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Enclosure one
Saipan A-2

Memorandum of Conversation

Participants: Mr. Vicente N. ("Ben") Santos, President of Marianas District Legislature and President of the Marianas Popular Party

John C. Dorrance, Political Advisor

Date and Place: November 6, 1970 in Mr. Santos' office, Saipan

Subject: TTPI Future Status and Related Matters

During a two hour conversation Mr. Santos made the following points (most of them volunteered without questioning).

General: Mr. Santos, who is heavily engaged directly or indirectly in a number of existing and planned commercial ventures, ranged widely over his plans for the future, and his complaints about the difficulty of getting economic development moving in the TTPI. Following are the main points made.

1) Uncertainty over the future political status of the TTPI is raising havoc with economic development. Outside capital is reluctant to come in, and even locals have a hard time rounding up local capital for risk ventures. Anything involving land is a problem because of uncertainties about future land disposition arrangements, and the impossibility of getting at military retention areas. The future status of the TTPI must be settled as quickly as possible if there is to be any significant economic development.

2) Although most people in the Marianas want U.S. defense installations because of the economic benefits they would bring, there is increasing and even extreme bitterness over the manner in which the U.S. Government is holding "vast areas of land" as military retention areas without any specific use for them in mind. "If you have plans for that land, fine. But if you don't, turn it back to us so that we can use it for economic development. You are asking too much of us." As examples

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of what he meant, Santos said that he and others have developed plans and have the capital for development of a small sugar and cattle industry on Tinian and Rota, but can do nothing since all the land in question is "off limits" as a military retention area. Santos also outlined rather grandiose schemes for development of a large retail trading center (to go into competition with what amounts to the current monopoly operations of a political enemy), and for a 600-room tourist hotel and resort complex on Saipan aimed at the Japanese tourist trade. He claimed that he and his "friends" had access to \$14 million for the project, provided that necessary arrangements for land acquisition can be made. He expressed bitterness toward the administration's "economic development people" for their refusal to provide any assistance or guidance in getting this and other projects moving. (Comment. Santos' complaints about military retention areas on Tinian and Rota have a false ring. Only about one-third of the land area of Tinian is under military retention. No land on Rota is under military retention.)

3) The latter point touched off an emotional tirade about the TTPI administration being "all talk and no action" with respect to economic development. While admitting that much was being done in the way of infrastructure improvement, he claimed the Administration's bureaucracy is "so cumbersome, complex, and fouled up" that it is impossible to get assistance, decisions, and "movement". He claimed that Micronesian businessmen cannot comprehend the system, and therefore cannot use it. He described the Economic Development Loan Fund as a good example of bureaucratic inefficiency. When first established, the paperwork and other requirements to obtain a loan were so complex that most Micronesians gave up trying to obtain loans after initial approaches. Then "the word came down from above to get the money out." At that point, Santos claimed, the "loan people began pulling in people off the streets and even out of the Congress; they practically gave the money away." Now the fund is exhausted, most of the money has been wasted because of extremes of inefficiency and incompetence, and already most borrowers are defaulting.

Congress of Micronesia and the Elections: Santos made the following points on the recent elections and on the new Congress.

1) The election campaign had been a particularly "dirty and vicious one". Personal insults were thrown out by both sides, and full use was made of falsehoods. Santos claimed that particularly telling use was made, by his own Popular Party, of the fact that a cow belonging to

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opposition Senator Francisco Palacios had recently died of neglect. The electorate was told at every opportunity "How do you expect Palacios to take care of you when he can't take care of his own cow?" The fact that Palacios's cow probably was neglected because of the former's full devotion of time to his job and his electorate made no difference. The viciousness continued after the campaign. The day after election day Saipan's leading businessman, Jose Tenorio, fired six employees because they had openly talked of voting for his political opponents (Popular Party; Tenorio is Territorial Party).

2) Aside from personalities, the major issues in the Marianas campaign had been future political status, income tax, and salaries for Micronesian government employees. The winning issue for the Popular Party had been status. The Popular Party supported Commonwealth status for the TTPI and accused Senator Palacios and other Territorial Party candidates of being pro "free association or independence". The Popular Party also made considerable political capital of the fact that much of the support for the Territorial Party came from the despised (by the Chamorros) Caroline Islander and Palauan communities,

3) The four new Popular Party Members of the Congress of Micronesia will, wherever possible, "work with the administration" instead of being automatically opposed to the administration. He noted that the four members had already called on Acting High Commissioner Coleman to express this intent. This does not mean automatic support. Issues will be examined and positions taken on their merit.

Future Political Status: Santos homed in on the following with respect to the future of the TTPI.

1) The Popular Party, and the majority of the people of the Marianas District still favor "reintegration with Guam", but will accept separate association with the U.S. as a second-best arrangement. Close, permanent association is required, and the Marianas will never accept anything short of that status (including U.S. citizenship). Without flatly saying so, Santos left a clear impression that he would prefer to see the Marianas District separated from the rest of the TTPI. (Comment. Most observers consider preferences in the Marianas for "reintegration with Guam" and for Commonwealth status are the reverse of those cited by Santos. That is, most in the Marianas prefer Commonwealth status first, if necessary, separately from the rest of the TTPI. "Reintegration" would be a second-best arrangement.)

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2) Asked whether U.S. right of eminent domain, as a part of Commonwealth status, would cause any problems in the Marianas, he said no but then reiterated that the people in the Marianas are "fed up" with military retention areas being held indefinitely for no known goal when those lands could be put to economic use.

3) Santos, all the members of the District Legislature, and most other articulate persons in the Marianas, were extremely upset and concerned over the fact that status negotiations in the past had been secret, and that there had been no district representation in the talks. This cannot continue, he said. The four Popular Party members of the Congress would insist on "open" negotiations, and on having an observer from the District Legislature present at any future talks. He claimed that legislatures in the other districts were similarly concerned. He also said that representatives in the Congress from the Marianas District might refuse to participate in any future negotiations unless they were open, and district representatives were present.

4) Discussing the attitudes of the other districts, he claimed that Palau and Truk in particular, and Ponape to a somewhat lesser extent, were leaning towards independence although "free association" is still the immediate goal. Yap is sitting on the fence, and the Marshalls have only one concern -- land. He said that Yap would prefer association with the U.S. to independence, and will accept any formula which will protect their culture, traditions, and land. The key to the Marshalls is the land question. They prefer association with the U.S. and will accept any arrangement which gives full protection to Marshallese land rights. He claimed that none of the other districts would accept U.S. possession of eminent domain rights, but that this was especially true of the Marshalls. Asked whether there was opposition to U.S. installations in general, Santos said that most areas, including the Marshalls, would accept U.S. installations for their economic benefits -- but on their (Micronesian) own terms. There was a general feeling throughout the Territory that past settlements for land for defense installations had been much less than fair. The Marshallese had genuinely suffered from arbitrary and unfair land "deals", including shifts of population without adequate compensation and sufficient resettlement measures. Nevertheless, most Micronesians who had been associated with defense installations, particularly those in the Marshalls and the Marianas, recognized the employment and other economic benefits which flow from defense installations.

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5) Asked whether those who were speaking of independence really meant what they said, Santos said that initially talk of independence was mainly oratory for bargaining purposes. However, this is changing and many who speak of independence, particularly younger members of the Congress of Micronesia, students, and other "radicals", are beginning to believe what they are saying. He said that for this reason, as well as for the sake of the political stability necessary for economic development, it was important to settle the future of the Territory as quickly as possible. (Comment. While there is truth in what Santos says, it would be a mistake to rush blindly into any settlement, for the sake of an immediate settlement.)

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