

Dec. 28, 1978
Pasay Lake

MALACANAN PALACE
MANILA

When the United States decided to normalize relations with the People's Republic of China, I concluded that the danger of nuclear war was reduced.

Since the threat of nuclear attack, against which there could be no certain complete defense, was one of the principal reasons for our stalling on the military bases negotiations, I have now accelerated the negotiations including the on-going military joint discussions on an ad referendum basis.

and finally, talked to me during the service to give for Peter now and to Judge Mike Grandfield at the American Consulate in Manila Dec. 20, 1978 which we attended on the five points that I had brought to be asked Washington -

and I invited him to my residence at seaside on Dec. 23, 1978. Also invited were Mr. Juan Ponce Enrile, Mr. Carlos P. Romulo, Sr. Gen. Roberto Mendoza, Gen. Romeo Espino and others. I stayed in the house. We met up to 10:00 PM. Then after lunch and drinks left the Philippines conference. The five points were discussed in agreement, interpretation was, constitutional grounds. DT, Romulo.

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We decided to just bypass the final decision
issue and to ask for an increase of \$100 M
from the offer of \$400 M. broken down as
follows:

\$30 - MAP Grant - to increase to \$150 M.
\$220 FMS to increase to \$300 M
\$150 M - Economic Assistance funds - as is

The U.S. cannot connect the economic aid
with the military base agreement or negotiations

In the morning of the 26th before Amb.
Forsyth flew to Baguio to Amb. Mike Hennigfeld
and his family, I conveyed our position to
him.

When I was in Baguio I was in Baguio when I
arrived on the 26th evening by car (more accurately
on the 27th, Amb. Hennigfeld requested to come
and see us so he had the members of Washington
to my questions. I called him to come for conference
at 4:00 PM, Dec. 28th, Thursday, which he did
bringing St. Hon. Jerry Warner, the head of their
military panel.

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Asst. Murphy is a professional diplomat
with a superior personality. He is certainly more
friendly than William Sullivan, a man who
is not the best of State House.

Since the interest shown by Pres. Carter
in the matter and the personal intervention of
David Duggan, I have gone out
my way to get the negotiations moving forward.
It is my intention to finish the agreement
in Manila before the end of the year.

On the 28th, Asst. Murphy conveyed
Washington news that the MHP Grant can be
increased by \$20 M to \$50 M, the YRS
increased from \$220 M to \$250 but no
guarantee that this would be the increase they would
accept.

Therefore, I asked the Economic Assistance Fund
to be increased from \$150 M to \$200. This would
be a total of \$500 of funds. Pres. Carter would
like to see the grant to be guaranteed that efforts
to obtain them from Congress.