselands and prepares for the coming negotiations, certain quarters in the US are also dishing out their own proposals for "alternative uses" of the bases and their facilities.

One such proposal involves the privatization of the Subic Base ship repair facility. Newspaper columnist Belinda O. Cunanan [*Philippine Daily Inquirer*, 9 February 1990] says this concept was fleshed out by US Metro Machine Corporation executive John Goldbach. The US Metro Machine Corporation is a privately-owned US Navy ship repair shipyard. [See document section -- Ed.]

The idea behind this concept is that there will indeed be "life (for US military facilities in the Philippines) after (the expiration of) the bases agreement in 1991". In fact, the actual proposal is for privatization in exchange for an extended lease on (sic) the remainder of Subic Bay Naval Base.

1. As proposed, the new ship repair facility corporation will be 70 percent owned by SRF Filipino civilian employees through an Employee Stock Ownership Plan (ESOP), and 30 percent owned by the Philippine government. It is envisioned to benefit some 4,000 Filipino employees in the facility.

But US base forces, this time employed as non-SRF personnel, will remain. The proposal suggests that *all Americans currently employed by the SRF be reassigned to non-SRF positions*. This is because, according to the proponents, *"the logistic support provided to the US Navy by the non-SRF portion of the Subic Bay Naval Base is indispensable and is strategically irreplaceable at any cost"*.

2. The proponent US Metro Machine Corporation suggests that the US government enter into a contract with the new Filipino Subic Bay SRF Corporation to *exclusively perform repair and alteration work for a ten-year period on non-nuclear US Navy ships stationed in the Philippines*. Contract administration would be conducted by a Subic Bay Supervisor of

Shipbuilding, Conversion and Repair (of the US Navy, that is), staffed by US Navy personnel, US Metro Machine Corporation, no matter if it is privately-owned, is likewise a US Navy ship repair shipyard.

The new Filipino corporation will, thus, continue to service the needs of US military forces. For indeed, *Subic's ship repair facilities have no equal at the moment in the Asia-Pacific region.* Certain American political leaders have also pointed out that *"in order to dispense with Subic's ship repair facilities, there would be need for 'another battle-carrier group' to attain the same effectiveness as when Subic were around".* [Cunanan, op. cit..]

The proposal, in fact, points out:

The value of the SFR, drydocks, other movable facilities and equipment, tools, supplies, drawings, records, etc. which would be conveyed to the Philippines as part of this transaction is inconsequential compared to the cost of reestablishing the entire Subic Bay complex elsewhere (notwithstanding the devastating loss in US Navy capability that would result from such a move).

3. Under the proposal, the US would provide an *interest-free 40 million-dollar loan* to the ESOP of the new corporation, repayable in equal amortizations over ten years. This amount would fund *initial working capital and start-up, including technology transfer and management training.*

However, it is also proposed that the Philippine government enter into a contract with the American corporation that will be responsible for *"transfer of technology, management selection, on-the-job training, consulting services, systems, and procedures, including administrative procedures (sic)"* all consistent with US standards. The Philippine government, on the other hand, is supposed to *agree to give absolute priority of facilities and manpower to all US Navy contracts, and to amortize start-up costs over a ten-year period.*

3.1 Given the conditions stipulated in the proposed contract, nationalist businessmen commenting on the proposal pose the question: How much of the 40 million-dollar loan will go to the Philippines as working capital? How much will remain in the US for management, training, consultancy fees, and technology transfer? How much will be allotted for the remuneration of Metro Machine's senior managers?

Is it not precisely through these means/conditions that foreign transnational corporations are able to maintain their stranglehold over the Philippine economy?

3.2 It is clear that the financial viability of the new *"Filipino corporation"* hinges on US money, technology, and expertise. Given this, would not the loan always be outstanding, and the lease on the baselands automatically renewable? If the loan is not repaid within the ten-year period, will the lease be automatically extended?

3.3 That the new corporation will enter into a sole contract with the US corporation, and will exclusively service US Navy ships runs counter to the idea of setting up a genuinely Filipino ship repair facility.

In fact, any conversion plan for the bases has to be done within the framework of an entire national industrialization plan. In this particular case, not only a ship repair facility, but a shipbuilding industry as well -- which will, in turn, require developing our own steel industry -- should be considered.

4. It is in the Subic ship repair facility that we find highly-skilled Filipino technicians and workers who know their job well enough to be able to actually run the enterprise.

In the short-term, while Filipino workers and technicians can run the facility themselves, they will need the support of a government that has strong political will to break

from the chains of foreign domination and control, and decisively pursue a national industrialization program.

It is also possible for Filipino workers and technicians to work hand-in-hand with local Filipino businessmen in running the new facility. There are many Filipino businessmen who would be willing to venture into such an enterprise, but are not given the chance due to stiff competition with big business allied with foreign monopolies.

The Philippines does not have to be tied to US sources for the needed technology. On the basis of its sovereign position, it should exert the right to choose its own clients, i. e., to service not only US Navy ships, but ships (non-military) of other nations as well. There are already existing studies and experiences that attest to the benefits of such a practice.

In the long-run, whatever shipbuilding and ship repair industry is set up can be run by workers' industrial cooperatives owning and controlling it.

In this regard, the UP Faculty Statement on the baselands tells us:

The resources freed upon the removal of foreign facilities and troops present a unique opportunity for developing new ways of organizing production and forms of management. Cooperative endeavors must be encouraged, as well as other forms of people's organizations that enhance popular access to, and control of, the instruments of production. Such access and control enhance the welfare of the disadvantaged, and promote employment, a rising standard of living, and an improved quality of life.