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Tuesday, October 24, 1967

FOR THE PRESIDENT FROM AMBASSADOR LOCKE (Manila 3760)

I had an over 2-hour private talk with Philippine President Marcos on Sunday, October 22. No one else was present.

President Marcos intends to secure an appropriation for existing Philippine Civic Action Group replacement after the impending elections.

With respect to Vietnam, help from the Philippines, in addition to existing Philippine Civic Action Group:

A. President Marcos said combat troops are not politically possible.

B. President Marcos suggested an "Operation Brotherhood" similar to the Laos Operation as an addition to the existing Philippine Civic Action Group. He did not mention the De Vencia Proposals.

C. I indicated this is not feasible because: (1) It does not fulfill the U. S. need for further troop participation from Asian countries; (2) It is a civilian-aid type project, which would require the cooperation, approval and greater involvement of the Government of Vietnam and, (3) It is an AID-financed project, and AID is having trouble financing our own projects in Vietnam without taking on anything new.

D. The most likely projects appeared to be: (1) Another Philippine Civic Action Group or (2) Army engineering battalions divorced from a civic action concept which could build roads, bridges, etc. Military Assistance Command in Vietnam would prefer a combat battalion to another Philippine Civic Action Group. Therefore, I pushed the idea of an engineering battalion to guard, build, maintain roads, etc., but did not use word "combat" to describe battalion. This strategy is a product of a long briefing session with Embassy Manila the previous night, it being thought the word "combat" might kill the idea before it started. I made it clear we wanted an "army" battalion.

E. Marcos would not have money to finance, and would not want us to finance directly because of possible charges of our hiring "mercenaries." He thought it might be possible if we financed indirectly by financing work in the Philippines which otherwise he would have to finance.

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F. Marcos said he would study the matter. I made it plain I could not commit the U. S. and that our discussion was only an attempt to find possible solutions for our mutual problems that were at least worthy of his study and of my submission to Washington.

The following morning I had a discussion with Secretary Ramos and De Vencia. Ramos and Secretary of Defense Mata had a talk with President Marcos at length after I left. Secretary Ramos said:

A. The President is agreeable, in principle, to the army engineering battalion concept and also to sending engineering battalion concept and also to sending engineering specialists as "observers".

B. The President is prepared to seek an appropriation for this purpose if we will build certain roads near Clark Field.

Ramos said these would have the military value of (1) speeding up traffic between Clark Field and Manila; (2) extending roads into Huk territory, thus helping the government deal with the Huks. Ramos mentioned a diversionary road north of Clark to relieve traffic. Marcos had mentioned the Clark to Subic Bay route.

Secretary Ramos will be in Saigon for the Thieu inauguration. He will come armed with maps and details of roads. I will have General Westmoreland come up with the nuts and bolts of the desired battalions. The plan is for General Westmoreland, or perhaps his appropriate staff man, Ramos, and me to discuss the details and costs October 29 in Saigon. I discussed this with Embassy Manila which was agreeable. If the matter proceeds to the proper point, discussions will then naturally shift to Embassy Manila and to various appropriate Philippine officials after the elections. Ramos is informed I cannot make a commitment and the present stage is one of discussion only.

Other matters discussed by Marcos were:

A. A Japanese agreement to finance part of the projected new road system. The Japanese Prime Minister will send Japanese private contractors to Manila to negotiate construction contracts. Marcos did not mention an amount, but De Vencia had previously mentioned \$60,000,000 and this was confirmed by the newspapers.

B. The Marcos desire that United States contractors come to Manila to negotiate construction contracts for roads. He said he would guarantee them there would be no under-the-table payoffs, the fear of which he believes has prevented U. S. contractors from being interested in the past. (This statement he also made in front of a group of his Ministers and U. S. Charge D'Affaires

Wilson with whom he discussed some matters in my presence after our private talk.) I told him I would inform Washington of his desires. I was thinking the Department of Commerce might be interested. I also suggested that through the Philippine Bank or the Philippine Embassy in the U. S., he could probably get information on road contractors in the Federal Highway System and Dunn and Bradstreet reports on those interested. I surmise one of his interests in U. S. contractors is that they might make it easier to finance his road program. I understand U. S. contractors would have to take Philippine contractors as joint venturers and that the Philippine Bank guarantees might be available for highly qualified and reputable companies.

C. The Marcos desire that U. S. Armed Forces at Clark conduct a civil action program to help hamlets in the area. This is to be part of anti-Huk work and part of a program to improve the U. S. image, as "good work done" stories could be leaked to the press. He is thinking of help with farm roads, irrigation ditches, schools -- small and scattered work -- a completely U. S. program. (I understand from Embassy Manila such a program is now contemplated.)

D. Marcos said the Huks in the provinces are known and could be picked up but are connected with intellectuals in Manila whom he wished to identify first. The Huks are now supporting political candidates, and he is supporting the best candidates to oppose them without reference to party lines. Candidates deny a connection with the Huks or that they seek Huk support, and he has told them that if they get elected and help the Huks, he will clamp down. The Huks infiltrated guards at Clark, necessitating his using the constabulary to guard the base. Also some accommodation with lower army echelons, necessitating his change of army units in the area. Also some Huks have had M-16 weapons.

E. Discussion was held of the situation in Vietnam (I said progress is being made in all respects), of peace negotiations (I said no sign of change in attitude by Hanoi) of the importance of Vietnam to all Asia (he agreed, and said all Asian leaders agreed. He said even Sukarno had told him he was glad of the U. S. presence in Asia and that Sukarno claimed he was "using" the Communists). It is possible, if Washington thinks it useful, that he might be willing to start a movement toward negotiation for a limited purpose of prisoner exchange.

Before leaving Vietnam, I had discussed various proposals with the Military Assistance Command in Vietnam, Civil Operations for Revolutionary Development, and the Agency for International Development for Philippine help in technical and civilian fields. I did not discuss these with President Marcos because I did not want to confuse the engineering battalion issue. De Venecia

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thinks it important to have the civilian "mix" with the military aid. Probably this will come up when Secretary Ramos comes to Vietnam. I will send a separate message about this.

So far, there have been no press leaks. The President's lunch at the Palace was very small, and included U. S. Charge Wilson and his wife. The only sizeable party (about 50) was given by Secretary and Mrs. Ramos and Mrs. Perez (widow of former House Speaker and mother-in-law of De Vencia) at Mrs. Perez' home. Presumably, only friends of the government were invited and they were not necessarily told of the Presidential invitation.

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