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TALKING PAPER

Meeting with Governor G. Mennen Williams
May 1, 1968 -- 5:30 PM

Philippine Contribution in South Vietnam

In October 1966 the Philippines sent a 2,050-man unit to South Vietnam, composed of an engineering battalion and its own security support. The Philippine Government is paying the salaries of this unit under an appropriation bill for \$8.5 million passed in June 1966, while the United States is paying overseas allowances and has furnished equipment and other support, to a total cost of slightly more than \$15 million per year. President Johnson in a letter last August raised with President Marcos our hope for increased Philippine assistance, but Marcos replied that because of Congressional and other opposition he could not consider increasing these forces. In fact, he is at present encountering difficulties in securing an appropriation to maintain these forces in South Vietnam. In early April of this year President Johnson received a message from President Marcos concerning President Johnson's speech of March 31 with regard to Vietnam; and in reply President Johnson pointed out that it is essential all troop contributing countries maintain their commitments in Vietnam, lest the North Vietnamese consider that we are weakening in our resolve. In summary the Philippine contribution to South Vietnam is relatively small, and the Philippine Government is encountering difficulties in maintaining the current level.

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Philippine Relations with Other Countries in Southeast Asia

The Filipinos, and President Marcos in particular, seem desirous of increasing their stature and influence among the countries of Southeast Asia. If this could be done, it would contribute to increased strength in the area. However, in March it was publicly disclosed that there was a clandestine training camp in the Philippines, evidently aimed at infiltrating the Malaysian territory of Sabah. This has increased tensions between the Philippines and

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Malaysia, and damaged the Philippine image in the area as a whole. The two countries have now agreed to hold talks on Sabah in Bangkok in June, but given the adamant position of both sides the prospects for an early amicable settlement are poor.

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Philippine Relations with the United States

Our relations with the Philippines at this time are generally good. There are minor irritations in the operation of our bases in that country and minor trade difficulties. We are engaged in negotiations with the Filipinos on issues arising from the operation of the bases, and in accordance with an agreement during the Marcos State Visit in 1966, discussions on future economic relations between the United States and the Philippines began in November 1967. Any agreed arrangement would replace the Laurel-Langley Agreement which is scheduled to expire in 1974, unless replaced earlier. We can expect pressure from the Filipinos for further discussions this year; in fact the Filipinos have asked for a second meeting in May.



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United States Aid

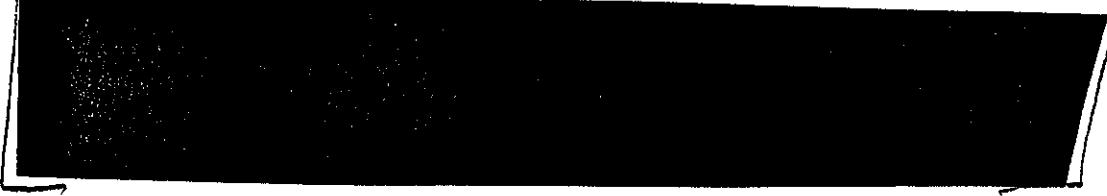
The aid programs to the Philippines are relatively modest. The Military Assistance program for 1968 at \$21 million has remained at approximately the same level as previous years, despite heavy cuts in the world-wide program. This level needs continual

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review to avoid hazard to long-run retention of our bases in the Philippines and to insure Philippine continual participation in our security objectives in Southeast Asia. The A.I.D. program this year is about \$20 million, mostly in support of agricultural development. We also expect an Ex-Im Bank loan of \$3.1 million for improved airport navigation facilities. 1968 will be an important year for Marcos and for development efforts of his administration. We will be ready within financial limitations to give support if we can, but we do not expect to begin any large new programs this year, since large amounts of external assistance are not the prime requirement for development in the Philippines.

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Law and Order

Probably the most disturbing aspect of the situation in the Philippines for 1968 and succeeding years, is the continued low state of respect for law and order. This inhibits investment, both foreign and domestic, contributes to the loss of confidence in the government and increasing disaffection among the mass of the people, and creates the danger that the present political structure will at some point no longer be considered as the most satisfactory means for evolutionary social and economic advance. All our programs in the Philippines and Southeast Asia provide protection for the Filipinos in attempting to work out solutions to this, and other problems. At the same time success or failure of all our programs in the Philippines is dependent on how the Filipinos handle this basic aspect of their own internal situation.

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