

6-23-66

Include this ~~will~~ with file of letter
Marvin Watson signed today to Governor
Jack Burns of Hawaii re Pacific Territories

Jim Jones

D R A F T

CONGRESS MAN:
Dear ~~Mr. Shipley:~~

I HAVE CHECKED ON YOUR INQUIRY
~~This is in reply to your letter of June 1, 1966, with attachments,~~
concerning the Corps of Engineers Report on the Wabash River Basin.

Pursuant to authority from Congress the Corps of Engineers is completing the studies of the proposed Helm and Louisville Reservoirs as part of Interim Report Number 3 of the Comprehensive Study on the Wabash River Basin. The present status of the studies has been under review in the office of the Chief of Engineers and has been discussed by telephone with the appropriate field offices with a view to expediting this report.

The District Engineer has held public hearings and prepared portions of the report on five reservoirs and one local protection project, which are being reviewed by the Division Engineer. However, additional studies of project formulation, recreational uses, water supply and water quality control are currently being made in coordination with the various State and Federal agencies concerned with these matters.

Recognizing the importance of the Wabash River Basin to the economy of the area and the need for expediting the report, every effort is being made to complete the study at the earliest practicable date. In view of the extensive coordination and studies required for sound recommendations and conclusions, the District Engineer's report cannot be completed and submitted before October of this year.

It is regretted that the Wabash Report cannot be properly completed at an earlier date. However, you may be assured that every effort will be made to expedite submission of the report to Congress.

Sincerely yours,

W. Marvin Watson

~~2 Incls~~

~~1. Data Helm Res.~~

~~2. Data Louisville Res.~~

Honorable George E. Shipley
House of Representatives

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SUBJECT: U. S. Territorial Responsibility in the Pacific.

There follows a summary of the impressions formed about U.S. policy and problems in the Trust Territory, Guam, Okinawa, and American Samoa during a recent survey trip relative to present and future air transportation requirements for these areas. The Department of the Interior sponsored the trip and a substantive report is to be made to that agency. To a limited extent some of the problems here adverted to may require exposition in that report. But, as will be seen, Much of the following would be out of place in that document.

I. Trust Territory

The United States as administered the Trust Territory (through the Navy and Interior at three different headquarters, Honolulu, Guam, and Saipan) for 20 years. Real social progress has been miniscule. The Territory was probably provided with better public services and facilities by the Japanese prior to World War II. Our performance has been criticised, with reason, on a number of occasions by more or less responsible international bodies. Prior to the 1960's, our policy seemed directed towards preserving the "indigenous way of life." We are now apparently in the position of undertaking to provide the opportunity for these people to participate fully in 20th century' society. However, we have not come to grips with the question of the political framework under which this will be achieved.

In April, 1962, the President approved NASM No. 145 which established as U.S. policy the movement of Micronesia into a permanent relationship with the United States within our political framework. The memorandum also established a Task Force to provide policy and program advice to Interior for accomplishing our goals. Formal instructions were given to the Mission through NSAM No. 243, and a report (Solomon Report) was made on October 9, 1963. There is no record of formal consideration and adoption of its policy recommendations.

The Solomon Report is an excellent diagnosis of the social, political, and administrative malaise of the Territory. It is about as relevant a diagnosis today as it was then. Its administrative recommendations were cogent and have equal currency today. On the other hand, its basic political direction appears questionable; although some steps appear to have been taken towards implementation of these recommendations, it may not be too late for a change.



The Solomon Report envisages the Trust Territory becoming, over the long term, a part of the United States through union with Guam. It suggests, without enthusiasm, that eventually it might become a county of Hawaii. However, in the interim it recommends that our policy be directed towards developing (a) "consciousness" among the people of themselves as Micronesians, and (b) the political "unity" of the area. For this purpose, it assumes that the Territory will continue to be administered as a whole. These recommendations are made despite recognition that there are substantial cultural and language barriers (nine basic languages and many more dialects) separating the six districts of the Territory; that there are no traditions of unity (rather the contrary); that there is little economic interrelationship between the districts; and that the overhead costs entailed in administration of this widespread area are extraordinarily high. ✓

But there is only an implied affirmative reason for the recommended disposition relative to the required plebiscite for ultimate affiliation with the United States. Moreover, the Report recognizes that just one political action by the United States could make the plebiscite issue academic - extension of the status of United States nationals to the 88,000 Trust Territory people. I agree, therefore, I would suggest that our policy ought to be directed towards making these people United States nationals, not as to how we have to hold plebiscites, or to win them. ✓

On this premise, I believe that we are free to establish the most suitable and economic framework for administering the Territory provided that we make clear our intention to treat these people in practice, if not in fact, as United States nationals. (It is assumed that it would not be sound to extend full status to these people until they are culturally and economically able to hold their own in our political and economic system.) In this connection, let me list some of the political steps which appear warranted now whether or not the solution here advanced is fully accepted.

1. All necessary statutory, budget, and administrative steps be taken to permit appropriate United States domestic programs and agencies to operate in the Trust as they do in other United States territories. It is unrealistic to attempt to provide, through a single infrastructure, a modern viable socio-economic system for eighty odd thousand people scattered over 700 miles of land mass in three million square miles of ocean. One has not been created in the Trust and it is doubtful that

one could be without greater infusions of money than Congress would ever appropriate.

2. Extend to the Trust Territory the same customs status as is enjoyed by other United States territories. Today, any product exported to the United States from the Trust is subject to tax as a "foreign" product.

3. Eliminate, or sharply revise upwards the current quota on immigration from the Trust to the United States.

4. Extend the Federal revenue tax to Trust Territory nationals and remit the entire tax collected to the Territory as is currently done with respect to Guam.

5. Establish an aggressive and effective Territorial administration. Though listed last, this may be the primary requirement for the first four suggestions; it may also be the absolute requirement for the suggestions to follow.

As heretofore suggested, the limited population of the Trust on a small land mass scattered over three million square miles of the Pacific establishes a most difficult and expensive government administrative problem. Dealing with the Trust as a separate and independent entity raises practical problems which go beyond mere budgeting. This is recognized, in effect, by the Solomon Report which suggests that, ultimately, the combination of the Trust with Guam would make a more viable economic and political entity.

However, I question whether Guam has, or will have, a sufficiently large base to support the overhead involved in providing needed government services for the entire Trust Territory, parts of which are two thousand miles away. Moreover, if the Trust is ever fully organized with its own governmental machinery the political problem of merging bureaucracies with the smaller Guam set-up may preclude the arrangement.

Thus, I believe that it would be preferable, administratively and politically, to divide the Trust Territory promptly into smaller units. Tentatively, I would recommend that the Territory be divided into three parts. Responsibility for administration of the Marshalls should be assigned to the State of Hawaii; responsibility for the Marianas would be assigned to the Territorial Government of Guam; the Trust Territory Government should, as soon as facilities were prepared, be moved to Truk; it should have administrative responsibility for Truk and Ponape, which together account for about 40 percent

of the Territories' population. As for Palau and Yap, ultimately they should be assigned to Guam for administration but there is some question as to whether a transition period of two to three years might not be desirable both from the standpoint of Guam's ability to take on the job and for the Palauans and Yapese to react favorably to the change. By the same token, it may well be that ultimately Truk and Ponape should also be administered from Hawaii.

With competition among the three administrations as to which was doing the better job, it would be my judgment that all the areas would make more rapid progress than would otherwise be the case.

Parenthetically, these recommendations presuppose the extension of the present Trust Territory air service to Honolulu; the means for which will be a subject of the report to be made to Interior.

II. Guam

Guam is certainly making progress. There is evidence of increased optimism as to the economic future of Guam by its people. But Guam has suffered and is suffering from military domination. Guam needs assistance to place the role of the military in proper perspective. The quality of the military leadership at Guam today appears to be such as to make the time propitious for the effort. ✓

The military controls about sixty percent of the land mass of Guam including much of the best land and beach areas. Much of this area is used little, if at all, but is being held fallow against possible future use. One of the major economic problems in Guam, as elsewhere in the Pacific, is the unavailability of land for development. It is recommended that the military be directed to review the land being held for exclusive use; to release all for which a specific need for a military purpose cannot be documented; to share with the civil population the use of established recreational facilities, which are not used as part of military training programs; and to adopt policies which will encourage the permanent cadre to live outside the military reservation. ✓

Moreover, now that commercial business in Guam has become competitive, the range of merchandise handled by commissaries and post exchanges on Guam should be no greater than it is on the mainland. This would be a direct help to the Guam economy. It would also result in making available to the

military an even wider range of goods in the stores, and thus improve rather than diminish permanent cadre morale. Incidentally, Guam is already one of the lowest price sources of Asian products; Japanese electronic equipment, for example, sells for less in commercial establishments on Guam than in Japan.

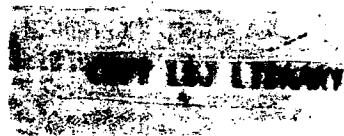
Military procurement should recognize the desirability of shortened supply lines and development of the local economy, and seek to encourage production on Guam and the Trust Territory of those food items, for example, which are now imported from California. I am advised that, despite the serious shortage of shipping, military procurement has not given weight to the cost of movement from California in military sealift in determining competitive prices for food stuffs.

Further, it would indirectly assist Guam, as the major supply headquarters for the Trust, and directly assist the Trust Territory if, when recreational facilities become available, the military were to use these facilities for rest and recreation of troops. It is my understanding that the military have already undertaken to do this. But the facilities have yet to be built.

III. Okinawa.

It is difficult to be temperate about U.S. policy in Okinawa. Twenty years after our occupation, the civilian communities still give the impression of being jerry-built and temporary, designed for destruction when the emergency is over. Parenthetically, this is less true of the military installations and reservations which have their accustomed order and maintenance. It may have been valid twenty years ago to assume that we would over the near term evacuate Okinawa. Certainly the decision in the 1940's to expressly recognize Japanese residual sovereignty must have been premised on this judgment.

The question is does it have validity today? If we assume that it does not; that we would wish to stay on Okinawa indefinitely, then our policy for Okinawa acquires an immediate reexamination. Exercise of Japanese sovereignty over Okinawa is a significant political issue in Japan. The continued military presence of the United States, especially its use against Orientals, is also an increasingly serious Japanese political issue. Thus, we appear to be on a collision course with Japanese public opinion on either the



issue of Japanese sovereignty over Okinawa, or when that sovereignty was reestablished on the degree of U.S. military use of the island.

If the decision is to maintain our military position on Okinawa despite possible adverse Japanese reaction, it may be better to face Japanese public opinion on the issue of Okinawa sovereignty, where we may be able to command considerable Okinawan support, than on the issue of military use of Okinawa, where we may have more unified Japanese and Okinawa public opinion.

If this is the decision, we have some unplayed cards. First, it is a fact that Okinawans have historically been second-class (if that) Japanese. Second, there is a substantial and successful Okinawan enclave in Hawaii; about thirty-five to fifty thousand Hawaiians are Okinawan in descent, and they maintain continuing close relationships. Actually, some of the more substantial Okinawan business people are Hawaiians and United States citizens. Hawaiian congressmen and senators frequently visit Okinawa. Third, it is questionable whether Japan could afford to underwrite the Okinawan economy should the U.S. military presence be withdrawn. (This is, of course, a significant argument supporting our ability to stay in Okinawa, even if the Japanese were to resume sovereignty.)

Moreover, there may be tactical means of changing direction which would not necessarily arouse Japanese public opinion. Thus, there is currently pending in the United States District Court an attack on the legality of the Okinawan court system as established by Executive Order. (Rose v. MacNamara, USDC/DC, Civil Action No. 996-65) A contention in this case is that without congressional action, there is no power to establish a court. Should the decision prove unfavorable to the Government, it could be the occasion for the Executive to seek an organic act from the Congress. Such an act could be framed in such a way as to redirect the education of the Okinawans from Japanese law and customs, as it now is, to United States law and customs. It could provide the excuse for a crash program for the teaching of English in the public schools. And most of all, it could be the predicate for a massive step-up in the rate of U.S. investment in public and welfare services. Finally, with the least possible encouragement, those in Okinawa, such as the Hawaiian business people, who foresee a better economic future through alliance with the United States would provide an open counter force to the presently vocal partisans of reunion with Japan. Although the Japanese could be concerned with these developments, if they appeared to stem from the requirements of United States

law, and were otherwise carefully handled in explanation to the Japanese, they might well be feasible.

Time is certainly running out on any basic change in the direction of our Okinawan policy. It may already be too late. But certainly the stakes are high enough to warrant immediate reexamination. It may then appear that other alternatives are more advantageous than those here suggested.

IV. American Samoa

This is the site of the United States' most vigorous and imaginative effort to raise rapidly to the 20th Century an indigenous people who have been passed by. Our policy problems here are based upon our probable success. Already the massive effort the United States is making in American Samoa is placing pressure on New Zealand, for example, to do more for Western Samoa, just 90 miles away. And Tonga and Fiji, for example, are also watching developments in American Samoa, both hopefully and apprehensively. Fiji is a United Kingdom colony and Tonga, an independent country, accepts guidance and help from the U.K. It is questionable whether New Zealand or the U.K. have the resources necessary to support equal advances in these areas to those anticipated for American Samoa. (This would be equally true for the Trust Territory, if it started to make real progress.)

There is a real need to concentrate on the development and funding of a regional progress for this area. Otherwise success in American Samoa might so far outstrip development in other islands as to create the type of public climate in which an outside intrusion would find a measure of success. This is especially significant in view of the fact that Fiji is already badly divided ethnically, and Tonga, an absolute monarchy, also appears to be politically brittle.

