

Mr. Secretary:

The following hints may be helpful in connection with the Tuesday morning hearing on the Trust Territory status commission:

1. The independence option. Your statement says that this must be offered. Although most of us (in Interior and the Trust Territory) would prefer otherwise, we understand why State feels very strongly on this point. You may wish to pass discussion on this matter to Mr. Katzenbach (who is likely to say that the independence option is necessary because the Trusteeship Agreement uses the term and because UN members are unlikely to find a plebiscite credible if independence isn't on it -- this because so many UN members believe that sovereign independence is the only decent status for self-respecting people).

But if you are pressed, you might pursue the following thoughts:

We're quite sure that if we hurry fast enough, the independence option won't get a significant number of votes. But the longer we pause, the greater the danger.

Our current programs for Trust Territory improvement are finally getting into swing. Visible results can be expected in the next few months (lots of new construction contracts recently signed) which are likely to tell the Micronesians that we really are doing something.

But if independence sentiment seems seriously strong to the proposed commission, it could and doubtless should recommend that a plebiscite not be held forthwith (probably citing the bland reason that the Micronesians aren't yet ready). In short, commission legislation needn't inevitably lead to a plebiscite, if circumstances don't seem propitious. (But we think they now are propitious, or we'd not be before the Committee.)

If the Micronesian voter ask whether, if he chooses independence, the US will honor the vote, we must be able to say yes. Anything else would be deception.

(But, probably not to be said to the Committee, unless by Nitze, is the further virtual certainty that if a vote were held, and if the Micronesians did choose independence, the US would honor the vote, for we'd not then be able to have in the Trust Territory the sense of security we seek anyway.)

2. The "other option". Your statement is vague as to what we will offer the Micronesians by way of US association. (As a practical matter, we can't be otherwise at this point, and still get State concurrence.) It does say we reject Statehood and Puerto Rican brand

commonwealth at this time. (State has come a ways, you see -- as have we on other points!)

If pressed, I suggest you say that we want to offer the Micronesians the fullest measure of self-government that's consistent with their level of development. (Your statement avoids entirely the use of the term "self-government", except where it quotes the Trusteeship Agreement. This was and always has been a sticky point with State, but since any reasonable definition of "self-government" means lots of things we don't think sensible, or acceptable to the Committee, at this point of time, I feel strongly that we should avoid using the term. State probably won't avoid its use, but I hope you can.)

The "fullest measure of self-government consistent with development" clearly means something less than full self-government.

What we really have in mind is something very much like a standard Organic Act, though it might be differently labeled. Among the elements to be included:

3. Elected Governor. (No). Again the statement is silent on this, for State continues to say that we must have an elected governor. Katzenbach will probably so testify. I hope you will not, and urgently urge that you not. To avoid a public display of disharmony, I suggest you say that our (Interior, plus Interior Committee) experience would seem to suggest that the Micronesians need further political experience before they elect their own chief executive, but that we (Interior) would expect the study commission to consider this question and we would accept its conclusion, either way.

4. Citizenship for inhabitants. I don't think it matters vastly whether the Micronesians become US citizens or merely nationals (like the Samoans), and the former would probably be harder to achieve politically in Congress. Yet lots of Micronesians do want US citizenship. Suggest you play this by ear, and say that this too is a commission question.

5. Court jurisdiction. This should not be controversial, but you might be questioned, for the statement refers to it. Suggest you say that generally when an area becomes part of the US, the US judicial system is extended to cover it, and thus it might be reasonable to establish a Federal District Court in the area, and provide appeals to the Court of Appeals (and on certiorari to the Supreme Court). But Samoa is not yet part of the Federal judicial system, and Guam wasn't for its first 50 years of US association (until the Organic Act and citizenship came in 1950), so clearly nothing is dictated here. Again you can be casual on this point.

6. Economic Aids. You can for sure say that we'd expect to give the Trust Territory the same favorable tariff treatment that Guam, the

Virgin Islands, and Samoa have, which would probably be a real boon. (Products of the territory could then enter the US customs area duty free, if not more than 50% of their value is foreign.)

As to Federal income taxes, the TT might be treated like the Virgin Islands and Guam (where the tax applies, but the proceeds go to the territory), or like Samoa (where the Samoan legislature has adopted the Federal tax as its own, and Samoa keeps the proceeds). Either way, the result is substantially the same.

We'd probably suggest adoption of a further Guam gimmick for the TT: Federal income taxes collected from Federal employees (essentially military) also go to the local treasury. With foreseen increased military usage, this too could amount to a lot.

The foregoing suggest that the TT legislature could have a respectable amount of money to appropriate from local sources for local purposes.

7. Local appropriation power. State has suggested over the years that at least some, and preferably all, of the annual Federal grant to the TT (now running about \$30 million) should go to the Congress of Micronesia for appropriation. We've resisted, partly because we think the local Congress isn't yet ready to spend such amounts, partly because we're certain the US Congress would find the thought outrageous. If this subject arises, suggest you say that the Congress of Micronesia ought to have the power which legislatures elsewhere (in the States, territories, Puerto Rico) have to appropriate their locally raised revenue, and that with the fiscal aids discussed above (in 6) this is a meaningful power. (The Congress of Micronesia now has this power.) But further that the US Congress ought to continue to earmark Federal grants for the area.

8. Locally drafted constitution. This question is not likely to arise, but if it does, suggest you say that our preference would be to avoid this approach at this time, both because of the Micronesian political inexperience and because parts of the Trust Territory (for sure the Northern Marianas) are going to want to break away to join Guam as soon as possible - and thus couldn't much care what happens in the brief interval before then. State likes this locally-drafted-constitution bit, and we can be mushy, saying it's working reasonably well in Samoa (whose level of development is similar), and we'd be willing to give it a whirl in the Trust Territory, if the Commission were so minded.

Ruth Van Cleve
July 15, 1968

cc: Secy. Anderson