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DRAFT
April 10, 1973

MEMORANDUM FOR HOWARD WILLENS AND JAY LAPIN

Subject: Some Preliminary Questions on
James Leonard's April 6 Draft

In General

1. The basic principle is apparently "to establish and maintain standards of life which are comparable to U.S. national standards."
 - How specific can one actually be in defining this?
 - How official and binding are U.S. statements regarding this objective? [We should compile a compelling list, if possible.]
 - Do all the planning documents used in preparing your report accept this principle?
If some do not, which are these and what are their objectives?

Capital Requirements

2. How reasonable (i.e., defensible) are the large expenditures planned for public roads? [See p. 4.] Could the U.S. argue that only, say, half as much is needed?
3. If the Marianas wanted to change priorities before the negotiations, how difficult would it be?

Operating Requirements

4. Why is the "most logical assumption" the one that pay levels will rise to the Guam level? Why not stay at the new TT level? [This is crucial since it not only affects government activities but also impacts on the pay rates in the private sector. See pp. 15, 23.]

Federal Support for Specific Programs

5. Will the new U.S. "revenue-sharing" plans affect the likelihood of the Marianas receiving the size of funding you project? Or its composition? [See p. 19.]

Other Issues

6. How confident are you of your estimates on the tourist industry given the number of construction applications on file? [See p. 28.] If you have underestimated substantially what will be the effect on the rest of your calculations? How much can we reasonably expect the Marianas Government to control this tourist growth in the future?
7. Regarding limits on land alienation, we need to estimate specifically how alternative sets of limits would affect economic growth (especially the level of growth you project). For example, what would be the impact of providing that: (1) title to all lands must be held by the government, people of Marianas descent, or present residents of Micronesian descent; and (2) this land could be leased for up to, say, 40 years to outsiders (possibly with the approval of the Marianas government)?
8. Don't you assume a free port arrangement on imports? What, if like Puerto Rico, the Marianas are part of the U.S.

customs area? How sensitive is economic growth to alternative assumptions?

9. What kind of commitments are required from the U.S. Government in the course of the negotiations to establish an economic development fund? [See p. 19.]
10. How sensitive are your calculations and Marianas economic development to alternative assumptions about military land requirements and levels of military activity? What did you assume?
11. Can we increase these estimates of U.S. assistance in some defensible way to hedge against having to fall back to something less than initially requested? Should we? Is there a minimum acceptable figure?

Barry Carter