

*U.S. Sec Com*  
*File 329*

THE UNDER SECRETARY OF STATE  
WASHINGTON

*Att*

NSC UNDER SECRETARIES COMMITTEE

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CONFIDENTIAL ATTACHMENT

July 8, 1969

NSC-U/N#5


**TO:** The Deputy Secretary of Defense  
The Assistant to the President for  
National Security Affairs  
The Director of Central Intelligence  
The Chairman of the Joint Chiefs of Staff  
The Under Secretary of the Interior

**SUBJECT:** Trust Territory of the Pacific Islands  
(NSC-U/SM 12)

The Under Secretary of Interior has furnished the attached report on Interior's program of action for the Territory which was considered by this Committee on April 26, 1969.

Under Secretary Train also would like this Committee to take note of the draft of an Organic Act requested by Chairman Aspinall and furnished by Interior as a drafting service to the Chairman without any commitment as to the Administration's ultimate position on the provisions of such an Act.

After the Interagency Coordinating Committee, which is chaired by Assistant Secretary of Interior Loesch, has considered these documents, I would propose to schedule a meeting of the Under Secretaries Committee about July 31 to review the status of this matter.

  
Elliot L. Richardson  
Chairman

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Attachments:

1. Interior Report.
2. Letter from Interior Legislative Counsel attaching draft Organic Act

Declassified/Released on 10-18-51  
under provisions of E.O. 12356  
By B. Reger, National Security Council

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United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

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June 27, 1969

Memorandum

To: Staff Director Under Secretaries Committee

From: The Under Secretary

Subject: Action Program for Micronesia

In its April 4 memorandum for the President, the Under Secretaries Committee indicated that the Organic Act for Micronesia would be prepared under Department of the Interior leadership, in consultation with other interested Departments. The memorandum further stated that the progress of this effort would be kept under review by the NSC Under Secretaries Committee.

On June 25 the Department of the Interior, in response to a request from Congressman Aspinall, Chairman of the House Interior Committee, provided him with a draft of the Organic Act. A copy of that draft is enclosed. You will note the caveats expressed in the copy of the letter from our Legislative Counsel to the Chairman, which is also attached.

Also attached is an outline of the current status of the Department of the Interior's program of action for Micronesia. You will note that it stresses the point that the draft Organic Act does not have the Micronesian participation, interdepartmental coordination, National Security Council review or matured Interior Department reflection, which will characterize the version which we hope to submit as an Executive Bill in mid-September.

It is believed that the members of the Under Secretaries Committee will find both attachments of interest.

*Russell E. Train*

Attachments

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Attachment to NSC-U/N#5

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ACTION PROGRAM FOR MICRONESIA

Secretary's trip to Micronesia in May

Micronesians in Government

High Commissioner's Development Coordination Committee

- Pay Equalization
- Health and Education
- Economic Development
- Land Tenure and Acquisition

Civic Action Teams

Underwater Demolition Teams

Urgent Equipment Requirements

- Six vessels
- Communication equipment and generators

Military Involvement

Interagency Coordinating Committee

Legislative Proposals

- Tarriff removal
- Travel restriction removal
- Income tax for local use
- Organic Act

Attachment to NSC-U/N#5

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By E. Reger, National Security Council

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INTERIOR'S PROGRAM OF ACTION  
FOR MICRONESIA

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June 26, 1969

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May Trip

Secretary Hickel went out to Micronesia the first week in May to obtain Micronesian thinking and propose a program of action designed not only to improve the social, economic, and political conditions in the territory, but also to develop a favorable political climate in which the Micronesians could consider permanent political association with the United States.

This trip was the direct result of the Department's successful efforts in April to obtain an Administration consensus that we should accelerate our programs for the territory, seek to end the trusteeship agreement and encourage the Micronesians' expressed desire to become a permanent part of the political framework of the United States.

The trip was very successful. After consulting with Micronesian leaders, the Secretary was able to announce a program of action, incorporating their views, which was enthusiastically received. The idea of terminating the trusteeship and building a lasting political partnership was soundly applauded. It is vital, however, that each element of the program of action show visible progress before 1969 is over. The Secretary is devoting the resources of the Department to make that happen.

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Approved by: [Signature]  
National Security Council  
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Micronesians in Government

Interior embarked on a two point program to bring more Micronesians into higher ranking and more responsible positions in the Trust Territory Government. To start this program, an able native leader, Mr. Frank Ada, was appointed as District Administrator of Mariana District. The present set-up in each district is a U.S. District Administrator with a native assistant. The plan is to replace that with a native District Administrator with a U.S. advisor, phasing out the advisors on a case-by-case basis as conditions permit. Mr. Ada's appointment was the first step in this program. The second point is to develop an imaginative and effective program of training promising Micronesians for positions of greater responsibility. The High Commissioner, Ed Johnston, is working hard on this. The Department expects to have his first progress report early next month.

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HICOM Development Coordination Committee

To assist the High Commissioner in bringing the action programs together, and with a greater input of Micronesian thinking and in time for input to the 1970 fiscal year supplemental budget and the FY 71 budget, Secretary Hickel sent a six-man team of experts to Micronesia on June 13. Their expertise includes economic development, public health, education and manpower development, land tenure and acquisition, and program and budget analysis. On their arrival in Saipan a Micronesian public administrator was added to the group. This committee will confer with the Congress of Micronesia, the six district legislatures, tribal chiefs, and village chiefs in their respective districts. They will solicit their views and see on the ground with their own eyes what the Micronesians are talking about and asking for. This is not a study group. After two months of intensive work in all districts and many out islands they will return to Saipan and present their findings to the Congress of Micronesia and the High Commissioner. They will then return here to Washington in September to integrate their resulting action programs into the budget cycle.

Pay Equalization

The Territory Government currently has a dual wage scale. One for U.S. employees and one for Micronesians. This should not be allowed to continue. Previous administrations have attempted to resolve this problem without success. Congress has expressed a desire over the years to see the inequities removed. Secretary Hickel intends to see it done. On his trip he promised the Micronesians he would make every effort to do so. The Under Secretaries Committee of the NSC has informed the President that the dual wage system which presently exists in the territory is objectionable and is inconsistent with American concepts of equality and justice. They have also told him that Interior would endeavor to develop a formula before the end of this calendar year to remove the inequities in the pay schedules and provide equal pay for equal qualification and equal work. There are problems involved, of course, but the group sent out worked with the Civil Service Commission before they left, and it appears that a solution can be found. The Micronesians will help find that solution and help put it into motion.

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Health and Education

Expansion and upgrading of facilities and personnel in the vital fields of public health and education are urgently required. It is probable that additional funds will be necessary. However, the Secretary has asked the High Commissioner to apply ingenuity and determination to find ways to improve performance at little or no increase in cost. The team sent out has an expert in each of these fields. Upon their return the Secretary plans to move forward rapidly with the action programs in both areas. Meanwhile, the High Commissioner will report of his progress to date in both areas in early July.

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## Economic Development

The key to economic development of Micronesia is permanent political association with the United States. U.S. businessmen exhibit a consistent and understandable reluctance to invest in a geographic area with an uncertain political future. In May Secretary Hickel publicly announced our intent to work with the Micronesians to develop the legislation which will end the Trusteeship and build a lasting political partnership with the U.S. This was soundly applauded by the Micronesians and received wide publication in U.S. news media. As a result of this, it appears that we can now successfully encourage American business to invest in the area. Several exploratory initiatives have been taken in this area, with the Small Business Administration, the Economic Development Administration and with private business. The group sent out is seeking new initiatives. The tourist, fishing, agriculture and service sectors appear to offer the most promise at the present time.

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## Land Tenure and Acquisition

Fundamental to development -- economically, politically and socially -- is a modern land tenure and acquisition system. The Micronesians have a complex system which varies from district to district and relates land or various types of land use to the tribe or tribal chief. Add to this the complications of successive Spanish, German, Japanese and U.S. conquest of the area and you have land tenure and acquisition problems of the first magnitude.

The Secretary has promised the President that he will attempt to develop a modern land tenure and acquisition system by June 30, 1970. This system must provide procedures for government land takings yet fully protecting Micronesian land claimants. Prompt and adequate compensation to the landowner will be a central feature of the system. There is a need for accelerated surveying and land registration programs, and for improvements in the existing territory eminent domain statute. Future military land requirements need definition. Before conveying public lands designated as Defense priority over to private parties, consultations with DOD authorities are necessary. We also must

adequately fund the land commissions established in each district and speed up the judicial procedures for resolving land disputes. Action in all these areas is moving now. Working directly with the Micronesians and other interested parties, close monitoring and continuous support from Secretary Hickel's office can result in meeting our deadline.

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Civic Action Teams

It became apparent on the May Trip that a rapid improvement in roads, harbors, airfields, water and sanitation facilities was required. While a speed-up in the letting of contracts on all authorized and funded projects was directed, it was determined that this would not be sufficient and that an emergency appeal to the Congress for more funds would be inappropriate. Further, it appeared that the Micronesians should do more to help themselves. So we hit on the idea of civic action teams. These are small teams of one officer and 12 highly trained men who, equipped with an assortment of power and hand tools and an impressive array of skills, are designed to work with twice their number of natives to accomplish small scale civic action projects.

This idea was presented to the Micronesian leadership with the clear understanding that each district that wanted such a team would have to request it, that Micronesians would be expected to work side-by-side with the Americans, and together would work on projects determined by the native district legislature, not on projects dictated by the Territory Government or the U.S. military establishment.

Five of the six district legislatures have already requested teams; the Defense Department has agreed to furnish them; and the first two teams, U. S. Navy Sea Bees, have moved into Truk and Ponape districts.

Underwater Demolition Teams

The Micronesians have identified numerous underwater obstacles, chiefly coral heads, which hamper the movement of supplies and travel of people in and through their lagoons and harbors. They have requested assistance in removing these obstacles and in widening some of the existing channels to permit passage of trading craft. The Defense Department, at Interior's request, is looking into what UDT assets they have available to apply to this task concurrent with Interior's refinement of priorities on which obstacles should be removed first. This program has the potential for ballooning into a very sizable and expensive proposition. To guard against that, the Department cautioned the High Commissioner to avoid raising Micronesian expectations too high on this. The program must be kept modest, proceeding first with those highest priority jobs which are most desired by the Micronesians and which will have the greatest impact on their economic development.

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Urgent Equipment Requirements

The trip revealed urgent requirements for six additional sea-going vessels, one for each district to aid in moving goods and people and providing for emergency visits as required. We have found six World War II land craft (LCU's) to fill this requirement. Communication equipment with its associated generators is also required to provide emergency back-up to our thin communications with the outer islands. The Defense Department has been asked to look into helping us with these items, hopefully from surplus material from South Vietnam.

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Military Involvement

Secretary Laird has been most helpful and cooperative in Interior's efforts to get things moving in the Trust Territory. This cooperation of DOD carries with it the danger of being misread by the U.S. press and the Micronesians as an indication that DOD will build extensive base complexes in the Territory in the near future. Such base construction is by no means certain and unless or until it becomes so in the failure to meet such rising Micronesian expectations would be unfortunate. Many Micronesians want military bases and hinge their economic development plans on the expectation that they will be built. To keep the expectation from rising too high it is essential that we keep the DOD visibility low and stress the civilian aspects of the program. Therefore, Secretary Laird has agreed to institute strict control of visits to Micronesia by DOD personnel to ensure that the benefits to be gained are well worth the potential political cost.

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Interagency Coordinating Committee

It is apparent from the foregoing that we are confronted with a complex, vital program of action. Much of the program can be accomplished in the field, some can be accomplished by Interior without outside help. Many actions, however, require coordination with State, Defense, the White House, the Congress and private business.

To assist in keeping the entire program on stream, Secretary Hickel plans to use the Trust Territory Interagency Coordinating Committee which was formed several years ago, but did not meet very often until last April. The committee, chaired by Interior, includes representatives from State, Defense, JCS, Interior and the National Security Council.

That committee will convene again in early July to review the first report from the High Commissioner on progress to date on our action programs for Micronesia. This will be a good device for coordinating action within the Administration. Interior also plans to use that committee for a sounding board for legislative proposals concerning the Trust Territory which relate to U.S. foreign policy.

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As our work goes forward Interior will continue to coordinate its efforts with all interested parties. Working together we can bring the Micronesians forward into the twentieth century as full partners in the U.S. system.

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Legislative Proposals

Several of our programs will require legislation. These include removal of tariff barriers, removal of travel restrictions, extension of the U.S. income tax as a local tax available for Micronesian governmental revenues, and of course, the Organic Act, which would end the trusteeship and bring the Micronesians under the U.S. Constitution.

Secretary Hickel is committed to the President to solicit Micronesian views in the drafting of the Organic Act. The Micronesian Congress has been requested to appoint a representative group of its wisest, most experienced members to come to Washington in August or September to work with Secretary Hickel's staff in drafting the legislation. The Micronesian's Future Political Status Commission, composed of Micronesian Congressmen, has been working for two years. Their preliminary report favors free association with the United States as the favored option. The Micronesian Congress which opens on July 14 will consider the Commission's final report. The High Commissioner hopes to influence that final report so that permanent rather than free association is favored. Further, we will encourage the Congress of

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Micronesia to request President Nixon and the U.S. Congress to invite the people of the Territory to express their wishes on their future political status. By these two actions we seek to avoid the Micronesian representatives coming to Washington from becoming committed in advance to a status which we cannot agree to.

Another complicating factor in the drafting of an organic act is the fact that the Territory is not U.S. territory in the sense that Guam, Alaska and Hawaii were before their organic legislation. We, therefore, will have to include in the act a title which makes the territory a part of the U.S., thus ending the trusteeship agreement. While Interior will provide the leadership we will consult with other interested departments in the drafting work. In view of the international and strategic implications the progress of our drafting effort will be kept under review by the NSC Under Secretaries Committee on behalf of the National Security Council.

We provided the House Interior Committee, at the request of Chairman Aspinall, a draft of the Organic Act on June 25. This draft, of course, does not have the Micronesian participation, interdepartmental coordination National Security Council review or matured Interior Department

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reflection which will characterize the version which we hope to submit as an Executive Bill in mid-September. It will, however, provide the best we can do for the moment and a vehicle for exchange of views with that committee as our work progresses.

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