

FOR IMMEDIATE RELEASE
MARCH 7, 1989

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STATEMENT OF SENATOR BOB DOLE
BEFORE SOLARZ SUBCOMMITTEE
MULTILATERAL AID INITIATIVE FOR THE PHILIPPINES
MARCH 7, 1989

MR. CHAIRMAN, REPRESENTATIVE LEACH, MEMBERS OF THE SUBCOMMITTEE:
I APPRECIATE THE CHANCE TO APPEAR TODAY -- TO EXPRESS MY
SUPPORT FOR THE ADMINISTRATION'S REQUEST FOR \$200 MILLION IN FY90
FOR THE MULTILATERAL ASSISTANCE INITIATIVE, THE SO-CALLED MAI,
FOR THE PHILIPPINES.

I VISITED THE PHILIPPINES LAST NOVEMBER, TO MEET WITH
PRESIDENT AQUINO AND THE KEY LEADERS OF HER GOVERNMENT. I KNOW
THE CHALLENGES THEY FACE, AND I COULD SENSE THE DETERMINATION
WITH WHICH THEY ARE GOING ABOUT THEIR JOB.

SINCE SHE HAS ASSUMED OFFICE, PRESIDENT AQUINO HAS HAD OUR
STRONG SUPPORT AND HELP; SHE HAS DESERVED IT.

NOW, AS SHE FACES THE FUTURE, SHE NEEDS OUR CONTINUED SUPPORT
AND HELP; AND SHE CONTINUES TO DESERVE IT.

IT IS IN AMERICA'S INTEREST TO CONTRIBUTE TO PHILIPPINES
STABILITY, DEMOCRACY AND PROSPERITY. THAT IS WHY WE PROVIDE AID
TO THE PHILIPPINES.

BUT WE CANNOT DO THE JOB ALONE; THE NEEDS ARE TOO GREAT, AND
OUR RESOURCES TOO LIMITED. AND WE ARE NOT THE

NATION IN THE SUCCESS OF THE AQUINO GOVERNMENT. JAPAN, AND MANY OTHER
NATIONS, STAND TO LOSE JUST AS MUCH AS WE DO IF THE PHILIPPINES
SLIDES INTO DISORDER, DESPOTISM AND ECONOMIC DISASTER.

ALL NATIONS WITH A BIG STAKE IN THE PHILIPPINES, AND THE
CAPACITY TO BE OF HELP, HAVE A RESPONSIBILITY TO HELP. THE MAI
IS ONE PRODUCT THAT CAN'T BE, AND WE DON'T WANT TO BE,
EXCLUSIVELY "MADE IN AMERICA."

THAT IS THE ESSENTIAL RATIONALE OF THE MAI. THAT IS WHY IT
IS IN AMERICAN INTEREST TO PROVIDE THESE FUNDS -- THIS "SEED
MONEY" -- FOR THE MAI.

HAVING SAID THAT, THOUGH, LET ME MAKE CLEAR THAT THE
ESSENTIAL CRITERIA THAT WE APPLY TO THE EXPENDITURE OF THESE
FUNDS CAN BE NO DIFFERENT THAN THE CRITERIA WE APPLY TO THE
EXPENDITURE OF ANY OTHER -- ESPECIALLY IN THIS AGE OF
GRAMM-RUDMAN-HOLLINGS. THE MONEY WE SPEND HAS TO BE IN AMERICA'S
INTEREST; IT HAS TO PROVIDE SUFFICIENT "BANG FOR THE BUCK" IN
TERMS OF ITS INTENDED PURPOSE; AND IT HAS TO BE SPENT WISELY.

FOR THAT REASON, WHILE SUPPORTING THIS AUTHORIZATION, I DO
WANT TO COMBINE MY ENDORSEMENT WITH THESE COMMENTS.

FIRST, WE MUST MAKE SURE THAT THIS "SEED MONEY" IN FACT
YIELDS A "CROP" OF SUBSTANTIAL COMMITMENTS FROM OTHER NATIONS,
ESPECIALLY JAPAN. WE NEED THOSE COMMITMENTS OF "OTHER NATION"
INVOLVEMENT UP FRONT; AND OUR MONEY SHOULD NOT BE EXPENDED UNTIL
WE HAVE IT. WE SHOULD ALSO INSIST THAT THE JAPANESE AID, IN
PARTICULAR, BE IN THE FORM OF UNTIED GRANT AID RATHER THAN LOANS.

SECOND, WE SHOULD TAKE A VERY CLOSE AND CONTINUING LOOK AT
PHILIPPINE ECONOMIC POLICY, WITH A SPECIAL EYE TOWARD THE NEED
FOR:

- COMPETITIVE EXCHANGE RATES;
- LIBERALIZATION OF TRADE AND INVESTMENT POLICY; AND
- GREATER DEREGULATION OF THE ECONOMY.

THIRD, WE SHOULD INSIST THAT THE PHILIPPINE GOVERNMENT DO A
MUCH BETTER JOB ABSORBING AND RATIONALLY UTILIZING THE AID
ALREADY CLOGGING THE PIPELINE, TO THE TUNE OF SOME \$4 BILLION.

FOURTH, TO MAKE IT ABSOLUTELY CLEAR THAT WE ARE EXPENDING THIS MONEY IN THE EXPECTATION OF SUBSTANTIAL RESPONSE FROM THE PHILIPPINES ON THESE POLICY AND ADMINISTRATIVE POINTS, I WOULD RECOMMEND THAT WE MAKE THIS "NO YEAR" MONEY, AND PERHAPS NOT EVEN COUNTRY SPECIFIC MONEY. OF COURSE, WE PLAN TO EXPEND IT THIS YEAR, AND WE PLAN TO EXPEND IT ON THE PHILIPPINES. BUT, AT THE SAME TIME, WE SHOULD RESERVE THE RIGHT TO MAKE FINAL DECISIONS AS WE SEE HOW EVENTS EVOLVE, AND HOW THE PHILIPPINES RESPONDS TO OUR LEGITIMATE CONCERNS.

FINALLY, WE NEED TO BE CLEAR IN OUR OWN MINDS HOW THIS MAI ISSUE RELATES, AND EQUALLY IMPORTANT IS DISTINCT FROM, THE ISSUE OF THE BASES AGREEMENT. IN PARTICULAR, WE NEED TO STRESS TO THE PHILIPPINES THAT WE DO NOT SEE THE MAI AS INCREASING THE AID "BASELINE" FROM WHICH

COMPENSATION WILL BE CALCULATED IN FUTURE BASE TALKS; AND, IN MY VIEW, WE SHOULD HAVE PRIVATE PHILIPPINE ACKNOWLEDGMENT THAT THEY ACCEPT THAT POINT, TOO. WE UNDERTAKE THE MAI BECAUSE WE WANT TO HELP THE PHILIPPINES, NOT BECAUSE WE WANT TO HAND IT A SOLID GOLD IOU TO CASH IN WHEN WE GET TO BASE TALKS.

AT THE SAME TIME, IT IS NOT ONLY LEGITIMATE BUT MANDATORY THAT WE MAKE EQUALLY CLEAR TO THE PHILIPPINES THAT THE BASES ISSUE REMAINS OF FUNDAMENTAL IMPORTANCE TO US, WILL CONDITION OUR OVERALL VIEW TOWARD THAT COUNTRY, AND WILL SHAPE ALL ASPECTS OF OUR POLICIES -- OUR DIPLOMACY, OUR ECONOMIC POLICIES, AND OUR AID, INCLUDING THIS MAI EFFORT.

ALL OF THESE POLICIES AND PROGRAMS ARE UNDERTAKEN TO ADVANCE AMERICAN INTERESTS; JUST AS PHILIPPINE POLICIES AND ACTIONS ARE UNDERTAKEN TO ADVANCE PHILIPPINE INTERESTS. WE NEEDN'T BE SHY ABOUT STATING THAT; CERTAINLY, THE PHILIPPINES GOVERNMENT IS NOT SHY ABOUT MAKING THAT POINT, WITH REGARD TO THEIR OWN POLICIES AND ACTIONS.

AND CERTAINLY ONE OF OUR PRINCIPAL INTERESTS IN THE PHILIPPINES CONCERNS THE BASES. AS WE MAKE THIS DECISION ON THE MAI -- JUST AS WE MAKE EVERY OTHER DECISION IN OUR BILATERAL RELATIONSHIP -- WE SHOULD, AND WE MUST, KEEP IN MIND THE STATUS OF OUR TALKS ON THE BASES. IF THE PHILIPPINES IS NOT PREPARED TO DEAL REASONABLY, STRAIGHTFORWARDLY ON THE BASES ISSUE, IT WILL INEVITABLY IMPACT ON OUR RELATIONSHIP, ACROSS THE BOARD. AND IT WILL INEVITABLY IMPACT ON OUR WILLINGNESS TO PURSUE THE MAI.

THAT IS NOT A THREAT OR A CLUB; IT IS A FACT. IF WE STATE IT, CALMLY AND FACTUALLY, UP FRONT, WE WILL BE SERVING OURSELVES WELL, AND WE WILL BE ESTABLISHING A MUCH SOLIDER AND MORE REALISTIC BASIS -- BOTH FOR THE MAI, AND FOR THE TALKS ON OUR BASES.

MR. CHAIRMAN, REPRESENTATIVE LEACH, MEMBERS OF THE SUBCOMMITTEE:

A STABLE, FREE, PROSPEROUS PHILIPPINES IS WHAT WE WANT; IS WHAT SERVES AMERICAN INTERESTS; IS WHAT SERVES PHILIPPINE INTERESTS.

A GOOD, EFFECTIVE, EFFICIENT, REAL MULTILATERAL ASSISTANCE INITIATIVE -- WITH THE EMPHASIS ON THE MULTILATERAL -- CAN BE A KEY ELEMENT IN ACHIEVING ALL THESE ENDS. I SUPPORT THIS PROGRAM; I ENCOURAGE YOU TO MOVE IT FORWARD EXPEDITIOUSLY; AND I STAND READY TO DO WHAT I CAN TO SEE THAT A PROGRAM MEETING THE CRITERIA I HAVE OUTLINED WINS PROMPT, STRONG SENATE APPROVAL.