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Pres. approved 5/3/69  
See attached MI/Kissinger memo  
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April 28, 1969

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Attention Memo  
Keep this study together.

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MEMORANDUM FOR THE PRESIDENT

Subject: Future of Trust Territory  
of the Pacific Islands

Secretary Hickel will be visiting the Trust Territory of the Pacific Islands beginning May 3.

In this connection, major issues to be resolved are:

-- what position your Administration should take with regard to the evolution and future status of the Territory; and, more specifically,

-- what position Secretary Hickel should take while in Micronesia with respect to these questions.

RECOMMENDATION:

The NSC Under Secretaries Committee, with the participation of the Under Secretary of the Interior, has examined these questions and has reached the following conclusions and recommendations:

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BY S/S: CMS

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(A88-827A) by D. Sirko, National Security Council

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1. Your Administration should give high priority to a program which will bring the Territory under U.S. sovereignty at an early date. No firm timetable, however, can be set at this time.

2. The most promising approach is the preparation of an Organic Act for the Territory, drafted in close consultation with the Micronesian leadership, on which -- prior to enactment by the U.S. Congress -- the Micronesians are given an appropriate opportunity freely to express their views. To accelerate this process, a representative group of Micronesian leaders might be invited to Washington to participate in the consultations and drafting.

3. In view of our overriding security and strategic interests, the United States cannot give the Territory an option of independence or of free association which would give the Territory the right to end the relationship. Within these limits, the Administration should preserve substantial flexibility with regard to the specific terms of status -- under the broad heading of unincorporated territory -- reserving resolution of the specific terms for the drafting of the Organic Act.

4. Termination of the Trusteeship poses an international problem -- inasmuch as we administer the Territory as a "strategic trust" under an agreement with the UN Security Council. This problem will be made easier by more internal self-government rather than less -- but there will be considerable Congressional reluctance to accord the Territory a status which seems to give it favored treatment relative to Guam or American Samoa. -- On the other hand, we shall have to enlist maximum support of the Micronesians for any such Organic Act. Their support will be essential when we unilaterally terminate the Trusteeship with the United Nations. On the

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basis of legal and political considerations, as well as practice, we would be expected to have offered them a wider range of choice.

5. During his forthcoming visit to the Territory, Secretary Hickel should highlight the annexed program of action (Annex A). Secretary Hickel should also be authorized to respond to Micronesian inquiries by proposing an Organic Act for the Territory, in the preparation of which the Micronesians should participate, and on which they would be offered an appropriate opportunity to express their views. On the other hand, the Secretary should not, on this forthcoming trip, label or present a specific description of the political status we envisage.

6. Preparation of the Act shall be under Department of the Interior leadership, in consultation with other interested Departments. In view of the international and strategic implications, the progress of this effort shall be kept under review by the NSC Under Secretaries Committee on behalf of the National Security Council.

DISCUSSION:

Need for Action

The United States should bring the Territory into a full and permanent association with the United States because


-- in concept, the status of a Trust Territory is, of necessity, temporary;

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-- there is increasing restiveness and dissatisfaction in the Territory with respect to the present status.

Basic Approaches

The Committee considered several alternative approaches:

-- to offer the Micronesians a referendum on the principle of the new status;

-- to revive legislation for a Status Commission -- legislation to that effect has been reintroduced into the current session of the Congress -- which would engage the Micronesians in a dialogue on their future status;

-- to proceed directly to the drafting of an Organic Act which would define the Territory's future status within the constitutional system of the United States.

On balance, the Committee felt that the latter was the preferable choice, because:

-- to offer a referendum on status at once raises the problem of whether the United States is required by the UN Charter and the Trusteeship Agreement to offer an option of full independence;

-- the deliberations on an Organic Act would offer an opportunity to demonstrate to the Micronesians the advantages of a permanent association with the United States -- as well as acquaint them with the requirements and constraints of the U.S. political system.

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The latter course also requires, however, that the Micronesians be given appropriate opportunities to express their views on the provisions of this Act. The Committee felt that this requirement could be met:

-- by engaging a representative group of Micronesian leaders to help draft the Act;

-- by giving the people of the Territory an appropriate opportunity to express their views on the proposed legislation before its enactment by the U.S. Congress.

#### Terms of Status

There are four sets of considerations bearing on the Territory's future status within the political system of the United States:

-- strategic requirements;

-- acceptability to the Micronesians;

-- acceptability to the U.S. Congress;

-- compatibility with our obligations in the United Nations and our traditional position on self-determination.

Within the limits set by these criteria, definition of the new status should be worked out pragmatically through the preparation of the Act.

The Administration should make a maximum effort to obtain Congressional agreement to an arrangement which

-- would constitute a considerable advance in internal self-government; and,

-- include a commitment to progressively greater internal self-government on a fixed schedule.

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Program of Action

The Under Secretaries Committee endorsed the program of action laid out in Annex A.

Specifically, it agreed with the proposal to use Army (or Navy) construction units, if desired by the people of Micronesia, to undertake public works projects in the Territory. (This can be done without adversely affecting our effort in Viet Nam.)

\* \* \*

The Secretaries of State, Defense, and Interior concur in the foregoing conclusions and recommendations.

Elliot L. Richardson

Concurrences:

OSD	Mr. Packard	}
Interior	Mr. Train	
JCS	Gen. Wheeler	
State/IO	Mr. DePalma	}
State/EA	Amb. Green	

U.W.R.

S/S *[Signature]*  
A True Copy

P.W.R.

Drafted by: U/CWRuser 4/26/69.

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ANNEX A

Program of Action

1. Obtain a construction battalion from the Army or Navy in Southeast Asia to undertake immediately a series of projects desired by the people of Micronesia. If from Viet Nam, this could be billed as a "plowshare" type of operation and would be a specific demonstration of the kind of constructive peacetime military assistance available from the United States. The battalion should arrive in the Trust Territory before September 1, 1969.

a. Water and sanitation projects are needed in virtually every community in Micronesia.

b. Roads outside of District centers are virtually non-existent and the former Japanese roads have fallen into dis-repair. There is a need to reopen the old roads; to extend new ones and to upgrade and pave existing roads.

c. Airfields require improvement and heavy maintenance. Air travel is essential to both administration of this far-flung area and to its economic development.

d. Small dock, channel, and seawall work. The outer islands are dependent upon small vessel operation. In many cases, docks, seawalls, or channel work through the reefs are necessary to improve sea transportation. These projects are relatively small but important to the local people.

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2. Invite the Congress of Micronesia to form a budget committee to work with the administration in developing budgets within the ceiling authorization established by the U.S. Congress. The Congress of Micronesia would vote the budget as a recommendation to the High Commissioner. The existing Secretarial Order already gives the Congress of Micronesia this authority. It remains to be fully implemented. Actively participating in budget development and voting on recommendations as to the final submission to the Secretary of the Interior will give the Congress of Micronesia a sense of participation and develop their skills as legislators and budget experts. This invitation should be extended during the Secretary's trip.

3. As soon as possible bring more Micronesians into high ranking and responsible positions in the government. No Micronesian now serves as District Administrator. Some are assistant district administrators. Others are in the second or third echelon in various departments. A positive talent search will be initiated immediately to recruit, train and place Micronesians in responsible government jobs where they will be brought into the planning and decision processes as full and equal participants with American personnel. A program to train more Micronesians for more responsible positions will be started before August 1, 1969.

4. Health and Education: Insufficient amounts of money have been allocated for these. Great emphasis will be placed on all aspects of health and education to accelerate existing programs and to develop new ones.

5. The dual wage system which presently exists in the Territory is objectionable and is inconsistent with American concepts of

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equality and justice. A formula must be developed before the end of calendar 1969 that will remove inequities in the pay schedules and provide equal pay for equal qualification and equal work.

6. Develop by June 30, 1970, a modern land tenure and acquisition system which will provide procedures for government land takings fully protecting Micronesian land claimants. Prompt and adequate compensation to the land-owner will be a central feature of the system. The land tenure system in the Territory varies from district to district. There is a need for accelerated surveying and land registration programs and improvements in the existing Trust Territory eminent domain statute. Military land requirements, particularly future land requirements, need definition. Prompt payment should be made for any lands taken in the future, preferably by negotiation with condemnation a last resort. In the interim, before conveying to private parties public lands which are designated by Defense as priority areas, consultation should be held with appropriate Department of Defense authorities.

7. All authorized and funded projects will be accelerated. This will account for an estimated expenditure of \$39,000,000 in fiscal year 1969, the current year. Stimulate the existing construction program by awarding contracts on schedule on all authorized projects and by following through on contract supervision.

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- \* The Under Secretaries Committee recognized that this recommendation might raise some problems of its own by disrupting the pay scales of the local economy. However, the Committee held to the recommendation as right in principle from a political and equity point of view.

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8. Recommend legislation in the First Session of the 91st Congress to remove the tariff barrier against Micronesian products. Removal of the barrier will stimulate the Micronesian economy. Products of American territories can enter the United States duty-free. Products of the Trust Territory today are foreign and subject to the same duties as similar products from any other foreign area. The proposed legislation will give Micronesian products the same preferential tariff treatment afforded products of American Territories.

9. Recommend legislation in this session of Congress to grant United States travel access to Micronesians comparable to that of any American citizen or national residing in any American territory. Micronesians today are aliens and subject to American entry and immigration restrictions applicable to aliens. Removing these restrictions will facilitate travel to the United States for education, employment, and permanent residence.

10. Establish incentives for industries which need strong developmental encouragement. Tourism, marine resources, and, in some islands, agriculture represent the major areas of economic potential. Micronesian participation in economic planning will be invited. Consideration needs to be given to territorial tax incentives on an expedited basis.

While American investment is now encouraged, government needs to provide the basic infrastructure which will support economic enterprises.

Resolution of the political future question will remove an uncertainty for prospective investors.

Financing for entrepreneurs is needed because local sources are not available in

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adequate supply. Legislation now pending before the United States Congress would provide a \$5,000,000 economic development loan fund.

11. Propose legislation at this session of Congress for increasing revenues available to the Micronesians by extension of the U.S. income tax as a local tax.

Announcing the Program

The U.S. intent to launch the above programs would be announced by the Secretary of the Interior during his visit to the TTPI during the first week in May. Programs that do not require Congressional action would be announced as firm. Programs requiring Congressional action would be announced as programs which we will attempt to develop.\*

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- \* Tactically, in presenting these programs the Committee felt that it may be desirable to leave vague the relationship of these legislative efforts to the proposed Organic Act.

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