

CONFIDENTIAL

R
1045
61
03
4

TO: Stephen M. Schwebel
 DEPARTMENT OF STATE / CDC/MR
 DEPARTMENT OF STATE
 REASON(S):
 REASON(S) EXISTING MARKINGS: Memorandum of Conversation
 DRAFT
 UNCLASSIFIED RELEASABLE
 RELEASE DENIED
 FOIA or FOI EXEMPTIONS

April 2, 1969

SUBJECT: The settlement of Micronesian war claims
 The future status of the Trust Territory of the Pacific Islands

PARTICIPANTS:

- Under Secretary of State Elliot L. Richardson
- Under Secretary of the Interior Russell Train
- Congressman Wayne Aspinall, Chairman, House Committee on Interior and Insular Affairs
- Congressman John P. Saylor, ranking minority member, House Committee on Interior and Insular Affairs
- William Macomber, Assistant Secretary of State for Congressional Relations
- John P. White, Deputy Assistant Secretary of State for Congressional Relations
- Lewis A. Sigler, Counsel, House Committee on Interior and Insular Affairs
- Charles Leppert, Staff, House Committee on Interior and Insular Affairs
- Stephen M. Schwebel, Special Representative of the Department of State for Micronesian Claims

COPIES TO:

- The Under Secretary
- H - Mr. Macomber
- Mr. White
- IO - Mr. De Palma
- UNP - Miss Brown
- Interior - The Under Secretary
- EA - Mr. Bundy
- EA/J - Mr. Finn
- L - Mr. Aldrich
- L/EA - Mr. Schmitz
- American Embassy, Tokyo

Congressman Aspinall stated that he was glad to see Secretaries Train and Richardson and, when the Departments of Interior, State and Defense mutually agreed on a plan for settling the future political status of the TTPI, he would be glad to consider it. Until the Executive Branch reached such agreement, the Congress was not in a position to do very much.

Secretary Train replied that the Departments of State, Defense and Interior were in close consultation and were working together on the problem. Congressman Aspinall remarked that, if so, that was the first time this was the case in some fifteen years.

05- 421511

CONFIDENTIAL

100-111111-11
 APR 11 1969
 X R PS 8-4
 MTC 11-11-69

CONFIDENTIAL

-2-

Secretary Train agreed that it was incumbent upon the Departments concerned to present an agreed plan. Today they had come not to discuss the future status of the TTPI, but a smaller, not unrelated problem. He invited Secretary Richardson to address it.

Secretary Richardson stated that the problem of Micronesian war damage claims, which had been intermittently discussed by the United States and Japan since 1954, was nearing solution. An agreement was initialled in Tokyo January 20th; before its signature, the Departments of State and Interior wished to consult Congressmen Aspinall and Saylor. Over the years, neither Government had acknowledged responsibility for the claims. The United States saw no basis for its liability; Japan maintained that, moreover, its claims against the United States for former Japanese properties taken by the United States in the islands outweighed the value of Micronesian claims. In an effort to overcome the impasse, the United States had proposed that, without a suggestion of legal liability on the part of either Government, both Governments join in a voluntary contribution of \$5,000,000 each, the total of \$10,000,000 being deemed sufficient to equitably dispose of the claims. As part of the settlement, Japan would treat all its Micronesian property claims against the United States as disposed of; and Japanese fishing vessels would be accorded access for rest, recreation and repairs in the ports of Truk and Palau.

Secretary Richardson asked Mr. Schwebel if any other important aspect of the proposed settlement required comment. Mr. Schwebel replied that one more might be mentioned. The Government of Japan had always provided, in the vast reparations agreements into which it had entered widely in Asia, that its payments be in kind, and it required that in this case. That would pose administrative problems for the United States, for we would need to convert the Japanese payment in kind into cash for distribution to Micronesian claimants; but those problems, while troublesome, were manageable.

Congressman Aspinall declared that the difficulties of converting Japanese payment in kind would be very real. How would we manage to convert Japanese machinery into cash? Who would pay for it? Congressman Saylor interjected that an aspect of our handling of the TTPI to which Congressmen objected was that the Territory was flooded with Japanese goods. Japanese goods fueled pro-Japanese sentiment. That we did not want. We were going to keep the Territory. Our security demanded it.

CONFIDENTIAL

OS- 421512

CONFIDENTIAL

-3-

Secretary Richardson asked Congressman Saylor what he thought should be done to settle the Territory's future political status. Congressman Saylor replied that the Territory must remain accessible for our defense needs. The Marianas should be encouraged to do what they really wanted to do, i.e., join with Guam as a territory of the United States. The remainder of the TTPI might be divided into three territories, or administered by Deputy High Commissioners; he was not sure. But there was no need to perpetuate the TTPI as a unit, for it is an unnatural unit.

Congressman Aspinall added that United Nations illusions about Micronesian independence should be laid to rest. The United States military needed the Territory; the more so in view of the anticipated change of status of Okinawa and the situation in the Philippines. Steps were now underway to establish a base in Babelthuap. The military would not ask, but take, the land needed, and pay compensation, just as it would in the United States. That was the reality. The United Nations should be confronted with the reality. It should be told that the choice was between military dictatorship and some form of association with the United States. When a plebiscite took place, independence should be excluded from the ballot.

Secretary Richardson noted that there were pertinent provisions of the Trusteeship Agreement. But he could assure the Congressmen that our policy was not designed to lead to the Territory's independence; the strategic importance of the TTPI was fully appreciated. Congressman Aspinall said he was glad to hear that; that he had no patience with diplomatic niceties; that the United Nations should be told that independence for the Territory was out. Secretary Richardson said that independence of the TTPI was not contemplated by the Administration.

Secretary Richardson inquired why Congress last year had resisted the proposal of a Status Commission. Congressman Aspinall replied that it had not wished to tie the hands of the new Administration.

Congressman Aspinall remarked that, as for the claims settlement, it should not be openly linked with a decision on the future status of the Territory. Micronesians should not be given the feeling that their votes were being bought. The settlement should have been made years ago in any event. Secretary Richardson agreed. At the same time, settlement of the claims would improve the atmosphere in the Territory. Congressman Aspinall replied that the claims problem certainly should be disposed of, and before the future political status of the Territory was.

CONFIDENTIAL

05- 421513

CONFIDENTIAL

-4-

Congressman Aspinall declared that \$5,000,000 was not a large sum. As for the settlement of Micronesian claims proposed, "We will go along with it." If, by expending another \$100,000, we could in some way keep Japanese goods out, and prevent pro-Japanese sentiment arising because of the Japanese contribution, so much the better.

Congressman Saylor inquired how the figure of a \$10,000,000 total had been reached. Mr. Schwebel recalled the survey which Messrs. Coote and Milner had made for the Department of the Interior in 1961; the fresh estimate which the High Commissioner had made in 1966; and the fact that payment by the United States to inhabitants of Guam a good many years ago had totalled close to \$5,000,000. It was believed that \$10,000,000 today should be sufficient to satisfy the claims equitably. But this was an estimate. No claims proceedings had taken place, for the Department of the Interior had not wished to conduct claims proceedings without knowing that it would have money to pay claims. Secretary Richardson remarked that it would need to be made clear that \$10,000,000 was all that was available; pro rata payment possibly could become necessary. Mr. Schwebel added that the problem was eased by the fact that the major claims were for loss of life, a matter subject to a range of appreciation. The property lost was of modest value. Congressman Saylor said his impression was the Guam payments did not include payment for loss of life and thus to pay for loss of life in the TTPI could create problems. As for the modest character of property losses, what was modest to us was major to Micronesians. Mr. Schwebel agreed, and assured Congressman Saylor that we would look into what had been done in Guam in respect of loss of life.

Congressman Saylor cautioned against any "Indian Claims" arrangement. That meant, Congressman Aspinall explained, that it should be made clear at the outset to the Micronesians that \$10,000,000 was all there was and would be.

Congressman Saylor inquired how the claims would be paid; what would the machinery be for establishing them? Mr. Schwebel replied that that had not been worked out, and was a question for the Department of the Interior and the High Commissioner, who would wish to consult the Congress of Micronesia.

Secretary Train confirmed that the questions of procedures for payment of claims, and their actual payment, were the responsibility of the Department of the Interior; negotiation with Japan was the responsibility of the State Department.

CONFIDENTIAL

OS- 421514

CONFIDENTIAL

-5-

Congressman Aspinall said that, while he was in accord with proceeding with conclusion of the claims agreement, before authorizing and appropriating legislation was sought, the Department of the Interior (a) should make plain to the Micronesians that the maximum available was to be \$10,000,000 (b) should be able to explain to the Congress how the \$10,000,000 figure was reached and (c) have worked out procedures for its disbursement. Secretary Train agreed.

CONFIDENTIAL

05- 421515