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PA of ~~EXEMPT~~ POLITICAL FUTURE AND RELATED PROBLEMS--THE TRUST

TERRITORY OF THE PACIFIC ISLANDS

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The United States accepted administrative responsibility and certain obligations to the people of Micronesia through a Trusteeship Agreement between the United States and the United Nations Security Council, effective July 18, 1947. Under the terms of this agreement, the United States is responsible for promoting the economic, social, political, health, and educational development of the people of Micronesia. By executive order the President has vested executive authority and responsibility for the administration of civil government, including all executive, legislative, and judiciary authority necessary for that administration, in the Secretary of the Interior, who exercises that responsibility through his appointed High Commissioner for the Trust Territory of the Pacific Islands, the Congress of Micronesia (see ANNEX A), and the Chief Justice of the High Court.

By Secretarial Order, the Congress of Micronesia was created in September 1964. By this order, broad legislative authority for the Trust Territory was transferred to the Congress of Micronesia.

Under the terms of the Trusteeship Agreement, the U.S. has full powers of administration, legislation, and jurisdiction, and it may extend to the Trust Territory such of the laws of the United States as it may deem appropriate to local conditions and requirements.

The inhabitants of the Trust Territory are citizens of the Territory; they do not have the status of citizens or nationals of the United States. Trust Territory citizens have their own passports, but when abroad they are provided diplomatic protection by the United States. Their entry into the United States for the first fifteen years of U.S. administration was controlled by U.S. immigration regulations covering aliens. In 1962 these requirements were changed when the U.S. Immigration and Naturalization Service issued

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a regulation permitting Trust Territory citizens, when in direct and continuous transit, to enter the United States without a visa. However, students and others must still obtain visas to enter the United States.

Prior to 1965 under the national origin immigrant visa quota system, the yearly quota of the Trust Territory was 100. With the abolition of the national origin quota system by the 1965 amendments of the Immigration and Nationality Act the situation has changed. The quota no longer exists but there are unlikely to be more Micronesians coming to the U.S. since few of them have critical skills or relatives in the United States, either of which is a key prerequisite under the 1965 Act. Relatively few Trust Territory citizens have come to the U.S. A small colony of Micronesians lives in Guam.

In the twenty years of U.S. administration, the Territory has adopted many features of the American form of government. The various district legislatures have modeled themselves on American legislative patterns, as has the bicameral Congress of Micronesia.

Despite geographic and linguistic handicaps, the inhabitants of the Trust Territory are increasingly coming to regard themselves as Micronesians. The Congress of Micronesia, established in 1964, will assist in giving expression to the growing unity of the people.

In view of the quickening pace of political, economic, social, and educational development in the TTPI, the United States anticipates that the people of Micronesia will wish the opportunity to decide on their political future within a relatively short period of time. This is borne out by the Congress of Micronesia resolution, H.J.R. No. 47, adopted in August 1966, which stated in part that "this generation of Micronesians should have an early opportunity to determine the future constitutional political status of Micronesia."

Some regional variations exist with respect to the thinking on the political future of the TTPI. In the northern Marianas there is an element of strong support for re-integration with Guam. The adherents of this position see

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-3-

U.S. citizenship as coming quickly through affiliation with Guam whose inhabitants are U.S. citizens. Elsewhere in the Islands sentiment for becoming citizens of the U.S. exists but is not as strong. The Marshallese who have been closely associated with U.S. defense activities for some time, recognize the economic advantages of U.S. citizenship and probably would be inclined to choose this status if it were offered. The inhabitants of Palau, Truk and Ponape also would probably be inclined in this direction. The people of Yap, through their leaders, have petitioned U.S. Congressional committees to be removed from the UN Trusteeship system, although their objective apparently is to have a somewhat similar status under exclusive U.S. control, still allowing time for the Yapese people to determine their eventual future. In sum, the great majority of Micronesians appear to favor some form of permanent association with the United States.

The situation in the Trust Territory of the Pacific Islands, in many respects, is similar to that existing in American Samoa, i.e., a cultural heritage with hidden forces of tribal sovereignty coloring concepts of land ownership, income distribution, and political authority. Ranged against these hidden forces is the development of democratic local government, to some extent on the municipal level, but primarily on the district and territorial level.

The leaders of Micronesia, whether of the older traditional type or the younger, U.S. educated and more democratically oriented, recognize that there is little economic future for Micronesia without outside subsidy. A few traditional leaders, whose influence reaches beyond island and district horizons, have been candid in stating that there should be affiliation with the U.S. basically on the grounds that the U.S.A. is the strongest nation in the world. A few of the younger leaders see the "strategic importance" of the Territory as a strong lever in obtaining an increased subsidy from the United States, or failing this, as a possible bargaining feature in dealing with other interested nations.

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The UN Charter, General Assembly resolutions, the Trusteeship Agreement, and the views of the Trusteeship Council are important guideposts in the determination of the future course to be taken by the TTPI toward self-government or independence. The Trusteeship Council in 1966 stated in one of its conclusions concerning the TTPI that, "...it is now up to the Micronesian people and their representatives to weigh the question of the future and consider both when and how they may wish to exercise their inalienable right of self-determination...." In terms of UN practice, among the possible alternatives for the political future of the TTPI are independence, free association with an independent state, or integration with an independent state.

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ANNEX A

CONGRESS OF MICRONESIA

The Congress of Micronesia, which held its first session in July 1965, is a bicameral legislature, with a Senate and the House of Representatives. There are 12 Senators, two elected at large from each of the six districts for four-year terms and 21 Representatives elected for two-year terms from single-member election districts of approximately equal population. Members of the Congress are chosen by secret ballot by citizens of the Trust Territory who are 18 years of age or over.

The Congress of Micronesia is authorized to appropriate funds available from revenues raised in the Trust Territory and to review and to make recommendations on the High Commissioner's proposed requests for funds to be appropriated by the United States Congress. The High Commissioner has the power to approve or disapprove every bill passed by the Congress of Micronesia, and he may also disapprove items of appropriation of money within bills otherwise approved. The Congress of Micronesia may repass a bill vetoed by the High Commissioner. If he vetoes the repassed bill, the High Commissioner must send it along with his comments to the Secretary of the Interior for decision.

In December 1966, interim Committees of the Congress of Micronesia composed of six Senators and 12 Representatives, respectively, were established. These two committees tour the various districts when the Congress is not in session (there is one 30-day regular session each year in the June-July period and special sessions as needed) to hold public hearings and obtain information on draft legislation.

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IV--TRUST TERRITORY OF THE PACIFIC ISLANDS (economic development)

NATHAN REPORT ON TRUST TERRITORY OF THE PACIFIC ISLANDS

On April 1, 1965, a 27-month contract was placed in effect with Robert R. Nathan Associates, Inc., for the preparation of a long-range economic plan for the Trust Territory of the Pacific Islands. The contract provided for stationing a three-man economic team in the Trust Territory, for home office back-up services to the field team for development of a long-range economic plan, and assistance in implementation of economic development projects.

The economic plan phase was concluded in December 1966 with the issuance of a three-volume report entitled, "Economic Plan for Micronesia". The last months of the contract are being devoted to aiding in implementation of approved recommendations of the plan and any other projects that may be assigned by the High Commissioner.

The plan is now being analyzed by the Trust Territory government to determine those recommendations which should be adopted and to determine relative priorities among recommendations.

The three volume report consists of four parts:

- I. Conditions, Problems, Possibilities; Policies, Directions, and Goals.
- II. Expansion Possibilities by Economic Sectors.
- III. The Economic Impact of Government Expenditures and Programs.
- IV. Total Expansion Potential; Resource Needs, and Immediate Priorities.

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Volume I is devoted to a description of conditions and problems existing in the Territory, and a brief exposition of possibilities, policies, directions and goals. The overall plan, which does not attempt any projection of economic activity and conditions beyond a period of five years, is built on the basis of a number of assumptions, namely:

1. That there will be a steadily increasing population and labor force in Micronesia and this population will continue to become concentrated more and more on the major islands and at an accelerating pace;
2. That there will be relatively free access to outside capital, management and labor resources;
3. That there will be increasing expenditure by the United States in all categories, and particularly in economic development activities; and,
4. Lastly, that the Micronesian government eventually will carry an increasing part of the cost of providing government programs and services and help support economic expansion in the Territory.

The report emphasizes that selected capital, management and labor must be permitted and induced to come from outside the Territory if a significant rate of development is to be possible. The opening of the Territory to the entrance of both people and capital, according to the report, will be of overall benefit to the Micronesian people.

-2-

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New people will bring new ideas and create an element of competition from which local businesses will profit. The arrival of outside capital will create new job opportunities and strengthen the economy in general.

With respect to alien entry for labor purposes, a controlled and highly selective immigration policy and implementation is recommended, with the Philippines, Okinawa and other neighboring countries of the region as the source of the labor supply.

Recommendation also is made that U.S. citizens be permitted and encouraged to become permanent residents of the Territory and that a complete reevaluation be made of the present policy which denies land ownership to non-Micronesians.

The slow rate of economic growth in the Territory is attributed partially to factors inherent in the geography, history and culture of Micronesia. The very nature of the Territory has meant that Government direct-dollar expenditures and programs have influenced the directions of the economy and have been a drain on the development of the private sector.

Specific recommendations are given in each major economic sector: agriculture, copra, fishing, trade and services, manufacturing and construction, tourism and transportation. These recommendations also are aimed at strengthening the total economy by bringing expansion to the private sector.

The "government" sector of the economy receives major emphasis in Part III. Problems such as lack of money, specialized personnel and clear goals as well as the need for balanced emphasis among the Government's programs are analyzed.

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The report recommends that the Administration budget be increased to \$35-\$40 million per year. It suggests that there be some major shifts in emphasis--particularly from quantity to quality; from short-run palliatives to long-run solutions--and recommends the beginning of a strong effort to induce directed economic development.

In the section on "Implementation", the economists hold that lack of clear policies, directions and plans, as well as lack of understanding on major issues throughout Micronesia, have been primary impediments to development in the past. The report suggests that the High Commissioner, using recommendations of the report as a starting point, taking into consideration reactions of his staff and Micronesian leaders, establish clear policies of direction and goals in economic development.

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GLOSSARY

The term territory may be used to describe any area over which the United States exercises sovereignty. The term is so used in Article IV, section 3 of the Constitution, which provides that the Congress shall have power to "make all needful rules and regulations respecting the territory or other property belonging to the United States."

The term Territory may be used to describe those areas to which the Constitution has been extended and in which it is applicable as fully as in the continental United States. This term is synonymous with incorporated territory, which refers to an area which the Congress has "incorporated" into the United States by making the Constitution applicable to it. The last two incorporated territories were Alaska and Hawaii. During the course of the United States' history there have been others, all on the mainland and all subsequently erected into States.

The term insular possession may be used to refer to any unincorporated territory of the United States, i.e., any territory to which the Constitution has not been expressly and fully extended. The Virgin Islands, Guam, and American Samoa are unincorporated territories.

The unincorporated territories may be further subdivided into those which are organized and those which are unorganized, i.e., those for which the Congress has provided organic acts which serve the same purpose as do the constitutions of the States, and those for which organic legislation has not been enacted. Guam and the Virgin Islands are organized but unincorporated, and American Samoa is both unorganized and unincorporated.

The term commonwealth, when used in the context of American territorial relations, means approximately the status currently occupied by Puerto Rico. The legal consequences of commonwealth status are largely unclear, but the term denotes, at a minimum, a high degree of local autonomy, under a constitution drafted and adopted by the residents of the affected area, pursuant to Congressional enabling legislation earlier approved by such residents by referendum. The constitutional relationship of the Commonwealth of Puerto Rico to the United States is open to great uncertainty, with some parties (supported by court decisions) contending that the Congress retains its plenary authority under Article IV of the Constitution to legislate for Puerto Rico, while others contend (supported by other court decisions) that because the statutes giving rise to the Commonwealth were adopted "in the nature of a compact," the Congress is not free to legislate unilaterally for Puerto Rico. As for fiscal

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consequences of Commonwealth status, none appear to be causally related to it. Puerto Rico's particular economic advantages (particularly the inapplicability to Puerto Rico in general of the Federal income tax laws, and the payment to Puerto Rico of taxes paid on Puerto Rican products entering the mainland) pre-date the creation of the Commonwealth, in 1952, by several decades.

A trust territory is one which has been placed under the international trusteeship system of the United Nations. Chapter XII of the Charter of the United Nations provides for the creation of a system for the administration and supervision of territories formerly held under mandate, of territories detached from enemy states as a result of the Second World War, and of territories voluntarily placed under the system by states responsible for their administration. Such territories are administered pursuant to the terms of individual trusteeship agreements approved by the Security Council or General Assembly of the United Nations, on the one hand, and by the administering authority of the particular trust territory, on the other. Chapter XIII of the Charter provides for the establishment of a Trusteeship Council to assist in the General Assembly and the Security Council in carrying out the objectives of the trusteeship system. The United States is administering authority for one trust territory, the Trust Territory of the Pacific Islands, comprising certain islands held by Germany prior to World War I and subsequently by Japan under a mandate from the League of Nations. The Trusteeship Agreement respecting the Territory of the Pacific Islands was approved by the Security Council on April 2, 1947, and by the President of the United States, pursuant to Congressional authorization, on July 18, 1947.

A mandated territory refers to an area held under the mandate system established by Article 22 of the Covenant of the League of Nations. The system was devised in order to provide for the post-World War I administration of certain Middle Eastern colonies formerly belonging to the Turkish Empire and of certain colonies and territories in Central Africa, Southwest Africa, and the Pacific formerly held by Germany. The Supreme Council of the Allies assigned these colonies to the administration of various League members, known as Mandatory Powers, whose administration of the mandates was supervised by the League through the medium of a standing committee, the Permanent Mandates Commission. The League's mandate system has now been replaced by the trusteeship system of the United Nations.

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