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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

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3-30-73

MEMORANDUM FOR MR. SEYMOUR WEISS  
Acting Staff Director  
NSC Under Secretaries Committee  
Department of State  
Washington, D.C. 20520

Subject: Comments re negotiations on the future status of the  
Marianas

This is in response to your March 23, 1973, memorandum requesting our comments and/or concurrence with regard to the options available; negotiating objectives; actions to be taken in the event of interference from the Congress of Micronesia; termination of the Trusteeship; and draft instructions for Ambassador Franklin Haydn Williams.

We do not concur in the recommendations of the study and the draft negotiating instructions. Our comments and recommendations for changes in the draft instructions for the Ambassador are outlined below.

U.S. Objectives

In our view, <sup>two</sup> the objectives for the United States should be as follows:

- (a). to acquire no more interest in lands in the Marianas Islands than is absolutely essential for military requirements clearly defined in the context of our overall Asian strategy.
- (b). to keep United States financial arrangements and amounts of appropriations for the Marianas in balance with other United States territories, especially in the Pacific, in order both to avoid providing an economic windfall to the Marianas and to avoid resulting pressure for higher Federal appropriations for the other territories.

Overall Assessment of the Recommendations

We have three major problems with the recommendations in the study and they are as follows:

- (a). The recommendations for purchase or long-term lease for U.S. military land requirements appear excessive in light of the small total land area of the Marianas.

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The total land area of the Marianas is 117,440 acres of which the total recommended purchase or lease is 27,240 acres (23% of the total land area). Further, the recommendation would require purchase or lease of all of Tinian (land area 26,200 acres). This creates a problem on Tinian because of an existing long-term lease of 7,000 acres here to a private commercial livestock operation which apparently has the largest cattle (roughly 3,000 head) and swine (roughly 3,000 head) production anywhere in the Trust Territory.

- (b). The strategic value of this additional property-- assuming the U.S. retains Guam which is only 120 miles from Tinian--is questionable. Alternatives to a major base development in the Marianas should be defined and compared on a cost-effectiveness basis in a currently ongoing review of U.S. strategy in Asia.
- (c). The recommended financial arrangements for the Marianas are undesirable because they do not directly relate to the cost of providing reasonable and defined levels of public services for the roughly 13,000 inhabitants. Our estimate is that the combined amounts proposed to be made available are excessive including:
- the increase from \$7.1 million up to as much as \$12 million annually in a direct grant;
  - the increased amount of Federal programs and services which would be available to them if the Marianas opts for the commonwealth status which is recommended in the study;
  - the potentially large, although uncertain, amounts which may become available as new revenues to the Marianas if Federal income taxes were rebated to them as recommended;
  - the lump sum payment of as much as \$31 million for the recommended purchases of 27,240 acres of lands for military purposes or the estimated \$3 million per year payment if those lands were leased.

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