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DEPARTMENT OF STATE W/DC/MR	
REVIEWED BY <u>B.H. BAAS</u>	DATE <u>3/25/87</u>
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RDS <input type="checkbox"/> or XDS <input type="checkbox"/> EXT. DATE <u>OADR</u>	October 20, 1969
TS AUTH. <u>2778</u>	REASON(S) <u>E.O. 12356</u>
ENDORSE EXISTING MARKINGS <input type="checkbox"/>	<u>Sec 1.3(a)(5)</u>
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MEMORANDUM TO THE UNDER SECRETARY:

Through : S/PC - Mr. Cargo

From : S/PC - Claus W. Ruser

Subject : Micronesian Political Status Talks:
Edgar Kaiser Request for Appointment -
ACTION MEMORANDUM

Edgar Kaiser, Jr., has requested an appointment to discuss the status of the Micronesian talks.

While Kaiser has not been entirely clear about his purpose, it appears that he would like to enlist your support on Interior's approach to the land question.

In essence, we would accept the Micronesian demand for unqualified control over Micronesian lands in return for Micronesia's "permanent association" with the U.S.

The attached memorandum presents the status of this matter as of Thursday (Oct. 16) evening. (TAB 1.)

In the meantime, Assistant Secretary Loesch has reported to Secretary Hickel the strong opposition of the Defense Department, and the reservations voiced by State. As a result, Secretary Hickel no longer plans to approach Secretary Rogers and Secretary Laird directly to obtain their concurrence to this approach.

This new development raises some question as to whether this approach, for which Kaiser would like to enlist your support, still has Secretary Hickel's unqualified support.

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Comment:

Interior's approach would deprive the Federal Government of powers of eminent domain. It seems to us highly questionable, both from a constitutional and military standpoint. *

Furthermore, there is also the issue of whether the Micronesians attach the same meaning to the term "permanent association." (See memorandum of conversation - TAB 2.)

The various Micronesian draft submissions suggest that the delegation as of now envisages a protectorate relationship under which Micronesia would remain demilitarized (except under mutually agreed conditions of emergency), with the United States in return performing certain consular, foreign affairs, and judicial functions..

Our delegation has proceeded on the assumption--properly--that the Micronesians have advanced these provisions only for bargaining purposes. (Unless they are negotiable, extension of U.S. sovereignty over the Territory is not a feasible objective.) However, we should recognize that Interior's approach contains the risks of a massive misunderstanding and, in its formulation, needlessly and prematurely deprives the U.S. of important negotiating leverage.

Recommendations:

1. That you agree to see Edgar Kaiser, but avoid any commitment on Interior's approach to the land question.

Approve _____

Disapprove _____

2. That you suggest a report on the talks by the Interagency Coordinating Group, together with recommendations for next steps, which might be the basis of a

* WIC feels that this should be put more strongly: the Micronesian draft fails to provide minimum access to the Territory for military/strategic purposes; hence, fails to satisfy one of our minimum objectives in regard to the Territory. For this reason--as well as the

Territorial Sea issue--the Micronesian position is not acceptable.

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discussion in the Under Secretaries Committee. (Such a meeting should take place before Secretary Hickel's three-week tour of the Territory, beginning Nov. 5.)

Approve _____

Disapprove _____

That IO's memorandum to the Secretary be revised in the form of a much shorter status report, which might also serve as the basis of discussion of this problem with Dr. Kissinger at your next breakfast/luncheon.

Approve _____

Disapprove _____

Copies to:

- ✓ J - Ambassador Johnson
- C - Mr. Pedersen
- S - Mr. Okun

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