MICRONESIA PLAN PRODUCES RIFTS

Talks With U.S. on a Union Show Sides Far Apart

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SYDNEY, Australia, Jan. 8—Broad differences between Micronesian leaders and American negotiators over the terms of a proposed political union of the 2,141 islands and atolls of Micronesia with the United States have been disclosed in a transcript of the latest discussions, issued by the White House.

The United States administers Micronesia — officially the Trust Territory of the Pacific Islands — as a United Nations trusteeship. Tht islands, in a broad band between Hawaii and Asia, were taken from Japan by the United States in World War II.

The Congress of Micronesia, the elected legislature of the islands, has proposed what it calls "free association" with the United States. It rejected association as a commonwealth, demanding full home rule except in defense and foreign affairs. Washington has accepted the principle of Micronesian internal autonomy but has balked at Micronesian demands for a veto of treaties affecting the islands.

The American side also rebuffed a Micronesian request for the right to restrict American travel and imports in the islands while enjoying free access to the United States for Micronesians and products of the islands.

How to End Union?

The principal disagreement, according to the 148-page transcript of negotiations held last October in Hawaii, relates to the Micronesian demand for the right to cut loose from the United States any time the Micronesian Government wants to.

The transcript was issued by the White House Dec. 30.

"The ability of Micronesia to unilaterally terminate its relationship with the United States is an essential protection for a small nation that wishes to maintain its identity while in relationship with a large and strong nation," said Senator Lazarus Salii, chairman of the Micronesian delegation.

Franklin Haydn Williams, President Nixon's personal representative in the talks and chairman of the American team, contended that any termination of a union of Micronesia and the United States must be by "mutual consent."

"Our basic responsibilities in the Pacific justify our belief that the United States should have a voice in any decision which might have the effect of altering seriously the stability in the area," Mr. Williams said. He is the head of the Asia Foundation and holds the rank of ambassador for the Micronesia negotiations.

The Micronesians "proposed a relationship which would be so hoose and tenuous, and the protection of United States interests so circumscribed and qualified, as to raise serious doubts as to whether my Government could be responsive," Mr. Williams declared at a late stage of the proceedings.

Propsals offered by the American side and accepted by the Micronesians would give the more than 100,000 islanders internal self-government, with their own constitution, laws and taxes.

Washington specified that the agreement must be ratified by the Congress of Micronesia, both houses of the United States Congress and a plebiscite in Micronesia.

If the proposed formula passes all these tests, according to an official view stated informally in Washington, the United States then need only notify the United Nations that the trusteeship has been "terminated in accord with the wishes of the Micronesian people".

The Nixon Administration is said to be prepared to disregard an expected "howl from the anticolonialist forces in the United Nations if Micronesia joins the United States," a qualified Washington source said.

The next round of talks with the Micronesians is expected to be held in Micronesia in March