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OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

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March 8, 1972

MEMORANDUM OF CONVERSATION

Date: 0930, 7 March 1972, Mr. Warnke's Office

Participants: Mr. Paul Warnke, Clifford Law Firm
Mr. William Heckman, Clifford Law Firm
Mr. Lindsey Grant, State Department
Captain William Crowe, OSN

Captain Crowe initiated the conversation by outlining the schedule for the next round of talks and the U.S. delegation's travel plans. Amb. Williams' prospective meeting in San Francisco with Sen. Salii was mentioned and the possibility of another such meeting in Washington was noted. Warnke volunteered that Salii may come to Washington, but it was not firm. As an aside he commented that Salii was not too communicative. Capt. Crowe thanked Warnke for his assistance in persuading Salii not to submit the Micronesian draft compact to the Congress.

After the opening remarks, the conversation shifted to the just finished session of the Congress of Micronesia and Warnke inquired as to what influence the separatist tendencies demonstrated in the Congress would have on the status negotiations. Grant pointed out that it was difficult to predict but acknowledged that they might be the harbinger of real difficulties for Micronesian unity. He then reviewed the history of our negotiations in an effort to demonstrate the fundamental differences in U.S. and Micronesian perspectives. While initially the U.S. was slow to recognize genuine Micronesian concerns, the situation had now reversed. The Micronesians were so fascinated by principles and labels, that their demands were threatening to become impractical. Warnke took this aboard quickly and had no quarrel with the general line of reasoning.

The discussion drifted easily into a rather extended treatment of the financial aspects of any future agreement. Grant and Crowe made the point that before coming to any practical and firm estimates the U.S. Government would need to know the services the Micronesians desired, and before seeking Congressional approval the Micronesians would have to give us information on how funds would be handled and accounted for. More importantly, the Micronesians must appreciate that the closeness of the association would have a profound effect on the level and duration of American assistance. If the Micronesians insisted on fashioning a totally separate entity, very loosely tied to the United States, they could hardly expect a high level of support. There are certainly indications that the Micronesians do not appreciate or at least acknowledge this fact of life.

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Warnke agreed and opined that the Micronesians had just not faced up to these realities and in particular had not begun to think in any detail about accounting and disbursing procedures. He did not, however, seem to have a firm grasp of Micronesian attitudes or views on this subject. In general, he appeared to empathize with the U.S. position and, at least implicitly, said that he would attempt to bring them to a state of awareness on these matters.

Crowe shifted the conversation to the format of the Palau talks. Ambassador Williams desires to continue on as at Hana and to deal with issues. Our major differences should be resolved before proceeding to Compact language. Mr. Warnke concurred and said that he foresaw no difficulties in doing this.

The subjects of defense and foreign affairs were then broached. The U.S. has gone a long way in meeting some of the major Micronesian concerns, but, while the Micronesian leaders have often acknowledged U.S. interests in defense and foreign affairs, Salii did not include these as agreed subjects in his closing remarks at Hana. The U.S. wants to have some assurances on its basic interests before proceeding to other items. For example, in the defense area, the draft compact did not go far enough in delineating the scope of our responsibilities. The U.S. would require authority to do more than defend Micronesia. Warnke said that the Micronesians would have no problems with this.

Crowe further emphasized that the U.S. would require complete freedom to use U.S. bases. These bases would meet all U.S. laws (regarding environment protection and safety standards) and we would be willing to consult on a wide variety of issues with the Government of Micronesia, but we still could not accept a Micronesian veto on our defense activities. In the course of the conversation nuclear weapons were mentioned and again it was explained that U.S. latitude here was severely restricted. Warnke said that he thought the Micronesians were aware of this and at any rate would have to realize this fact. (The implication was clearly that the Micronesians knew all this when they fired their initial salvo on dangerous materials and intended it as a bargaining gimmick.)

In Warnke's view, what the Micronesians want are assurances that when the U.S. goes to war they will not have to go to war also. They do not want to be welded to a U.S. policy which they do not approve without having any voice in it. If the U.S. wants to use its bases to wage war in Australia, all right, but don't expect the Micronesians to go to Australia. This was a rather simplistic analogy, but nevertheless an illustrative one.

Applying this principle to foreign affairs could be more difficult as Grant pointed out. He cited the territorial sea question. Various countries are asserting a 200-mile limit or the "archipelago theory." If

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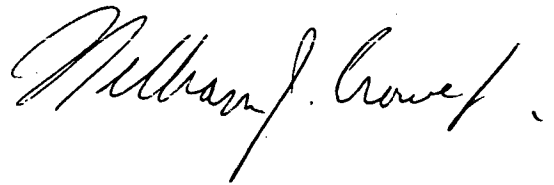
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Micronesia wants a 200-mile limit, it can hardly go off on its own when the U.S. is conducting foreign policy for both parties. Warnke attempted to distinguish this matter as not necessarily falling under the rubric of foreign affairs, but after some argument admitted that it would be difficult to give the Micronesians the authority they desired in foreign affairs. In any event, he believes that the Micronesians are prepared to bite the bullet in these areas and that the problem is mainly one of finding suitable language.

Grant raised also the problems which will be involved in pre-negotiating base rights. He said that both we and the Micronesians would probably benefit from any advice Warnke might have as to how to proceed.

In closing, Crowe mentioned that it would be nice to find a way to engage the Micronesians in an informal dialogue. Warnke said that he had made this point strongly to Sali and believed that his insistence had had some influence in leading the status committee to request more flexibility from the Congress of Micronesia. He cited the example of labor negotiations where the formal statements never met the issues head on but the real bargaining was done in the back room out of sight of the public. Warnke reasoned that it may be necessary to create a back room at Palau and that he might be able to help there. In any event, he believes strongly that we must find a way to hammer out mutually satisfying language aside from exchanging formal statements.

The meeting ended with Warnke making very optimistic predictions about Palau and with his insisting that the problems are not overwhelming and can all be resolved with suitable language. He added that if this was not true he wouldn't be representing the Micronesians.



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