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DRAFT MEMORANDUM OF CONVERSATION

The meeting at the Bureau of the Budget between representatives of ~~the~~ Defense, Interior, State and BOB on Tuesday, May 16, 1967 to discuss future handling of the Trust Territory question found Interior, supported to some extent by Chuck Johnson of the NSC staff, arguing once again for an attempt to terminate the Trusteeship Agreement by making the Trust Territory a non-self-governing territory of the United States. Interior even suggested the idea of outright annexation. It was agreed, however, that each agency would prepare formal comments on the concurrent draft resolution on which Interior and State had previously reached ~~agreement and~~ ^{to} submit these comments to the Bureau of the Budget within 10 days. State did not agree to a proposal that Interior begin consultations on the Hill at this time.

Subsequent to the meeting, Richard Austin of BOB informed us that the meeting had confirmed the Bureau's earlier hunch that (a) there remained crucial differences between State and Interior and (b) the commission proposal in its present form would present real problems since, as BOB thought certain, the commission would recommend an alternative which was unacceptable to the Department of State and which would not achieve the objective of terminating the Trusteeship Agreement. In the Bureau of the Budget's view, these alternatives were either a recommendation for an incomplete form of integration with the

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United States or the status of a non-self-governing territory similar to American Samoa.

Despite the reported agreement between Under Secretary Katzenbach and Under Secretary Luce of Interior, BOB concluded the meeting had shown Interior officials to be inflexible in their insistence on non-self-governing status as the only possible future status.

BOB believed Interior's position reflected the attitude which would be taken by Congressman Aspinall and other members of the legislative branch who could be expected to ~~continue its~~ support ~~of~~ a non-self-governing status. Although the position of Chuch Johnson (White House, NSC staff) was not clear, it appeared that he also would support a status short of self-government. In any event, *Johnson* ~~appeared to~~ advocate Congressional consultations prior to submission of the proposal to the President.

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