

10 April 1967  
Suite 200  
1250 Connecticut Avenue, N. W.  
Washington, D. C. 20036

Mr. Walter Stoneman  
Deputy Asst. Administrator for Vietnam  
Bureau for the Far East  
Agency for International Development  
Washington, D. C.

Dear Stoney:

The subject of this letter is the Eastern Construction Company (ECCOI) and their contracts in Vietnam. I have been advised by the President of ECCOI, Congressman Frisco F. San Juan that AID/Vietnam is attempting to directly hire their personnel and personally advising each of their technicians in writing that the present ECCOI contracts will be terminated on 1 May 1967. (See attached copy of an AID/VN letter to an ECCOI technician). AID/Vietnam says this is being done on direct orders from Washington.

Regardless of whose initiative this represents and regardless of whether it can be argued that past practice is not in conformity with standard AID procedures, this action is an error which could have serious consequences. Eastern Construction Company is not a "hiring hall" and never has been. It is the successor and heir of the Freedom Company of the Philippines, originally sponsored by the late President Magsaysay, for the specific purpose of assisting other Asian countries to defend their freedom. This remains the spirit and purpose of ECCOI despite the fact that it had to go on a commercial basis after Magsaysay's death.

Most of the people provided by ECCOI are those with experience under Magsaysay in the fight against the Huks and who still believe in the high purpose and ideals of the Magsaysay days. This means that they are much more effective than the average Filipino; but that a large part of their effectiveness comes from the fact that they are part of a Filipino team and not "hired hands" of the Americans. I cannot over-emphasize the importance of this distinction.

If the ECCOI personnel are placed on direct contract, AID will lose the best ones who will not desert ECCOI. The efficiency of the remainder will drop radically as their morale deteriorates, and AID will begin to have personnel problems.. AID will then have to go to the Philippines to recruit replacements; replacements who in turn will not be qualified and hence will not be useful to, and therefore not respected by, the Vietnamese. In my opinion, the whole process will, in less than a year's time, cost more than the maintenance of the existing ECCOI contracts, while producing much less.

Another factor worth mentioning is that concurrently with the proposal that ECCOI's contract be cancelled, Chinese technicians are being added under a similar type of contract, albeit involving the Chinese Government. The Filipinos will, with justification, feel that they are being discriminated against.

Congressman San Juan has a deep friendship for Americans; but he is also a leading Nacionalista (President Marcos' party) with a considerable political following in the Philippines. He cannot help but resent the way this thing is being handled. I would not like to see this have political repercussions in the Philippines after so much effort has gone into getting Philippine participation in Vietnam.

I will be away this week in London but will return at the end of the week. I hope that you will be able to reverse this most unfortunate decision if it did, in fact, originate in Washington. We need Filipino friends who believe as we do and will put their heart into the good fight.

Sincerely,

Rufus Phillips