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Reagan to Warn Marcos on Peril Of Overthrow

By Lou Cannon and Bob Woodward
Washington Post Staff Writers

President Reagan has sent his close friend Sen. Paul Laxalt (R-Nev.) to see Philippine President Ferdinand E. Marcos, bearing what one administration official called "an extremely blunt message of warning" that the Marcos regime is in danger of being overthrown.

The official said that assessments by the Central Intelligence Agency and a special national security planning group point to the potential of the Philippines, with two vital U.S. military bases, becoming "this administration's Iran" unless Marcos takes immediate steps to combat a growing communist insurgency.

One official called the message that Laxalt is carrying "the bluntest presidential message ever delivered to a friend." He said that Marcos would be told that he was "screwing up the fight against the insurgency" and that his government was too preoccupied with financial gain and domestic politics rather than combating the increasingly powerful New People's Army.

Laxalt is expected to give Reagan a frank assessment on the mood and capacity of the 68-year-old Marcos, who was elected president in 1965 and has remained in office since, including a 10-year period during which he ruled by martial law. Administration officials said that the question of whether the United States should back an alternative to Marcos had been "discussed within the government" but not resolved.

Among countries in which U.S. security interests rank high, the Philippines were identified in the quarterly CIA Watch Report as the country with the greatest potential for instability. CIA Director William J. Casey and national security affairs adviser Robert C. McFarlane have emphasized to the president the precarious position of the Philippines, officials said.

They said that the warning of U.S. officials was underscored last week by Singapore Prime Minister Lee Kuan Yew, an ally of the United States, in a meeting with Reagan at the White House.

In an interview with The Washington Post during his visit here Lee called the Philippines "a source for anxiety," said "the population is in distress" and predicted that the insurgents will grow "quite a bit stronger" if economic problems are not resolved.

The White House announced the Laxalt mission yesterday after The Washington Times published an article about the trip.

"Sen. Laxalt is undertaking a visit to the Philippines, an ally of long standing at the personal request of the president," said Michael Guest, an assistant White House press secretary. "He departed Saturday as a close personal friend of President Reagan. He will meet with President Marcos."

Laxalt, general chairman of the Republican Party and chairman of three Reagan presidential campaigns, announced on Aug. 19 that he would not seek a third term and told Reagan he would be available for sensitive trouble-shooting assignments. Some conservatives think that a successful performance by Laxalt in this role would help make him a vice-presidential contender in 1988. But the thrust of Laxalt's trip was primarily policy-oriented.

Casey, who met with Philippine officials in Manila for three days last May and reportedly urged Mar-

cos to hold immediate presidential elections, has been warning for months that the regime is in danger. In the agency, sources said, the policy of reassessment has been pushed by a former Manila station chief who has been promoted to head of the CIA's East Asia division.

Last week, Rep. Dave McCurdy (D-Okla.), a member of the House Intelligence and Armed Services committees, said that the CIA and the Defense Intelligence Agency

had warned that present trends in the Philippines are "really downward and very negative" and headed for "catastrophe."

At stake is the security of Clark Air Base and Subic Bay Naval Base, the two biggest U.S. military installations outside the United States. The United States has lease of the bases until 1991, but Assistant Secretary of Defense Richard L. Armitage said that "we are seriously looking at alternatives" because of the instability of the government. The potential loss of these bases is of concern because of Soviet naval presence at Cam Ranh Bay in Vietnam, once an important U.S. base.

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ON PAGE A1NEW YORK TIMES
15 October 1985

U.S. SENDS LAXALT TO TALK TO MARCOS

By BERNARD WEINRAUB

Special to The New York Times

WASHINGTON, Oct. 14 — President Reagan has sent Senator Paul Laxalt to the Philippines to discuss the worsening military, political and economic situation there, Administration officials said today.

Officials said Mr. Laxalt, one of Mr. Reagan's closest friends, would probably meet President Ferdinand E. Marcos in the next two days.

Officials said Mr. Laxalt, a conservative Nevada Republican, was carrying a message to Mr. Marcos from President Reagan. They declined to divulge details of the message but said Mr. Reagan wanted to "express his concern" about the situation in the Philippines.

Potentially Major Crisis Seen

Privately, White House, State Department and Pentagon officials have viewed the Philippine situation as a potential crisis for the United States. In sending Mr. Laxalt to Manila, Mr. Reagan took his most aggressive step so far in putting pressure on the Marcos Government for changes that the United States views as crucial to its stability.

The Laxalt trip comes at a potentially critical moment for United States-Philippine relations. The Defense Department plans to invest about \$1.3 billion in Clark Air Base and Subic Bay naval station in the Philippines despite warnings by United States intelligence agencies about increased Communist guerrilla activity there.

A recent Senate report to Defense Secretary Caspar W. Weinberger said American military bases in the Philippines were poorly protected and vulnerable to a terrorist attack.

Officials said the basis for Mr. Reagan's anxiety about the Philippines was the growing Communist insurgency there and fears that the Philippine military was not meeting the challenge. They said the United States was seeking an overhaul of the military and a curbing of corruption and favoritism, which are hurting the campaign against the rebels.

A second issue that especially concerns Mr. Reagan and the Administration, officials said, is Mr. Marcos's refusal so far to make economic changes to curb corruption.

Officials indicated that Mr. Laxalt would point out that two of the major monopolies, coconut and sugar, are controlled by friends of Mr. Marcos. Mr. Marcos's promise to reorganize these industries is regarded as cosmetic and not as sweeping as the Administration had sought.

"Corruption has been carried to such a degree there that parts of the economy don't function," an Administration aide said.

The White House confirmed Mr. Laxalt's trip after a report was published today about it in The Washington Times. The White House declined to discuss details of the trip.

'An Ally of Long Standing'

Michael Guest, a spokesman, said, "Senator Paul Laxalt is undertaking a visit to the Philippines, an ally of long standing, at the personal request of the President."

"He departed Washington Saturday as a close personal friend of President Reagan," Mr. Guest said. "He will meet with President Ferdinand Marcos while he is in Manila."

Officials said they believed that Mr. Laxalt would spend four days in the Philippines.

Mr. Laxalt is apparently Mr. Reagan's first emissary sent specifically to speak to President Marcos. Officials indicated that the trip, apparently aboard a military aircraft, was supposed to have been secret.

One element of Mr. Laxalt's mission, officials indicated, was to discuss political changes. This would involve a fair presidential election and the development of an election process that would be, according to one official, "clean and open."

Health of Marcos

In early August Mr. Marcos said he was seriously considering calling a presidential election this year, but later that month he appeared to drop plans for a ballot in 1985. The next scheduled presidential election is in 1987.

The health of the 68-year-old President, and his succession, have been of special concern to the Reagan Administration as the Communist insurgency and the political instability in the Philippines grow. Mr. Marcos apparently suffers from a degenerative kidney disease, and his condition swings in cycles. Lately he has appeared to be physically strong.

An additional Administration concern that may be voiced by Mr. Laxalt, officials said, is Mr. Marcos's insistence that he will return Gen. Fabian C. Ver, a close associate and cousin, to his post as chief of the armed forces. General Ver has been implicated by a citizens' court in the killing of the opposition leader Benigno S. Aquino Jr. in 1983.

Administration officials believe that General Ver will be acquitted and are expressing concern that Mr. Marcos will reappoint him to his former powerful position in the armed forces.

As a result of the Aquino assassination, President Reagan canceled a visit to the Philippines.

The Declining Economy

In presenting the President's message to Mr. Marcos, Senator Laxalt will tell the Philippine leader that the worsening political, economic and military situation was abetting the Communist rebellion and driving moderates into the hands of extremists, officials said.

Especially worrisome to American officials is the declining economy, which, they say, contributes to the disillusion among the middle class and the growth of the insurgency.

The Philippine economy, which shrank 5.5 percent last year, is expected to contract by another percentage point this year. One key reason for the decline, officials said, was the pervasive corruption and the failure by Mr. Marcos to generate economic changes.

Mr. Reagan has taken an active interest in the Philippines. He said in an interview last February that it would be "a disaster for all of us" if the democratic process failed there.

The planned upgrading of Clark Air Base and the Subic Bay naval station comes despite conclusions by the Central Intelligence Agency and the Defense Intelligence Agency that the Marcos Government was imperiled by the Communist insurgency.

Both agencies recently told the House Intelligence and Armed Services Committees, in secret briefings, that present trends in the Philippines were "really downward and very negative," Representative Dave McCurdy, Democrat of Oklahoma, said last week.

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Upgrading Set At U.S. Bases In Philippines But Agencies Warn Of Insurgency Peril

By David B. Ottaway
Washington Post Staff Writer

The Defense Department plans to invest \$1.3 billion to upgrade Clark Air Base and Subic Bay naval base in the communist-threatened Philippines despite the conclusions of two U.S. intelligence agencies that the government of President Ferdinand Marcos is headed for "catastrophe."

Wary of the growing threat from Filipino guerrillas, however, the Pentagon has begun to look for alternative Pacific sites in what could be an \$8 billion relocation of the two biggest U.S. bases outside the United States, according to a high-ranking Pentagon official.

The Central Intelligence Agency and the Defense Intelligence Agency recently told the House Intelligence and Armed Services committees in secret briefings that present trends in the Philippines are "really downward and very negative" and heading for "catastrophe," Rep. Dave McCurdy (D-Ohio), a member of both panels, said yesterday.

"The intelligence community is so far out ahead of the policy-makers that it's incredible," McCurdy added.

Reacting to a recent Senate report questioning the wisdom of a large new U.S. military investment in the Philippines, Assistant Secretary of Defense Richard L. Armitage said in an interview that "the facts as we see them are that we will be at those facilities at least until 1991."

After that, Armitage added, "it gets problematical . . . We are looking seriously at alternatives." The potential loss of the 83-year-old bases—and their potential con-

version into Soviet facilities—is particularly worrisome to the Pentagon because of the large Soviet naval presence at Cam Ranh Bay in Vietnam, once a major U.S. base.

Among the alternatives under consideration, Armitage said, are Guam, which lies 1,500 miles east of the Philippines, and Tinian, an island in the northern Marianas, where the United States has already leased more than 18,000 acres.

Both are regarded as poor options, however, because of their location, lack of development and manpower shortages. Also, Armitage said replacement costs could total "as much as \$8 billion."

A communist insurgency led by the New People's Army (NPA) has spread virtually throughout the Philippines. The movement contends it receives no help from the Soviet Union or other communist-bloc nations; demands for removal of the U.S. bases are heard not only from the NPA but also from non-communist opposition elements in parliament, where a 17-member committee is studying the issue.

Several ministers in the Marcos government have also called for abrogation of the military bases agreement with Washington; the agreement comes up for review in 1989 and for possible renegotiation in 1991. But these semiofficial requests may be linked to a governmental maneuver to obtain more than the \$900 million the United States now provides to the Philippines in economic and military aid over a five-year period ending in 1989, according to congressional and administration sources.

A Soviet military presence in the Philippines could result in "a basic reversal of the strategic balance" in the region, Armitage said. Navy Secretary John F. Lehman Jr. echoed that sentiment in a recent interview, saying it "would be a horrendous situation were the Soviets able to operate out of the Philippines."

Armitage, the Pentagon's top Asia expert, said there was a "slight possibility" of looking for alternative U.S. bases closer to the Asian mainland to counter Cam Ranh Bay, where Moscow now has its largest base outside the Soviet Union. However, the Pentagon has no

plans to approach any potential host governments in the Pacific region to ask for facilities, he added.

Armitage specifically denied that the Pentagon was considering Singapore as an alternative to Subic Bay, saying it was too crowded and short on storage facilities. There have been unconfirmed reports here that the United States is interested in the former British base at Woodlands in Singapore.

The mounting problems for the United States in continuing to depend on its two facilities in the Philippines were vividly brought home in a Sept. 9 report written by the majority staff of the Senate Armed Services subcommittee on military construction.

The report, based on a visit in late August, found serious security breaches at both bases, including no sign of Filipino guards, empty guard towers and only seven miles of the 26-mile outer perimeter fence still standing at Clark. At Subic Bay, the subcommittee staff learned that an armed NPA squad had recently camped inside the perimeter of the naval base, only a mile from a U.S. ammunition magazine.

"Although the magazine is secured with the proper security fencing and guarded by U.S. Marines, the fact the NPA can actually operate inside the perimeter guarded by the Philippine military is nothing short of incredible," the report said.

At both Clark and Subic Bay, the Philippine government has responsibility for securing the perimeters, and the United States protects the installations inside.

Armitage acknowledged "some real holes" in security arrangements and noted that Clark is located in a traditional home base area for the communists. The Sen-

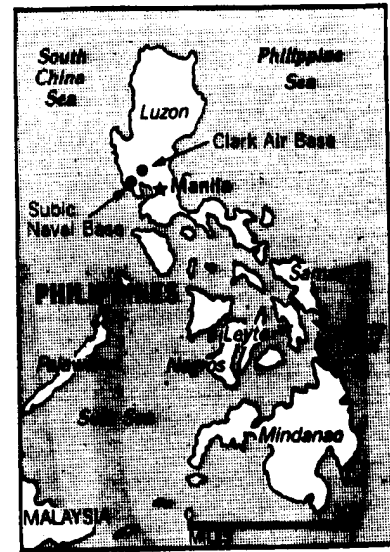
ate report provided "some more momentum" to discussions already under way between the Defense Department and the Philippines government about improving security, he added.

Both Armitage and the subcommittee staff appeared to agree that the NPA would never be strong enough to actually occupy either base and had adopted a policy of avoiding attacks either on U.S. facilities or individual Americans. But the report said the communists could shift tactics "overnight" and destroy important, costly U.S. military equipment.

Armitage agreed that the NPA could attack the bases "any time" but doubted it would do so. U.S. military "flying squads" have been set up as a precaution to intercept intruders, he said.

The Senate report urged the Pentagon to delay its plan to spend \$1.3 billion for upgraded housing, runways and other facilities "until greater certainty is established that the United States will continue to be a welcome guest."

But Armitage said he had not changed his "risk assessment" of last spring that the military struggle between the Marcos government and the NPA could end in a stalemate on the battlefield "in three to five years time" if present trends continue.



"I would state that the trend in the Philippines is still deteriorating," although at "a slightly lower rate" in recent months, he said.

He attributed this partly to "rudimentary improvements" in the performance of the Philippine armed forces and partly to spreading disenchantment with the NPA among a pro-American Filipino population.

"It has more to do with the fact that a very westward-leaning, U.S.-oriented population, which generally shares our values, is getting the word that maybe the NPA is not the nice people," he added. "Once they consolidate control and they have their apparatus in place, things become a little more draconian."

Staff writer George C. Wilson contributed to this report.

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14 October 1985

Reagan sends Laxalt to Manila with message

By Roger Fontaine
THE WASHINGTON TIMES

President Reagan has sent a special personal emissary with a private message for Philippine President Ferdinand E. Marcos, administration sources have told The Washington Times.

In so doing, the United States is stepping up its demonstration of concern for the future of the Philippines, which is experiencing its most serious internal unrest since the end of World War II.

The president's message will apparently be a frank assessment of the political trouble Mr. Marcos finds himself in and what that implies for United States' interests in the Philippines.

The emissary, Sen. Paul Laxalt, a Nevada Republican and a longtime close associate of the president, is going at the personal request of Mr. Reagan, the same sources said. Mr. Laxalt has performed similar missions in the past, most notably when he was sent to Taiwan in April 1984 on the eve of President Reagan's trip to the People's Republic of China.

The meeting with the Filipino leader is scheduled for Wednesday. Mr. Laxalt left for Manila from Andrews Air Force Base early Saturday.

Mr. Laxalt is scheduled to arrive in the Philippines today after a stop in Hawaii for talks with the U.S.

Commander in the Pacific, Adm. James A. Lyons. He returns to Washington Thursday night.

The trip, which is expected to be announced today at the White House, culminates a lengthy period of assessment within the administration over Mr. Marcos' prospects in an increasingly turbulent Philippines.

The exact content of the president's message was not revealed by the sources, but the meeting is expected to produce a frank discussion of Mr. Marcos' political troubles. Such a trip has been discussed for some time inside the administration, with some officials believing such a message is "overdue" because it is felt the Philippine president "is screwing things up."

There is no indication, however, that any specific demands will be made or penalties attached if they are not met.

But one indication of that rising concern is that although the president has written letters to Mr. Marcos before, Mr. Laxalt is the administration's first presidential emissary specifically sent to talk with the Philippine leader.

Earlier reports that William P. Clark, a former national security adviser, and another close political associate of Mr. Reagan, had come to the Philippines on a similar mission were branded false by the same

administration sources.

Last May, however, CIA Director William Casey, another political ally of the president, presided over three days of meetings between U.S. and Filipino officials in Manila in order to get a fresh assessment of the

threat posed by the Marxist New People's Army. He subsequently met with Mr. Marcos to discuss the new threat estimate, while news reports at the time said Mr. Casey also urged the Filipino president to hold immediate presidential elections.

Although administration sources will not reveal whether any similar request will be made this time, the Laxalt trip evidently is meant to be a stronger signal of increasing U.S.

worry, and the personal concern of Mr. Reagan himself. The importance that the White House attaches to this visit is also underlined by the fact that Mr. Laxalt has no other planned meetings on his four-day stay in the Philippines.

The timing of the visit, these sources stressed, was not keyed to any one recent event, nor is it felt here that Mr. Marcos' troubles now are any greater than two months ago. But the Laxalt visit is a clear indication that a turning point has been reached in the Philippines, putting at risk huge U.S. interests in that archipelago.

Those interests have steadily accumulated since the islands were wrested from Spanish control at the end of the last century. Today they

include economic investments of \$3 billion and key military facilities, Clark Air Base and Subic Naval Base, the principal American naval base in the Far East. They help protect vital sea lanes from a growing Soviet naval presence in the region staged from bases stretching from Vladivostok in the Soviet Union in the north, and Danang and Cam Ranh Bay in Vietnam to the south.

In congressional testimony earlier this year, the U.S. bases were described as "essential" by Richard L. Armitage, the Pentagon's assistant secretary of defense for international security affairs.

The Reagan administration has

also made a major effort to convince a skeptical Congress that substantially increased military aid is needed if the Marcos government is to stem the growing threat posed by the NPA, which has grown to 12,000 men in the last few years. NPA commanders euphorically predict an army of 60,000 in two more years, and threaten attacks on metropolitan Manila in the very near future.

Until very recently, the Reagan administration has shown more concern — at least publicly — about the NPA threat than Mr. Marcos has despite the Philippine president's recent hint that he may request the assistance of U.S. troops to help end the NPA insurrection.

Mr. Marcos, 67, who was first elected president in November 1965, has stayed in office since then, ruling through martial law from 1972 until 1981. Recently, he has been besieged by his political opponents in a campaign that picked up steam after the murder of opposition leader Benigno Aquino. The opposition has charged the killing was carried out by the Philippine army upon Mr. Aquino's return from exile two years ago.

Despite that opposition, Mr. Marcos has already announced his plans to run for president in the 1987 elections, and has also hinted lately of an earlier, snap election — a possibility provided under the new constitution.