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THE FUTURE POLITICAL STATUS  
OF THE  
MARIANA ISLANDS DISTRICT

Report of the  
MARIANAS POLITICAL STATUS COMMISSION  
on the  
Second Session of Status Negotiations  
in Saipan, Mariana Islands  
to the  
FOURTH MARIANA ISLANDS DISTRICT LEGISLATURE  
SECOND REGULAR SESSION, 1973

Marianas Political Status Commission  
May 15 - June 4, 1973

01-04123

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MARIANAS POLITICAL STATUS COMMISSION

P. O. BOX 825

SAIPAN, M. I. 96950

August 6, 1973

The Honorable Vicente N. Santos  
President  
Fourth Mariana Islands District Legislature  
Second Regular Session, 1973  
Saipan, Mariana Islands, 96950

Dear Mr. President:

Since the First Regular Session, 1973 of the Mariana Islands District Legislature, the Marianas Political Status Commission has progressed in its negotiations with Ambassador F. Haydn Williams and the United States Government in all major areas of endeavour, i.e. Political Status, Economics and Finance, and Lands and Military. It is my pleasure, on behalf of the members of the Commission to report to the District Legislature the activities and current state of affairs of the Commission.

On Monday, April 30, 1973 our Commission met in full session to accomplish an education and review program with the consultants prior to the official meetings with the United States Delegation which began in the middle part of May. After the first Plenary meeting with the United States Delegation both sides had concentrated informal discussions in the above mentioned three areas and as an outgrowth of these discussions Position Papers were presented by both sides, initially in the area of Political Status, next in the area of Economics and Finance and lastly in the area of Military and Land. Attached for your review are copies of each of the Position Papers presented at these sessions. Additionally for further clarification of the results of these individual Position Papers please review the enclosed Joint Press Releases establishing general areas of agreement between the parties.

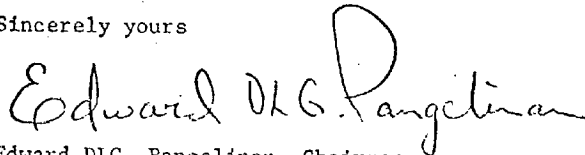
Our position on Political Status, has to quite an extent, been reconciled, however certain major areas still need further clarification in the proposed next round to be held in the fall of this year. It is anticipated that the next round will be held in the United States. The past two negotiations were held in Saipan, consequently the United States Delegation is encouraging the Commission to hold the next round in the United States preferably in Washington D. C., Hawaii, or Guam. As of this time it would appear the most favorable alternatives would be either Washington D. C.

or Hawaii. In reference to the areas of agreement in Economics and Finance a great amount of work still lies ahead. The last area of endeavour, Land and Military problems, as you can see by the Position Papers, leaves many areas still to be negotiated.

Work in preparation for this next round of negotiations is presently being developed, amplified, and reviewed by our consultants in Washington and Saipan. James R. Leonard Associates, Inc. has recently had three of its economists and planners in the Marianas for purposes of developing material for adequate presentation and justification at the next session. The Law firm of Wilmer, Cutler and Pickering, represented by Howard P. Willen, Esquire, has been reviewing many of the more specific questions left open in reference to the Political Status question, and also making our presence known to United States Congressional leaders and other members of the Executive Branch of the United States Government. In both of the above stated areas the consultants have been in close coordination and contact with myself and our Executive Director for purposes of additional input and developments, specifically related to the local scene.

I would like to take this opportunity to especially compliment all the members of the Marianas Political Status Commission along with the staff and consultants for the excellent results that have been forthcoming to date. I feel the work product as enclosed herein is statement enough to the spirit of cooperation and work that has been the guiding light of our Commission from the beginning. I feel confident that the future will be just as productive as the past and look forward to the next round of negotiations as a large stepping stone towards an initial agreement in all general areas with the possibility of setting up a Constitutional Convention in the not too distant future. Enclosed for your review is a financial statement showing our present funding and expenditures to date. Additionally enclosed is our estimated financial requirements between now and the February session of 1974. The funding, although somewhat increased for the next six month period relates to the intensified effort that the Commission is pursuing in reference to these negotiations. All the members of this Commission, as well as myself and the staff, will make ourselves available for any questions the District Legislature may have. Thank you very much for your consideration of our situation.

Sincerely yours



Edward DLG. Pangelinan, Chairman  
Marianas Political Status Commission.

Enclosures.

MARIANAS POLITICAL STATUS COMMISSION

ESTIMATED BUDGET REQUIREMENTS

From Present To February, 1974,

PROFESSIONAL SERVICES:

Wilmer, Cutler and Pickering (Legal Consultants)	\$50,000.00	
James Leonard Associates, Inc. (Economic and Financial Consultants)	35,000.00	
James E. White (Executive Director)	8,000.00	

COMPENSATION:

Members of Commission	15,000.00	
Staff (secretarial services)	1,500.00	

OFFICE:

Supplies	500.00	110,000.00
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TRAVEL AND PER DIEM:

a) Five weeks in United States the full Commission and Staff:		
Per Diem	24,500.00	
Travel	16,000.00	
* SEE NOTE 1.		
b) Two weeks in Far East Military and Lands Committee:		
Per Diem	2,450.00	
Travel	3,000.00	
* SEE NOTE 2.		
c) Two weeks in Far East Economics and Finance Committee:		
Per Diem	2,450.00	
Travel	3,000.00	
* SEE NOTE 3.		
d) Taxi and U-Drive	2,000.00	
e) Miscellaneous	1,600.00	55,000.00

<u>TOTAL ESTIMATED BUDGET:</u>		<u>\$165,000.00</u>
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\*PLEASE REFER TO NOTES ON ATTACHED PAGE.

NOTES:

- 1) The per diem is based on twenty individuals for five weeks at \$35.00 per person per day. The travel expense is estimated at \$800.00 per person for the twenty individuals.
- 2) The per diem is based on five individuals for two weeks at \$35.00 per person per day. The travel expense is estimated at \$600.00 per person for the five individuals.
- 3) The per diem is based on five individuals for two weeks at \$35.00 per person per day. The travel expense is estimated at \$600.00 per person for the five individuals.

POLITICAL STATUS COMMISSION  
Mariana Islands District  
Saipan, M.I. 96950

July 25, 1973

Political Status Commission Financial Statement as of July 30, 1973.


FUND

From District Legislature 1972 Special Session.....	\$25,000.00
From District Legislature Agust 1972 Regular Session.....	\$25,000.00
From District Legislature Febuary 1973 Regular Session.....	\$42,100.00
TOTAL:	<u>\$92,100.00</u>

EXPENDITURES

1. Travel & Per Diem (Members).....	\$13,257.25
2. Compensation (Members).....	\$10,155.25
3. Taxi Expenses & U-Drive (Members).....	\$ 1,739.87
4. Office Supplies, Equipments, Furnitures, Others.....	\$ 5,410.39
5. Staff Salary.....	\$ 1,247.85
6. Cost of Professional Services (Mr. White).....	\$ 7,711.00
7. U-Drive, Per diem, Air fare & Services for consultant (James R. Leonard & Wilmer, Culter & Pickering).....	\$49,514.43
8. Labor & Materials cost for commission office.....	\$ 2,254.35
9. Per diem, Air fares & U-drive for Honor guests from Guam, Rota & Tinian.....	\$ 387.55

TOTAL:	<u>\$91,677.94</u>
BALANCE:	<u>\$ 422.06</u>

  
Henry P. Indalecio  
Dist. Treasurer, Marianas



POLITICAL STATUS COMMISSION  
Mariana Islands District  
Saipan, M.I. 96950

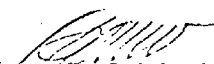
Political Status Commission Financial Statement as of June 30, 1973

FUND

From District Legislature 1972 Special Session.....	\$25,000.00
From District Legislature Agust 1972 Regular Session.....	\$25,000.00
From District Legislature Febuary 1973 Regular Session.....	\$42,100.00
TOTAL:	<u>\$92,100.00</u>

EXPENDITURES

1. Travel & Per Diem (Members).....	\$12,139.05
2. Compensation (Members).....	\$10,155.25
3. Taxi Expenses & U-Drive (Members).....	\$ 1,663.37
4. Office Supplies, Equipments, Furnitures, Others.....	\$ 5,364.02
5. Staff Salary.....	\$ 1,247.85
6. Cost of Professional Services (Mr. White).....	\$ 7,711.00
7. U-Drive, Per diem, Air fare & Services for Consultant (James R. Leonard & Wilmer, Culter & Pickering).....	\$49,514.43
8. Labor & Materials cost for Commission Office.....	\$ 2,254.35
9. Per diem, Air fares & U-drive for Honor guests from Guam, Rota & Tinian.....	\$ 387.55
TOTAL:	<u>\$90,436.87</u>
BALANCE:	<u>\$ 2,147.33</u>

  
Henry F. Indalecio  
Dist. Treasurer, Marianas

PART I

PLENARY OPENING SESSION

MONDAY, MAY 15, 1973

ROYAL TAGA HOTEL

10:00 A.M.

01-04132

REMARKS OF SENATOR EDWARD DLG. PANGELINAN, CHAIRMAN OF THE MARIANAS POLITICAL STATUS COMMISSION, MAY 15, 1973

Ambassador Williams, Members of the United States Delegation, and Honored Guests:

On behalf of the Marianas Political Status Commission, it is my pleasure to welcome you here to continue the deliberations which we began last December looking toward a close Political Relationship between the people of the Marianas and the United States.

As you know, each member of this Commission approaches this solemn assignment with a full sense of personal responsibility. Each of us may have a different background or different constituents, but the members of this Commission are united in their determination to do what is best for the people of the Marianas. We cannot escape--or delegate--this responsibility. Nor do we want to. The development of a new political status for the people of the Marianas--in a secure and close political relationship with the United States is a challenge worthy of any man's abilities and best efforts. The Commission accepts this challenge with enthusiasm.

I can assure you that the members of this Commission have prepared diligently for this session of negotiations. We have already delivered two detailed position papers to you on the subjects of Political Status and Economics. The Commission looks forward to your careful consideration of these papers and the opportunity to explore them further with you in our working sessions. The Commission is continuing its deliberations on other important matters and other position papers may be prepared. We have assumed that this method of preparation would assist in making these negotiations concrete and mutually productive. I am confident that our initial working sessions will confirm our expectations in this regard.

The members of this Commission are well aware of the complexities involved in these negotiations. We recognize that there are areas where agreement will come easily and others where the differences will seem at first glance to be insurmountable. I can assure you that this Commission is prepared to discuss all issues with an open mind and to negotiate in good faith. We are not

looking for deceptively simple solutions to difficult problems. Neither our constituents nor our descendants would tolerate such action by this Commission. Our report must go to the District Legislature and then to the people of the Marianas. Every member of this Commission wants to be able to defend the product of our negotiations with confidence and pride. Our work together in these negotiations can produce an agreement which will bring honor to your government and enable the people of the Marianas to achieve in full measure the democratic ideals long symbolized by the United States of America.

STATEMENT OF THE HONORABLE FRANKLIN HAYDN WILLIAMS, CHAIRMAN OF THE AMERICAN DELEGATION AT THE OPENING PLENARY SESSION OF THE MARIANAS - U.S. STATUS TALKS MAY 15, 1973

Senator Pangelinan, members of the Marianas Political Status Commission, honored guests, ladies and gentlemen: As the representative of the Executive Branch of the U.S. Government and speaking on behalf of all the U. S. delegation I would like to say how happy we are to be here to join with you again in the common task of fashioning a new political status for the northern Mariana Islands. Since our last meeting in December 1972, we have been busy, you have, preparing for the days of discussion and decision that lie ahead of us.

In this process we have sought the assistance and advice of concerned Executive Departments and Agencies in Washington, key members of the Congress of the United States and the White House. In every quarter and at every level of the American Government appreciates the aspirations of the people of the Marianas and welcomes the prospect of their membership in the American political family. I thus bring you warm greetings from both the Executive and Legislative branches of the United States Government.

As we move from ceremony and the preliminaries to the substance and the practical realities of framing an agreement I think it would be useful at the beginning to keep in mind the larger perspectives of Pacific and world affairs. It should be remembered that the U.S. has certain legal responsibilities for the maintenance of peace and security in the Pacific Ocean area and clear legal rights and powers to enable it to carry out these responsibilities.

At the same time, the U.S. has assumed certain obligations to the people of the Trust Territory -- to promote their social, political and economic well being and to provide them with an opportunity to choose their own political future. These are clearly set forth in the Trusteeship Agreement and the Charter of the United Nations.

I would like to assure you that the U.S. intends to live up to its responsibilities as well as its obligations.

With respect to the latter the U.S. has encouraged political unity in

the TTPI and sought to promote a common future political status for all of Micronesia. This was the policy consistently followed by the U.S. until last April when the decision was finally made to respond positively to the repeated requests of the Marianas District for separate status talks. It was not easy to make this exception. It was based on the long post World War II history of the desire of the people of the Marianas for political union - a desire that had been expressed over a period of twenty years to the United States, the United Nations and more recently to the Congress of Micronesia. It was based on the conviction that in view of this long history, refusal of the Marianas' request and forcing them into a future relationship against their will would constitute a denial of their own right of self-determination.

These efforts culminated in the opening session of the Marianas Political Status negotiations which took place on Saipan last December. The December session was characterized by warm expressions on both sides of the table and a determination to move forward expeditiously toward your goal of political union with the United States.

Our task now is to translate these expressed sentiments, the language of past resolutions and petitions, and the results of referenda into the precise language of agreement defining your future legal status within the American governmental system.

Initially your stated preference ran toward political union with the Territory of Guam. Later your representatives supported the concept of Commonwealth and the offer put forward by the U.S. to all of Micronesia in May 1970. After a study of possible status alternatives you have informed us that commonwealth is now your preferred position. We want your choice to be representative of the wishes of your people. We are confident that your desire for political union can be realized under a commonwealth arrangement within the guidelines laid down in the American Constitution.

We pledge ourselves to work with you toward this end. We look on the task as a common one - as a joint effort. We do not view these talks as adversary proceedings.

We hope that we will be able to move forward steadily toward an agreement. Over the period of time immediately ahead we hope that we will be able to reach preliminary understandings and possibly even tentative language to be included in a draft agreement.

Now we have started, we will want to keep working toward our common objective steadily and purposefully until we have completed a draft agreement which can then be submitted to the people of the Marianas for their approval. At the same time we do not wish to rush you. We feel that it is most important that you and your constituents be given ample time and opportunity for careful and thoughtful consideration of all aspects of the status questions.

Here again we share a common responsibility to keep the people informed and to be responsive to their wishes. In the end it will be they who will judge our efforts as they exercise their right of self-determination.

PART II

WORKING SESSION

MAY 16 - JUNE 3, 1973

SAIPAN LEGISLATURE



MARIANAS POLITICAL STATUS COMMISSION

May 10, 1973

Position Paper

Regarding the Future Political Status

of the

Mariana Islands

Since the first session of status negotiations in December of 1972, the Marianas Political Status Commission has explored the various political status alternatives which will enable the people of the Mariana Islands to fulfill their long-standing aspirations to establish a close political relationship with the United States. In this paper the Commission proposes a new political status for the Mariana Islands which will accomplish this purpose.

In summary, the Commission proposes that a Commonwealth of the Mariana Islands be created by Compact between the people of the Mariana Islands and the United States and that the people of the Marianas be permitted to become citizens or nationals of the United States. We believe that the proposal detailed in this paper offers a firm legal and practical foundation for fully accommodating the mutual interests of the Mariana Islands and the United States in accomplishing a rapid termination of the Trusteeship Agreement and the establishment of a secure future political status for the Marianas. The Commission respectfully requests that this proposal be carefully considered during the second round of status negotiations.

I. Proposed Political Status

In analysing the available political status alternatives, the Commission has attempted to identify the basic components of a political status which will best serve the interests of the people of the Mariana Islands. We believe that the Commission's Compact of Commonwealth proposal can be summarized most usefully by examining the following ingredients of the proposed political status: A) Source of political status; B) Amendment or termination of the

political status; C) Degree of internal autonomy or self-government; D) Applicability of United States Constitution; E) Applicability of United States laws; F) National Security and Foreign Affairs; and G) Representation in Washington. The Commission is prepared to elaborate on the legal, policy or other reasons for its views in any of these areas during the forthcoming negotiations.

A. Source of Political Status

The proposed Commonwealth of the Mariana Islands would involve a formal undertaking between the people of the Marianas and the United States in the form of a Compact. This Compact would be based upon and consist of three fundamental legal documents: 1) a Compact negotiated between the Marianas and the United States providing for the new political status; 2) a Marianas Federal Relations Act; and 3) a Constitution of the Commonwealth of the Mariana Islands. Each of these three documents would have to be approved by the people of the Marianas and by the United States Congress.

The Commission's recommendation for a Commonwealth by Compact is based largely upon examination of the Puerto Rico precedent. It is generally recognized--by the United Nations, the U.S. Congress, the U. S. Executive Branch and the courts--that the commonwealth status possessed by Puerto Rico is superior to the status of an unincorporated territory. In advancing this proposal, the Commission has also endeavored to build upon the Commonwealth proposal advanced by the United States in May of 1970. The Marianas Political Status Commission strongly believes the proposed Compact of Commonwealth will provide the fullest opportunity for self-government in the Marianas and create a political status which the people of the Marianas can accept with dignity through a solemn act of self-determination.

B. Amendment or Termination of Political Status

1. The Commission proposes that the Commonwealth status recommended for the Marianas should be amended or terminated only by mutual consent. This recommendation is based upon the Commission's conception of a Compact of Commonwealth as a mutual undertaking between the people of the Marianas and the United States. A requirement of mutual consent will protect both parties

to the Compact from unilateral action by the other party which amends, or even terminates, the political relationship. The Commission regards this element of mutual consent as one of the central advantages of the proposed Commonwealth status as compared with other alternatives considered by the Commission.

2. The Commission proposes that specific provision be made in the Compact for periodic review of the future political status of the Marianas. We believe that all aspects of the relationship between the Marianas and the United States--economic as well as political--should be subject to review at five-year intervals if either party to the Compact so requests. If a review is requested by either party, the Commission recommends that the parties undertake to discuss the matter at a high level of government and to negotiate in good faith on the questions raised during the course of the review. If the principle of periodic review is accepted, the Commission is confident that appropriate specific provisions and procedures can be determined during a later stage of these negotiations.

#### C. Degree of Internal Autonomy or Self-Government

1. As indicated above, the Marianas Political Status Commission believes that the people of the Marianas should have their own Constitution, which would be one of the fundamental legal documents underlving the proposed Compact between the Marianas and the United States. The Constitution of the Commonwealth of the Mariana Islands would be drafted at a Constitutional Convention, would be subject to approval by the people of the Marianas, and would become effective upon approval by the United States Congress. The Commission fully expects that the Constitution will have a detailed Bill of Rights specifying the protections available to the people of the Marianas and modeled to a considerable degree upon the comparable provisions of the U.S. Constitution. The people of the Marianas would be free to amend their Constitution so long as the amendments are consistent with the Marianas Federal Relations Act and the U.S. Constitution.

2. Although the precise form of governmental institutions in the Commonwealth of the Mariana Islands would be determined through the process of developing a Constitution, the Commission accepts the principle that the

future Marianas Government should be a republican form of government with three separate branches--executive, legislative and judicial. Within these constraints, however, the Commission believes that the people of the Marianas should have full self-government and absolute control over their internal affairs. It is essential, for example, that the people be entitled to elect their own Chief Executive and have the other attributes of a self-governing people. The Commission's recommendation of a Compact of Commonwealth is based in large measure upon the conviction that this political status affords the most freedom for the people of the Marianas to determine their own destiny within the American family.

D. Applicability of United States Constitution:

1. The Commission recognizes that certain fundamental guarantees of the United States Constitution will be applicable to the Marianas in its future political status. We anticipate that the rights of the people of the Marianas will be fully protected by the provisions of the Constitution of the Commonwealth of the Mariana Islands. Nevertheless, the Commission is prepared to review specific provisions of the U.S. Constitution and determine which of these provisions should be expressly made applicable to the new Commonwealth. The Commission generally desires that the people of the Marianas be guaranteed all the same protections against actions of the Federal Government as are possessed by citizens and other persons residing in the United States. There are some provisions, however, which may not be appropriate to the Marianas, such as certain requirements of the Fifth Amendment or the Seventh Amendment, and the Commission desires to reserve its position on these and similar questions until it has had an opportunity for further study and consultation with the U.S. Delegation.

2. The Commission has concluded that at least one provision of the United States Constitution--the privileges and immunities clause of Article IV, Section 2, Clause 1--should not be applicable to the Commonwealth of the Mariana Islands. The Commission is concerned that the application of this clause might restrict the ability of the Marianas people to adopt future restraints on land transactions designed to preserve the land for the benefit

of persons of Marianas ancestry. The Commission is not now prepared to assert that such restraints will be necessary or, if so, the specific form that such restrictions might take. These are matters which the Commission intends to study further in the near future. It seems clear, however, that the privileges and immunities clause might be an important legal obstacle to the adoption of any such restrictions; and it is for that reason that the Commission proposes that the Compact expressly provide that this clause should not be applicable to the Commonwealth of the Mariana Islands.

E. Applicability of United States Laws

1. The Commission recognizes that under its proposed future political status the people of the Marianas should have the benefit of, and access to, the Federal judicial system. Although accepting this in principle, the Commission is not prepared at this time to take a firm position on the many procedural and administrative questions which must necessarily be resolved to accomplish this end result most economically and efficiently. The Commission desires, for example, to study further the jurisdiction which should be granted the Federal judiciary in the Commonwealth of the Marianas, the relationship with the U.S. District Court in Guam, and the relationship to any local court system to be established by the Commonwealth of the Marianas. The Commission solicits the views of the United States regarding these and comparable issues relating to the Federal judiciary system and will be prepared to discuss these matters in detail during a later stage of these negotiations.

2. In order to prevent future uncertainty, the Commission is prepared during these negotiations to discuss the applicability or nonapplicability to the Marianas of the most important United States laws. With respect to some of these statutes, such as the U.S. postal and currency laws, the Commission is ready at this time to accept in principle their applicability to the Commonwealth of the Marianas. We are confident that there are many other statutes whose benefits are such that they too should be made expressly applicable to the Marianas, but we require additional time to ascertain whether there are incidental questions regarding details of interpretation

or application which should be raised because of the unique geographical, historical, and cultural factors which pertain in the Marianas. The Commission solicits the views of the United States as to which statutes should be evaluated at an early point in these negotiations regarding their applicability or nonapplicability to the Marianas.

3. In addition, the Commission proposes that a joint Commission be established at an appropriate time to review all other Federal laws with a view toward determining which United States laws should apply in the Marianas. Such a Commission, comparable to that used in connection with Guam, would have the duty also of developing general guidelines to be used in deciding what future United States laws should apply in the Commonwealth of the Marianas. These guidelines must necessarily reflect the unique circumstances of the Marianas and the aspirations of the people of the Marianas to achieve full self-government over their internal affairs.

F. National Security and Foreign Affairs

1. The Commission accepts the principle that under its proposed political status for the Marianas the United States will possess full responsibility and authority for matters related to national security and defense. Although recognizing that implementation of these responsibilities will require the establishment of military bases by the United States in the Marianas, the Commission strongly believes that the use of land for these purposes should be kept at the absolute minimum possible. The use of land for military purposes and the related effects upon the people of the Marianas will be one of the central issues to be discussed during these negotiations. In drafting provisions of a Compact relating to national security and defense, the Commission urges the United States to recognize the deeply felt desire of the Marianas people to be fully consulted about actions and plans of the United States in exercising its responsibilities in this area. The people of the Marianas are understandably concerned about the use of their most valuable resource for military purposes and deserve to have their views treated with the same dignity and respect as are accorded to residents of the United States.

2. With respect to foreign affairs, the Commission also recognizes the primary responsibility of the United States. The Commission proposes, however, that the Compact between the United States and the Marianas should provide for the fullest possible consultation by the United States with the Marianas regarding foreign matters affecting the Marianas. Where treaties are contemplated which relate significantly to the Marianas, the Commission proposes that the consent of the Marianas be secured before such treaties are negotiated by the United States. In addition, the Marianas desire the fullest opportunity to participate in international or regional organizations concern with trade, cultural, social, educational, technical, scientific, or comparable areas of interest. The Commission recommends that the Compact expressly recognize this desire and right on the part of the Marianas and commit the United States to assist efforts by the Marianas to participate meaningfully and responsibly in international affairs.

G. Representation in Washington

The Commission proposes that the Commonwealth of the Marianas be entitled to a nonvoting delegate to the U.S. House of Representatives. This delegate would receive the same compensation, allowances, and benefits as a full member of the House of Representatives and would be authorized to introduce legislation on behalf of the people of the Marianas, to speak on the floor of the Congress and in Committees, and to vote in Committees to which he is assigned. Although recognizing the legal difficulties involved, the Commission's long term aspirations in this area are to have a voting representative in Congress who will have all the rights and privileges of other members of the U.S. House of Representatives.

## II. Citizenship

In preparing for this second round of status negotiations, the Commission has devoted considerable time and effort to the question of United States citizenship for the people of the Mariana Islands. The Commission recognizes, and welcome the fact, that the proposed close political status with the United States will mean that the people of the Marianas will be entitled to become U.S. nationals or U.S. citizens. Beyond this point, however, the Commission's current position on this complicated and sensitive issue can be summarized as follows:

A. The Commission believes that the question of U.S. citizenship, or U.S. national status, for the people in the Marianas under the proposed commonwealth must ultimately be resolved on an individual basis by each citizen of the Marianas. Neither this Commission nor any other governmental entity in the Marianas has the legal authority to make this election on behalf of the citizens of the Marianas.

B. The Commission believes that any future political status for the Marianas should provide the legal mechanism by which the people of the Marianas can elect to become citizens of the United States or U.S. nationals depending upon their personal preferences.

C. The Commission intends to continue its study of this question, particularly with respect to any different privileges or responsibilities which attach to U.S. citizenship as contrasted with U.S. national status. The Commission solicits the views of the U.S. Delegation on this issue, especially regarding any legal or political implications of this choice which might affect the kind of future political status which the people of the Marianas can secure. The Commission anticipate that its future deliberations on this subject will assist the people of the Marianas in making an informed decision on this important matter.

D. The Commission believes that the question of U.S. citizenship, or U.S. national status, should be placed before the people of the Marianas by referendum at the time any future political status is presented to them for



approval. Citizenship is obviously one of the critical aspects of any future political status for the Marianas, and this Commission recognizes the necessity and desirability of placing this question directly before the people.

E. Based upon the results of this referendum, the Commission believes that the specific provisions of the Compact and the Marianas Federal Relations Act dealing with citizenship and national status can be drafted to reflect the wishes of the majority of the people while still preserving the rights of the minority to select the status of their choice. For example, if the majority of the voters desire to become United States citizens, the statutory provisions can provide that all citizens in the Marianas will become U.S. citizens unless, within a stated period of time, they come forward and elect to become U. S. nationals. Conversely, if the majority of the voters desire to become nationals, the statutory provisions can place the burden of coming forward on those who desire to become citizens. In either case, the Commission believes that the procedural requirements should be as simple as possible involving a minimum of travel, time, and paperwork--so that each citizen of the Marianas is indeed given full opportunity to make his own election.

U. S. STATEMENT ON POLITICAL STATUS FOR MAY 16 WORKING SESSION

I start my commentary, Mr. Chairman, from the basic assumption that your delegation has invited us here for the purpose of establishing an enduring political union between the Mariana Islands and the United States. This desire has been insisted upon over the years by your representatives. With U.S. acquiescence in this request, establishment of this relationship has now become the common purpose of these talks.

We proceed now to detailed discussion of the specific elements of that relationship. Like you, we are ready to start building an agreement. But before applying the planks and bricks and mortar we need to be sure we have a solid foundation. We must make certain we have agreement on the basic principles underlying and defining the political status we want between the Marianas and the United States.

I recognize, of course, that there are interlocking relationships between political status and the other major questions to be considered in these talks. Before proceeding to explore other aspects of this relationship in depth such as land and finance we must first reach agreement on the basic elements of political status. We are prepared to answer fully any of your concerns on finance and land which might relate to the basic political structure, and we will, of course, review these topics with you later in detail when we come to their specific consideration.

I should also note that the agreement we reach here on status should be considered as tentative in nature. That is, no one should be precluded from returning to the status issue as further questions about it arise during our subsequent discussion of other agenda items.

Let us turn now to political status and its legal and jurisdictional manifestation. It is encouraging to find that we seem to have substantial areas of agreement resulting from the exchange between the two delegations in the informal sessions last week. As I noted in yesterday's plenary session, the U.S. is in agreement with the Marianas' desire for a commonwealth relationship. It is perhaps useful, however, to review what the U.S. feels to be the

essential components of such an arrangement.

We visualize the forging of close ties that will bring the Marianas fully into the American political family. We envision a relationship which will clearly vest sovereignty over the Mariana Islands in the Government of the United States and authorize that Government to legislate for the Marianas under Article IV, section 3, clause 2 of the Constitution. This relationship would be "territorial" as that term is used in the U.S. Constitution. However, the Marianas would become a commonwealth with the right to write its own constitution and would have the maximum possible control over its affairs subject, of course, to the supremacy of the Federal Government.

There are many questions flowing from these principles. They are of some complexity and will require careful, detailed consideration during our forthcoming discussions. It seems essential to me, however, that we must agree on these basic principles themselves at the outset. Unless we can do so, there is little point in pursuing the other subjects on our agenda in much depth.

I would like to comment now on some of the specific suggestions in the position paper on political status which your Status Commission was good enough to hand us last week. We have studied it with great care. My comments will be confined, however, to the important issues, leaving extended discussion to later.

In describing earlier the basic principles which the U.S. believes should underlie the status relationship, I hope I made it clear that we are talking about a close and enduring association achieved by an agreement. This may not be the same thing you are talking about in your "compact". We too have tried to follow the May 1970 Commonwealth proposal in many substantive matters, but not the specific example of Puerto Rico.

We have come together to discuss close permanent ties. It seems to us inappropriate, therefore, to give any substantial consideration in our discussions to the question of possible termination of the agreement we are forging which will define the main features of the Marianas - U.S. political status. If you will excuse a note of levity, it seems inappropriate to my delegation

agreement and the laws of the United States, including the U. S. Constitution. Similarly, the President could rule on the consistency of subsequent amendments to your constitution.

Our two delegation also seem to agree on how we should examine the U.S. Constitution to determine any specific provisions which should not be applicable to the Marianas. We want your specific suggestions, and for our part we have some ideas to submit for your consideration. I might say that my delegation preliminary sees no problem in exempting the Marianas on local matters from those aspects of the Fifth and Seventh Amendments to the U.S. Constitution relating to grand jury indictment and the right to trial by jury. We believe that a total exemption from Article IV, Section 2, Clause 1 is too broad since American citizens should be accorded equal privileges and immunities other than in land. We are confident we can work with you to devise suitable arrangements to restrict future alienation of land to non-citizens of the Marianas as you desire.

We agree with your suggestion that our two delegation discuss the major federal laws which are to be applied to the Marianas and those which should be inapplicable. In order to begin that discussion, we would appreciate hearing your specific views in this regard.

We also agree with your useful recommendation that a joint commission be established to review the great body of other federal legislation to determine which parts of it might appropriately be applied in the Marianas. The same must be done for federal rules and regulations as well.

My delegation has assumed the Marianas would wish to embrace the U.S. federal court system and are somewhat surprised that you seem to be suggesting otherwise. If it is your desire, we have no problem with your establishing, as the Territory of Guam has done, local courts to adjudicate local matters. We are also prepared to let you decide if the appeals from these local courts would be through the federal court system. In any case, however, the federal court system must be used wherever federal laws are involved.

While my opening comments on the locus of sovereignty may have already implied the U.S. position on responsibility in the fields of defense and

to discuss the circumstances for possible separation or divorce while we are in the midst of arranging a marriage based on both mutual affection and mutual interest.

But while we look forward to a permanent relationship, it must be said at the same time that no relationship is immutable. The history of developments in other parts of the U.S. family over the decades shows quite clearly that the Federal Government has been responsive to local requests for modifications in these relationships as changes become appropriate and necessary. Moreover, any relationship is by definition subject to cancellation by mutual consent. There would thus seem to be no necessity for mentioning the termination question in the Marianas - U.S. status agreement.

Nor does it seem to us that in the close, sympathetic relationship being discussed there should be any need to establish a mechanism for review of U.S.-Marianas ties at stated intervals. Rather, the mechanisms of communication will be such that either side should feel encouraged to raise immediately, at any time, matters of mutual interest or concern. We should not have to wait five years. This is particularly relevant with respect to economic questions. The needs of the people of the Marianas will be kept under constant and continuing review through normal workings of the annual U. S. budget cycle. This permits immediate consideration of Marianas problems as they become manifest. They don't have to be deferred for consideration at the end of an arbitrarily determined review period.

Our two delegations are in agreement on many aspects of your proposed approach to framing and adopting a constitution for the Marianas. The U. S. delegation is pleased by your desire to incorporate in your constitution a detailed Bill of Rights. We agree with your comments on the separation of powers in a new Marianas Government, and we recognize the desire of the people of these Islands to elect their own chief executive.

We do not think it will be legally and constitutionally necessary, however, for the Congress of the United States to approve the Marianas constitution. Rather, the President of the United States would be given the authority to decide its sufficiency and insufficiency in terms of conformity to our

foreign affairs, I should note here that the federal government will naturally welcome the advice of the Commonwealth of the Mariana Islands on matters in which the latter has a particular interest, and the federal government will, as a matter of normal procedure, endeavor to keep the Commonwealth abreast of international development which might affect it. However, consultation as a matter of right would be inappropriate. No other state, Commonwealth or Territory has that right. Similarly, we would welcome the advice of the Commonwealth of the Marianas with respect to any international agreement the U.S. might enter into in the future which might affect the Marianas. However, we cannot agree to give the Mariana Islands a veto over such agreements.

The U.S. views sympathetically the Marianas' desire to participate in appropriate international and regional organizations concerned with economic, cultural and other comparable areas of interest. The membership of such organizations is determined by the charters of the organizations themselves. Most limit their membership to single representation from constituent parts of larger political groupings. On the other hand, some organizations like the subordinate bodies of the South Pacific Commission which might well be relevant to the Marianas' needs do permit membership by constituent units of a political family. We see no problem here in meeting the Marianas' desires.

Given the Marianas' understandable desire to develop local tourism and other commercial possibilities to the extent feasible, the Marianas may wish to establish outside the Commonwealth and outside the United States offices to foster cultural and commercial interest in these islands. The U.S. Government would be glad to see the Marianas do so, always assuming of course, that these offices conform to the general pattern of similar establishments maintained abroad by U.S. cities, territories and states.

Your interest in having in the U.S. Congress a representative who would speak for the Marianas alone is understandable, but we are not overly optimistic that this can be arranged in the short-run. As you know, the matter of Congressional representation falls wholly within the purview of the U.S. Congress. We shall, of course, transmit your views to that body.

We do not fully understand the distinction you have drawn between U.S. citizenship and U.S. nationality in your outline of the options you think should appropriately be made available to each person of the Marianas. We agree that everyone should have the right to accept or reject U.S. citizenship. It has been our assumption that those rejecting citizenship will become resident aliens in the new commonwealth. The concept of "U.S. national" has little practical significance other than in the context of the workings of the U.S. Immigration and Nationality Act. The acceptance of a citizen-national option would prove to be a serious administrative inconvenience and would confer upon those inhabitants of the Mariana Islands who accept it an inferior and awkward status, especially if they should move into the rest of the United States. We would therefore prefer to omit that option unless you can demonstrate to us its significant practical utility.

Finally, it is probably premature to say very much about implementation of the status agreement to which we will finally put our signature, but my delegation is aware that this is a matter which is much in your minds. As we envisage the sequence of events, the U.S. Congress will enact enabling legislation for the commonwealth arrangement at the time it approves the agreement reached by our delegation; as soon as the locally drafted constitution for the Marianas is approved by the people of these islands and the President has approved its sufficiency, a separate administration for the Marianas will be established under the Trusteeship Agreement in the event that the trusteeship has not yet been terminated. At that time most of the provisions of the U.S.-Marianas status agreement and of the Constitution of the Marianas will enter into force. When the trusteeship agreement is finally terminated for all the TTPI, there will be additional action by the Executive Branch to put the commonwealth relationship into full effect.

I. U.S. INFORMAL SUMMARY OF STATUS ISSUES

I would like now to summarize those aspects of the political relationship on which it appears to the U.S. both sides agree and which, therefore, probably do not need further elaboration at this time.

Commonwealth Status. You have asked for a close permanent relationship with the United States, and have specified your preference for commonwealth status. We agree with you that a commonwealth relationship is appropriate. Both sides are agreed that sovereignty over the Mariana Islands will be clearly vested in the Government of the United States and that in this sense the arrangement will be "territorial" as that term is used in the U.S. Constitution.

Similarly, I understand you agree that the U.S. Government will have the authority to legislate for the Marianas under Article IV, section 3, clause 2 of the U.S. Constitution subject to our being able to reach an understanding regarding the modification of major provisions of our agreement by mutual consent.

Defense and Foreign Affairs. I think you understand that the U.S. must have unqualified authority in the realms of national security and foreign affairs. At the same time, the federal government will, as a practical matter welcome any advice the Marianas might wish to offer on international matters of particular interest to it.

We shall support the Marianas' membership in regional or international organizations concerned with economic, cultural, or comparable areas of interest which permit representation from constituent parts of a political family. We have also observed previously that should the Marianas wish to do so, it may certainly establish abroad offices to promote local economic and tourist interests.

Self Government: Marianas Constitution. In the U.S. view the major distinction between a commonwealth relationship and an unincorporated territory is the differing degree of self-government under the two arrangements. Commonwealth permits a maximum amount of self-government, subject only to the limita-



tions of the U.S. Constitution, the legislation setting up the commonwealth, and federal legislation applicable to all U.S. territories. Under the commonwealth arrangement the United States envisages, the Marianas will draft its own constitution. It will then be submitted to the people of the Marianas for ratification.

Although our side had thought it might be most expeditious to have the President of the United States judge the sufficiency or insufficiency of your constitution in the context of the U.S. Constitution and relevant legislation, we have no problem with your preference for approval of your constitution by the U.S. Congress.

Moreover, the U.S. accepts your proposal to leave it to the U.S. federal courts to determine the sufficiency or insufficiency of subsequent amendments to your constitution should they be challenged, rather than have the Executive Branch make a determination on sufficiency.

The U.S. again expresses its satisfaction at your desire to see a Bill of Rights incorporated in the Marianas constitution. Our side concurs with your concept of a separation of powers in the new Marianas Government and likewise agree that the people of the new commonwealth should elect their own chief executive.

Privileges and Immunities. There appears to be agreement that Article IV, Section 2, Clause 1 of the U.S. Constitution relating to "privileges and immunities" should apply to the Marianas, provided we can jointly work out arrangements meeting your understandable concern that your ability to restrict land transactions not be compromised. It is our belief that your concerns regarding land alienation can be allayed. This problem will be discussed further in subsequent meetings.

Judicial System. There seems to be broad agreement on the structure of a judicial system for the Marianas. You prefer to establish local courts to handle purely local matters. It is our understanding that you wish to discuss with us further the question of whether to establish local appellate courts for litigation arising on such matters, or whether to have the appellate

procedure be through the U.S. judicial system. In turn, we seem to be agreed that U.S. federal courts will handle matters relating to federal law. In this regard it probably will be appropriate to reconstitute the present U.S. District Court in Guam to cover the Marianas and Guam.

Marianas Representation in Washington. Our two delegations have discussed the question of Marianas representation in the U.S. Congress in the context of whether or not the U.S. Congress, under whose prerogative this matter rests, would be willing to agree to a non-voting delegate which would represent the Marianas exclusively. We have expressed our judgment - based on our preliminary consultations in Washington - that the U.S. Congress would be reluctant to do so because of the limited Marianas population. We have agreed nonetheless to fully support your request to the U.S. Congress.

## II. SOME REMAINING QUESTIONS WHICH CAN BE RESOLVED NOW

I think the foregoing summarizes the areas in which we found ourselves in general agreement at the end of last week. I would now like to turn to fundamental matters which we did not resolve and which merit further mention this morning.

Mutual Consent to Substantial Alterations in the Commonwealth Relationship. You have asked for a provision in the instrument we ultimately draw up specifying that fundamental changes in the political aspects of the relationship between the Marianas and the United States can only be modified by mutual consent. If you and we have in fact reached preliminary understandings on all those aspects of the U.S. - Marianas arrangement I have listed in the foregoing summary of what our side believes to be the common areas of agreement, we are willing to include in the agreement a provision for mutual consent on significant alterations in the basic structure of the relationship. I think both sides accept the necessity of exercising extreme care in the drafting process to insure that the mutual consent provision will apply only to major structural changes in the commonwealth arrangement.

Review Procedure. The U.S. has stated previously its belief that in the close relationship being envisaged, there will be a continuing dialogue about Marianas interests and needs which make it unnecessary to establish a

separate periodic review mechanism. However, the U.S. Delegation would be willing to discuss this further after we have sketched in the basic framework of an ultimate agreement if you still feel that a built in review process deserves consideration.

### III. QUESTIONS REQUIRING FURTHER DELIBERATION

There are several important matters relating to the nature of the Marianas - U.S. political relationship which our delegation believe will require further detailed consideration.

Applicability of U.S. Laws to the Marianas. During the weekend our respective legal advisers began examining the U.S. Constitution to determine which of its provisions should expressly be made applicable to the Marianas. They also began their discussion of major federal U.S. legislation to determine its applicability or inapplicability to the circumstances of the Marianas. We understand that it is your wish that the question of whether certain major areas of Federal legislation will apply in the Marianas be dealt with explicitly in whatever agreement we eventually conclude. These areas include taxes, immigration, custom, banking and currency, social security, maritime laws, labor standards and the post office. I believe we agree that it is necessary to have these questions examined by our legal advisers in Washington, and to have the results of their deliberations presented in our next session for discussion and final decision.

Before leaving the subject of the applicability of federal legislation, let me re-state U.S. concurrence with your recommendation that a joint commission be established to study the large body of remaining federal legislation, rules and regulations the applicability of which we will not address specifically in our agreement.

Citizenship - Nationality. Our respective legal advisers began a useful joint examination last Saturday of the U.S. citizen-U.S. national option for the people of the Marianas which you have raised for consideration. We have proposed that your people be offered the opportunity of becoming American citizens. What remains to be determined is whether under U.S. law and past precedent they can be offered the alternative of U.S. national at the same

time they are offered the possibility of citizenship. We have no objection in principle with this proposition but this is a technical matter which the U.S. Delegation believes should be studied further by both parties in Washington.

\* \* \* \* \*

The foregoing summarizes the U.S. view of the discussions thus far. I invite your comment on whether my summary accurately reflects your understanding of the areas of preliminary agreement. As noted, we shall still have a few basic questions to resolve such as the applicability of federal legislation and the citizen-national issue. However, if the areas of preliminary understanding are as broad as I believe them to be, we can take great satisfaction from knowing that our labors have begun well. These preliminary understandings on the basic foundation of the Marianas - U.S. relationship will greatly facilitate our consideration of other major agenda items that lie ahead, and will provide a sound foundation for any joint statement we may wish to draft to sum up the current talks and for the ultimate commonwealth instrument we shall have to devise.

POSITION OF MARIANAS POLITICAL STATUS COMMISSION  
ON SUBJECT OF SELF-GOVERNMENT

In its position paper of May 10, 1973, the Commission stated (at p. 5) that within certain constraints "the Commission believes that the people of the Marianas should have full self-government and absolute control over their internal affairs." The Commission also indicated that it wanted the people of the Marianas under the proposed Commonwealth to have the "attributes of a self-governing people." The United States has also recognized in its statements that the people of the Marianas should have "maximum" self-government consistent with the U.S. Constitution and relevant Federal legislation. The specific question which has been identified in our recent working sessions is how to reconcile the desire of the Marianas for maximum self-government with the plenary powers of Congress under Article IV, Section 3, Clause 2, of the U.S. Constitution.

The Commission is not prepared to make any specific proposal on this subject at this time. The legal and practical aspects of this problem are extremely complex and require additional study, we believe, by both parties to these negotiations. The Commission recognizes that sovereignty over the Marianas will be clearly vested in the United States. The Commission is not in any way seeking exemption from Federal legislation applicable to the states or territories which is enacted by Congress under Constitutional powers other than Article IV, Section 3, Clause 2. We are interested only in exploring-- together with the U.S. Delegation--whether some specific limitations on the plenary powers of Congress under Article IV, Section 3, Clause 2, can be developed which would make clear that the Commonwealth of the Marianas has maximum (or paramount) control over its internal affairs. Many approaches are possible, some involving express exemptions to Article IV, and others involving legislative history alone, but each must be reviewed carefully from a legal, practical, and political standpoint.

Under these circumstances, the Commission is requesting the U.S.

Delegation to recognize that this is an appropriate area for future study and discussion. After such study, the Commission may indeed conclude that there is, in fact, no practical alternative but to accept the full and uncircumscribed application of Article IV, Section 3, Clause 2. The members of the Commission are not at this time, however, ready to reach this conclusion. We respectfully request the U.S. Delegation to appreciate our position on this matter and add this topic to the list of items requiring further detailed consideration.

JOINT PRESS RELEASE BY SENATOR EDWARD DLG. PANGELINAN AND AMBASSADOR FRANKLIN HAYDN WILLIAMS, CHAIRMEN RESPECTIVELY OF THE MARIANAS POLITICAL STATUS COMMISSION AND THE AMERICAN DELEGATION TO THE MARIANAS STATUS TALKS.

May 17, 1973

A series of informal discussions between our two delegations in Saipan last week initiated the current phase in our continuing joint endeavor, begun here last December, to create lasting ties between the Mariana Islands and the United States. Those informal exchanges provided an opportunity for preliminary consideration of most of the major topics bearing on the Marianas' future status, including such matters as the nature of the political relationship, finance of the political relationship, finance, self-government, public land, land alienation, and U.S. military land requirements. Both sides found the sessions useful as they prepared for the resumption of the formal talks this week.

The formal discussions were renewed in a plenary session May 15. Each side pledged to work earnestly to design a Marianas-U.S. relationship which will reflect the desire of the peoples of the Marianas for close association and will be beneficial to both the Marianas and the United States. In lengthy working sessions yesterday morning and afternoon and again today, the delegations have taken up that task. In a constructive atmosphere characterized by free, frank, and searching exchanges, we have discussed the nature of our future political ties. We have already indentified substantial areas of agreement and are now examining some of the more complex legal and constitutional aspects of the political relationship.

Both delegations plan to give equally intensive consideration to such other major topics as finance, arrangements for the protection of local interests in land, U.S. land requirements, and enactment and implementation of the new status agreement.

The delegations have preliminarily discussed land and U.S. military requirements in the Marianas but have not yet exchanged position papers or any kind of documentation on the subject. The nature and extent of these requirements is a subject for negotiation which we expect to review in great detail.

Ambassador Williams made it clear as early as October of 1971, at Hana, Maui, Hawaii, that to the extent feasible the U.S. wishes to concentrate on Tinian Island any military facilities it might establish in the Marianas. Ambassador Williams restated that position here in Saipan last December. These requirements are extensive. But the U.S. is not asking for exclusive use of all of Tinian. Furthermore, Ambassador Williams wishes to state categorically that the U.S. Government has no plans whatever to give the U.S. military responsibility for the civil administration of Tinian, as alleged in recent new reports.

Chairman Pangelinan emphasized that the Marianas Political Status Commission includes two representatives of Tinian. He stated that all fifteen members of the Commission are determined to represent and protect the interest of all the people of the Marianas, including the people of Tinian, in their status negotiations.

Both the Marianas Political Status Commission and the U.S. Delegation are committed to undertake full consultation with the people of Tinian before any final decisions or agreements are made regarding the use of land on Tinian for military purposes. After this matter has been fully discussed in these negotiations, representatives of the Commission and the U.S. Delegation will schedule appropriate meetings with the people of Tinian to disclose these plans in detail and solicit their views.

JOINT PRESS RELEASE

May 19, 1973

Ambassador Haydn Williams and Senator Edward Pangelinan, Chairmen respectively of the American and Marianas Delegations, both expressed today satisfaction with the progress that had been made during the past week in the five working sessions of the two delegations. The twice-a-day meetings involving long hours of free questioning and frank exchange with full participation on both sides have produced so far, according to the two Chairmen, a clearer understanding of each other's positions on a number of substantive issues relating to status. The agenda and all of the working discussions to date have been centered on the essential elements and the basic nature of the political relationship between the United States and the Marianas. Recent sessions have concentrated on such topics within this heading as the source of political status, the degree of internal autonomy or self-government, the applicability of the U.S. Constitution and U.S. laws, national security and foreign affairs, representation in Washington, citizenship and nationality, the federal judicial system, and features of a Marianas constitution.

A meeting of a special of legal experts from both sides was called for today to explore further various technical questions and the application of federal legislation and laws. Tomorrow afternoon the Marianas Delegation will be the guests of the American side at a late afternoon picnic on Managaha Island. The next working session of the two delegations will be held Monday at 10 a.m.



JOINT PRESS RELEASE

May 23, 1973

Senator Edward Pangelinan and Ambassador Haydn Williams, Chairmen respectively of the Marianas and American Delegations to the Marianas status talks, said today their delegations have reached broad preliminary understanding on most aspects of the Marianas-U.S. political relationship envisaged under a commonwealth arrangement for the Marianas.

They indicated that at this early stage of deliberations the main effort have been to highlight areas of tentative agreement and to identify technical questions requiring further study and discussion, rather than to explore the precise language of an ultimate status agreement.

In describing the preliminary nature of their understandings, Senator Pangelinan and the Ambassador reiterated that, in any case, the instrument of agreement emerging from this and possible future negotiating rounds will have to be approved by the Marianas District Legislature, the people of the Marianas, and the U.S. Congress. The two Chairmen believe, nonetheless, that the present considerable degree of understanding on the fundamentals of the political relationship provides an excellent foundation for a subsequent instrument of agreement.

The two Chairmen indicated that preliminary agreement had been reached on a commonwealth relationship which will vest sovereignty over the Marianas in the United States Government under a territorial relationship and permit maximum Marianas control over local affairs. This would be accomplished under a locally-drafted, locally-approved constitution providing for a bill of rights, separation of powers, and a popularly elected chief executive. There are also the following additional tentative understandings: the U.S. Government will have responsibility for defense and foreign affairs, though the federal government will welcome the advice of the Marianas on international matters directly affecting the islands. Moreover, the U.S. will support the Marianas' membership in regional or international organizations concerned with economic, cultural, or comparable areas of interest which permit representation from constituent parts of a political family. While the judicial systems of the Marianas and the U.S. will be compatible and consistent with federal law, the Marianas will have the right to establish local courts for purely local matters. The two sides will explore a common approach to the U.S. Congress regarding the nature of the Marianas' representation in Washington.

The two delegations are agreed that further joint study is necessary on the applicability to the Marianas of specific U.S. laws, the precise extent of self-government to be exercised by the Marianas under the U.S. Constitution and relevant federal legislation, and the status to be accorded those residents of the Marianas who might not wish to become American citizens. Subpanels of lawyers from the two delegations have already begun a useful exploration of these largely technical matters and will continue their deliberations during the course of the present talks and subsequently in Washington.

The two Chairmen noted that the area of understanding on the basic structure of the political relationship is sufficiently broad to warrant the delegations' moving now to consideration of such other major agenda items as economics and finance, land, and transition.

MARIANAS POLITICAL STATUS COMMISSION

May 14, 1973

Position Paper  
Regarding Economic Aspects  
of the  
Revised Political Status  
of the  
Mariana Islands

During the first round of political status talks, the United States indicated a desire to explore jointly with the Marianas Political Status Commission the financial needs of the Mariana Islands. Accordingly, the Commission has undertaken studies to determine the financial requirements to facilitate an orderly transition to a new political status, to provide an adequate social and industrial infrastructure, to provide necessary public services and programs, and to provide the economic means for the people of the Marianas to participate in the economic development of their islands. While the Commission is confident that the people of the Marianas expect and desire to assume the financial responsibilities of self government, it is obvious that the financial requirements cannot be met from internal financial resources until an expanded tax base has been developed. Therefore, the Commission proposes a program of United States economic assistance and budget support to establish a base for economic and social development which will enable the people of the Marianas to realize their long range goal of self support.

The financial assistance program which the Commission proposes is directly related to the process of transition to a new political status. Because of historical and cultural factors, and given the current level of economic and social development in the Marianas, the Commission believes that the transition process will continue for many years beyond the formal acceptance of a new status agreement by the United States and the people of the

Marianas. It appears to the Commission that there must be at least three separate phases of transition.

The first phase of transition, consisting of one year, should be a period during which detailed plans are prepared to facilitate changes in government structure required by the new status, to accelerate industrial and social infrastructure development, to establish institutions for economic and social development, and to establish a legal basis for self government.

The second phase of transition, consisting of seven years, should be a period during which the plans formulated in the first phase are implemented. By the end of the second phase, the standard of living in the Marianas should be at an acceptable level, and the base for long term growth and development should be firmly established.

The third phase of transition, extending to the year 2000 and perhaps beyond, should be a period during which the people of the Marianas develop their economic potentials and assume increasing responsibility for the support of their own government.

#### I. Financial Requirements for Phase I (1974)

The essential planning to be undertaken in the first phase of transition will require expert assistance from physical planners, architects, engineers, public administrators, and others. It is anticipated that the required planning activities will cost \$4.5 million, allocated as follows:

A. Physical Plan		
1. Cadastral Survey	\$3,000,000	
2. Master Planning	300,00	
3. Schematic Design of Facilities	<u>450,000</u>	\$3,750,000
B. Government Reorganization Plan		
		125,000
C. Economic and Social Development Plan		
		125,000

D. Legal Plan (Including Political Education,  
Constitution Convention  
and Development of  
Legislative Programs \$ 500,000

TOTAL \$4,500,000

The Commission proposes that funds sufficient to allow the implementation of Phase I be made available as a grant to the Commission immediately after the conclusion of successful negotiations for a new political status.

II. Financial Requirements for Phase II (1975-1981)

The implementation of transition and development plans formulated during Phase I will require greatly expanded government programs in the Marianas. The studies undertaken by the Commission indicate that these expanded programs will require substantial budget support for the new Marianas Government from external sources.

A. Capital Improvement Requirements

The Commission has reviewed with care the master plans for Saipan and Rota prepared by Hawaii Architects, memoranda prepared by the Marianas District Planning Office on road, water and power requirements in the Marianas, program memoranda for FY 1974-1978 and FY 1975-1979 prepared by the District Administrator, the FY 1974 budget for the Trust Territory, and various other documents. Expressed in terms of a five year capital improvements programs, covering the period FY 1975-1979, the estimates of the Trust Territory and Marianas District administrations indicate that \$47.7 million (projected 1975 dollars) will be required to meet the need for public facilities in the Marianas by 1980 (table 1). While the Commission does not agree with the Trust Territory and Marianas District administrations as to the need for specific projects, the priorities of projects, or even the period over which construction should be programmed, the Commission does believe that \$47.7 million (projected 1975 dollars) represents a realistic order of magnitude of the capital improvements program which should be implemented during Phase II.

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B. Programs Operations Requirements

The Commission has also reviewed current programs operations of the Marianas District administration, as well as the District Administrator's projections of program operations for the period FY 1974 - 1979.

TABLE 1. MARIANA ISLANDS  
CAPITAL INVESTMENT REQUIREMENTS

(Thousands of 1975 dollars)

CAPITAL IMPROVEMENTS	1975	1976	1977	1978	1979	Total
<b>Roads:</b>						
Repair and upgrading 38 miles primary, Saipan.	1,830					1,830
Paving 34 miles primary and secondary, Saipan.	1,120	1,120	1,120	1,120	1,120	5,600
Paving 20 miles village roads, Saipan	840	840	840	840	840	4,200
Construction and Paving 68 miles village and rural roads, Rota.	1,800	1,800	1,800	1,800	1,800	9,000
Construction and paving roads on Tinian and Northern Islands, 27 miles	600	600	600	600	600	3,000
<u>Sub-total</u>						<u>20,660</u>
<b>Water:</b>						
Saipan	650	650	650	650	650	3,250
Rota	450	450	450	450	450	2,250
Tinian	-	460	460	-	-	920
Northern Islands	100	250	180	-	-	530
<u>Sub-total</u>						<u>6,950</u>
<b>Power:</b>						
Saipan	770	770	770	770	770	3,850
Power lines, all islands	70	70	70	70	70	350
Generators for Pagan, Rota, Tinian	60	120	-	-	-	180
<u>Sub-total</u>						<u>4,380</u>

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CAPITAL IMPROVEMENTS	1975	1976	1977	1978	1979	Total
<u>Sewer:</u>						
Sewer lines, Saipan.	675	110	110	110	110	1,115
Relocate Treatment plant, Saipan	1,870	-	-	-	-	1,870
Sewer lines, 25,000 feet, Rota.	140	140	140	140	140	700
Treatment plant for Rota 370,000 GDP.	200	-	-	-	-	200
Sewer system, Northern Islands	-	890	-	-	-	890
<u>Sub-total</u>						<u>4,775</u>
<u>School Construction:</u>						
Elementary schools, 28 classrooms on Saipan, 8 on Rota, 4 on Tinian.	340	340	340	340	340	1,700
Secondary schools, 30 classrooms on Saipan, 8 on Rota, 4 on Tinian.	360	360	360	360	360	1,800
Community college or occupational for 200 students or 12 classrooms.	500	-	-	-	-	500
<u>Sub-total</u>						<u>4,000</u>
<u>Health Facilities:</u>						
Expansion and reconstruction of Saipan Hospital.	150	-	-	320	-	470
Public health facilities on Rota	35	-	-	-	-	35
Relocation of hospital, Rota.	-	-	-	-	130	130
Dispensary on Tinian	-	-	-	110	-	110
<u>Sub-total</u>						<u>745</u>
Land Reclamation, Saipan	-	-	-	190	-	190
<u>Sub-total</u>						<u>190</u>

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Table 1. (continued)

CAPITAL IMPROVEMENTS	1975	1976	1977	1978	1979	Total
Transportation:						
Airfield paving, Rota and Pagan.	150	-	-	220	-	370
Improvements to north airfield, Marpi.	-	-	-	-	500	500
Rebuilding Army Dock facility on Saipan as an international sea terminal	2,500	-	-	-	-	2,500
Develop West Harbor, Rota.	-	-	740	420	500	1,660
<u>Sub-total</u>						<u>5,030</u>
Communication:						
Telephone.	130	-	-	-	-	130
<u>Sub-total</u>						<u>130</u>
Public buildings:						
Government administration Center, Rota.	15	-	-	-	-	15
Civic center, including museum, Saipan.	-	-	250	300	-	550
Farmers' market, Saipan.	50	-	-	-	-	50
Jail, Tinian.	-	-	-	20	-	20
Relocate prison, Saipan.	-	-	-	220	-	220
<u>Sub-total</u>						<u>855</u>
<b>TOTAL</b>						<b><u>47,715</u></b>

- Sources:
1. Saipan and Rota Master Plans, Hawaii Architects, 1968.
  2. Marianas District Planning Office.
  3. District Programs Memoranda, FY 1974-1978 and FY 1975-1979.
  4. Trust Territory Budget Justification, FY 1974.

Table 1. (continued)

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Applying salary rates established by the Trust Territory Salary Act of 1973, the Marianas District Administrator's projections of program requirements indicate that the cost of programs will range from \$8.6 million (current dollars) in FY 1975 to \$11.8 million (current dollars) in FY 1979 (Table 2).

The people of the Marianas have long felt the injustice of a separate Micronesian pay scale in government for Marianas citizens when they are performing the same work as United States citizens. Therefore, the Commission strongly feels that, as part of the change in political status, the government pay scale in the Marianas must be changed to correspond with the pay scale of the Guam Government. The gradual application of the Guam pay scale to the District Administrator's projections of programs operations over a period of five years, commencing in 1975, would increase the cost of programs to \$8.6 million (current dollars) in 1975 and \$18.0 million (current dollars) in 1979.

C. Economic Development Requirements

Private financial institutions cannot be expected to meet the needs for either commercial investment or housing development during Phase II. The people of the Marianas do not possess the financial resources to establish such institutions, and the development of such institutions by attracting external private investment funds would deny the people of the Marianas participation in, and control of, the economic development of their islands.

The Commission's projections, based on assumptions of moderate tourists industry and related private sector growth, indicate that between \$40 and \$50 million (1973 dollars) will be required for commercial development during Phase II. An equal amount will be required to finance the

TABLE 2. MARIANAS OPERATING BUDGET PROJECTIONS--FISCAL YEARS 1973-79

(Thousands of Current Dollars)

	1973	1974	1975	1976	1977	1978	1979							
	Posi- tions	Am't \$	Posi- tions	Am't \$	Posi- tions	Am't \$	Posi- tions	Am't \$						
Public Affairs <sup>a/</sup>	20	68	22	170	22	175	22	180	22	185	22	190		
Community Dev. <sup>b/</sup>	8	26	8	124	8	125	8	127	8	130	8	135		
Judiciary <sup>c/</sup>	-	-	11	150	11	165	11	175	11	185	11	195		
Legal Affairs and Public Safety <sup>d/</sup>	70	283	80	306	92	440	96	493	96	527	100	585	100	263
Elementary Ed. <sup>e/</sup>	182	656	187	692	191	770	198	837	204	902	210	977	210	1,060
Secondary Ed. <sup>f/</sup>	81	486	83	515	85	575	95	655	105	728	115	810	125	895
Adult, Special and Higher Education <sup>g/</sup>	30	133	30	140	30	151	42	245	42	265	42	280	42	310
Public Health <sup>h/</sup>	175	680	170	772	169	1,150	172	1,440	174	1,684	178	1,825	178	1,960
Transportation and Communication <sup>i/</sup>	-	-	-	33	40	500	42	550	44	600	46	650	48	700
Res. Dev. (including Agri. & Marine) <sup>j/</sup>	120	626	128	662	133	777	133	815	133	855	133	895	133	950
Com. & Ind. (including Eco. Dev. & Labor) <sup>k/</sup>	9	70	11	71	15	100	15	105	15	110	15	115	15	120
Water, Sewerage & Power <sup>l/</sup>	123	1,293	123	1,609	144	1,977	146	2,312	148	2,694	150	3,100	152	3,715
Revenues	565		931		1,143		1,334		1,548		1,762		2,273	
Net Cost	728		678		834		978		1,146		1,338		1,442	
Maintenance & Oper. <sup>m/</sup>	222	865	637	964	247	1,057	294	1,150	356	1,630	419	2,190	492	2,640
General Support <sup>n/</sup>	54	289	51	302	65	410	66	445	67	475	71	502	73	530
Total Operations	1,094	5,475	1,128	6,173	1,252	8,351	1,340	9,512	1,425	10,952	1,520	12,432	1,615	14,023
Net Operations	4,910		5,242		7,208		8,178		9,404		10,670		11,750	

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- a/ Beginning in 1975 funds are included for a more adequate legislative liaison (\$10,000) for elections of the Marianas Legislature (\$5,000), and for operations of the legislature, (\$7,500).
- b/ Beginning in 1975 funds are included to cover grant-in-aid (\$50,000) and housing loan funds (\$40,000) now provided by the Trust Territory Government.
- c/ Funds must be provided for a separate Marianas court system.
- d/ Positions added in 1975 to staff a separate district attorney's office (\$10,000); and a public defender office (\$80,000). Increases for the Department of Public Safety have been accelerated in 1976 and beyond (\$20,000) per year.
- e/ Assumes additional teachers will be needed to staff the additional classrooms recommended in capital projection: 7 in 1976; 6 in 1977; 6 in 1978; 6 in 1979. Average annual rate is \$3,500 in 1976 and increases at 7 percent per year.
- f/ Assumes high schools on Rota (1976) and Tinian (1977) and 32 additional classrooms on Saipan. Staff increases are for 10 additional teachers in 1976 and each succeeding year.
- g/ Funds should be provided for a Marianas Community College and Occupational Center beginning in 1976. Projection assumes an enrollment of 25 percent of the high school graduates and a need for 12 teachers.
- h/ Beginning in 1975 funds are included to cover medical referrals, supplies and equipment not covered in the Program Memorandum projection.
- i/ These activities are not now included in the District budget. Beginning in 1975 a separate staff is provided for operation or subsidization of a transportation and communication network between Saipan and the Outer Islands as well as airport operation on Saipan.
- j/ Changed from '75-'79 Program Memorandum to reflect new pay scale.
- k/ Projection includes funds for a labor division of 6 positions. This function is now budgeted at an inadequate level (2 positions). Capital for an economic development fund is included elsewhere.
- l/ These are total operating costs. Revenues are estimated to obtain net operating cost. Staff increases are proposed to accommodate expanded service but these costs are offset by increased revenues.
- m/ Increases in staff are provided to maintain expanding level of public works at the rate of 20 percent each year after 1979.
- n/ Staff is increased beginning in 1975 to provide for complete program and budget, engineering and procurement and supply services.

Source: The Marianas Program Memorandum for 1975-79 and JRLA estimates of additional program requirements.

upgrading and construction of housing to meet the needs of a growing population. Thus, between 1975 and 1981 a total of \$80 to \$90 million (1973 dollars) must be made available for local investment in the Marianas.

A Marianas development corporation, owned and controlled by the citizens of the Marianas, could be a source of equity financing, loans, and technical assistance for both business enterprises and housing. In addition, it could serve as a vehicle for occupational training and other economic and social development programs. Such a corporation could attract capital from external sources by guaranteeing loans and using various other devices to obtain financial leverage while, at the same time, providing safeguards against external domination of the Marianas' economy. However, geographic and other factors would limit the access of a development corporation to established money markets, and the amount of financial leverage which could be exercised would not be as great as for a similar development corporation in the United States or in some other highly development area. The Commission feels that to provide \$80 to \$90 million (1973 dollars) will be required to capitalize a Marianas development corporation.

D. Government Expenditures and Revenues (1975 - 1981)

Based on the estimates of capital improvements, programs operations and economic development funds presented above, the Commission has prepared a proforma statement of government operations during Phase II. Recognizing the the difficulties of compressing accelerated programs into the five year planning period of the Trust Territory Government, expansion of both the required capital improvement program and programs operations has been scheduled over seven years to allow their orderly implementation (Table 3).

TABLE 3. PROJECTIONS OF MARIANA ISLANDS GOVERNMENT EXPENDITURE AND REVENUE REQUIREMENTS DURING TRANSITION PHASE II (1975-1981)

Year	Mariana Islands Population	Government Expenditure Requirements			District Income	Per Capita Income	Tax Revenue as Percent- age of Dis- trict total Income <sup>d</sup>	Total Tax Revenue	Deficit (Gov. Ex- penditure Require- ments minus Tax Revenues)
		Capitala/ Improve- ments	Program <sup>b</sup> / Operati- ons	Economic/ Develop- ment					
Thousands									
Millions of Current Dollars									
(Estimated)	14.9	2.2	5.0	--	7.2	15.0	1,000	8.0	1.2
(Projected)									
1975	17.3	3.5	8.6	10.0	22.1	29.1	1,680	10.0	2.9
1976	18.4	5.4	10.9	10.0	26.3	34.0	1,850	11.5	3.9
1977	19.5	8.6	13.5	7.5	29.6	38.9	1,990	13.0	5.7
1978	20.6	11.7	15.5	7.5	34.7	43.8	2,125	14.5	6.4
1979	21.7	12.3	18.0	5.0	35.3	48.7	2,240	16.0	7.8
1980	22.8	10.5	18.5	2.0	31.0	53.6	2,350	17.5	9.4
1981	24.2	8.5	20.5	2.0	31.0	58.3	2,430	19.0	11.1

a/ Total capital improvements, 1975 - 1981, valued at \$47.7 million in 1975 dollars. Assumes 7 percent annual increase in capital improvement costs, 1975 - 1981.

b/ Assumes 5 year, 1975 - 1979, adjustment from Micronesian to Guam Government pay system, and 5 percent annual increase after 1979.

c/ Total economic development funds, 1975 - 1981, valued at \$40.0 million in 1973 dollars. Assumes 7 percent annual increase in hotel, housing, and other private sector construction costs, 1975-1980. These economic development funds should generate \$75 - \$80 million (1973 dollars) in private sector investment between 1975 and 1981.

Source: Tables 1 and 2 and Marianas Political Status Commission economic studies.

In assessing the total requirements for budget support of a new Marianas Government, the Commission has projected both district income and tax revenues. As shown in Table 3, the Commission anticipates that the people of the Marianas will increase local taxes by increasing the rates at which they will tax themselves. By 1981, with Marianas per capita income less than one-half of U.S. per capita income, the Commission expects the tax burden in the Marianas to be at least 50 percent of the tax burden borne by the people of the United States. However, even though the tax burden in the Marianas is projected to increase by more than 100 percent between 1973 and 1981, from 8 percent to 19 percent of district income, large government deficits will still exist.

As part of the political status settlement the Commission proposes that the United States provide assurance that it will provide budget support for the Government of the Marianas at levels required to implement transition and development plans. The required levels of budget support during Phase II are estimated to be:-

<u>Year</u>	<u>Millions of Current Dollars</u>
1975	19.2
1976	22.4
1977	23.9
1978	28.3
1979	27.5
1980	21.6
1981	19.9

E. United States Military Impacts

In conducting its studies, the Commission did not have details of planned U.S. military operations in the Marianas. Thus, the Commission's estimates of required support do not take account of military expenditures in the Marianas or of any payments to be made by the U.S. military to the citizens of Government of the Marianas. The Commission will work with the U.S. Delegation to determine how U.S. military plans may affect the

Commission's estimates. However, the U.S. Delegation should be aware that the Commission believes that any benefits from military operations which might reduce the level of required budget support should be provided in some other form in the event military plans are not implemented.

Prior to their implementation, military plans must be regarded as speculative. They are subject to change, or even cancellation, by actions which may be taken by the U.S. Congress or the Department of Defense. Further, the phasing of military construction and operations can greatly influence their economic impact. Accordingly, the Commission feels that it is essential for the United States to make specific commitments of economic assistance which will not be contingent on the re-establishment of the military in the Marianas.

### III. Financial Requirements for Phase III (1982 - ?)

At this point in time it is difficult for the Commission to project the financial requirements of the Marianas beyond Phase II. The Commission proposes, therefore, that in the fifth year of Phase II, coinciding with the date established for review of political status issues, the Marianas and the United States review together the progress of Phase II, and explore the future requirements for budget support of the Marianas during Phase III.

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U.S. RESPONSE ON  
ECONOMICS AND FINANCE

I. Introduction

1. As we take up the second major item on our agenda--economics and finance--I think it would be useful to keep in mind the ultimate objective of these discussions. We hope that they will be directed toward reaching preliminary understandings on the essential framework of the future financial relationship of the Marianas with the United States and, in particular, on tentative agreements on the major financial provisions to be included in a draft agreement. Our efforts will thus be directed toward exploring with you general principles leading to general understandings rather than concentrating on budgetary details and precise figures and estimates, important as they may be.

2. We realize the importance of economic analysis, budget forecasts and the establishment of development goals. As we said last December, we are desirous of exploring jointly with you the future financial needs of the Mariana Islands and other matters covered in the Commission's May 14 paper on economics and finance. But it is our feeling that our priority task is to seek agreement on certain fundamentals and then after the full range of prospective financial inputs has been identified and estimated, your planning and our planning and our joint effort will be greatly facilitated.

3. In this regard let me take note of the Marianas Political Status Commission's paper on the economic and financial aspects of the political status question.

4. We found this professionally done paper most interesting and we are in agreement with many of the principles it sets forth. We also concur in the general thrust of its contents and the goals sought. I am sure that this paper will serve a very useful purpose as we proceed with these discussions, especially in connection with our preliminary examination of your projected needs.

II. Background of the American Approach



1. As we think about the future U.S.-Marianas financial relationship we have, as I am sure you have, looked at precedent--at the experience of Puerto Rico, the Virgin Islands, American Samoa and also your close neighbor to the south, Guam. The overall pattern in all of these cases is similar. The United States Government has followed a policy of encouraging and assisting these members of the American family to become more and more self-sufficient while providing needed back-up support and incentives for the generation of local revenues. The result of this policy has been a gradual lessening of reliance on direct Congressional appropriations by the local governments concerned as their economies have developed. Guam, Puerto Rico and the Virgin Islands have now, in a sense, graduated in that they no longer receive regular, annual direct grant assistance from the United States Congress. Help in other forms, however, remains substantial and all three of these local governments benefit from participation in various federal programs and services.

### III. Our Approach to the Marianas

1. We would suggest that in general the future financial relationship between the Marianas and the United States follow the conventional, traditional and successful pattern that I have just described. By this, I mean that under the agreement we are working toward, the United States would assume certain obligations to provide budgetary support and economic assistance to the Marianas until the people and the government of the Marianas were able to meet the financial responsibilities of self-government from their own resources.

2. The two forms of annual financial assistance that we have in mind are 1) direct financial grants in support of the costs of government operation and capital improvement programs, 2) the extension and provision of federal programs and services to the Marianas. For direct grants, we would propose that the annual budget program approach be followed. The actual level of annual financial assistance would depend largely upon mutually determined needs of the Marianas Government and people taking into account local revenues and other sources of local government funds. Direct grants of any sort would require specific legislative authorization and subsequent Congressional

appropriation. The extension of certain federal programs would require that the Marianas be designated as an eligible recipient by Congressional action. For other federal programs the Marianas would be automatically eligible upon attaining commonwealth status. (Some examples of Services and Programs)

#### IV. Sources of Funds

In looking ahead, needs and requirements, of course, have to be identified and projected. The U.S. follows this approach in its annual budget process as well as in longer range planning. At the same time, in looking ahead realistically, attention must also be given to sources. Where is the money coming from? The remainder of my introductory remarks is going to be directed to this question.

Your paper rightfully stated that its estimates of required support did not take into account possible future military expenditures in the Marianas. This afternoon I would like to go beyond Mr. Wilson's presentation of some ten days ago and give you some additional information on the magnitude of the possible financial input to your future budget and economy that would flow a projected military presence. But first, let us take a look at regular, conventional future sources of income for the Marianas.

#### IV. Sources of Revenue for the Marianas

##### 1. Present Sources

At the present time funds available for the Marianas District are derived from four principal sources. These are (a) the Marianas' share approximately one-half of the import duties collected by the Congress of Micronesia in the Marianas and returned to the district; (b) minor income derived from licensing fees, etc., (c) the Marianas' share of Federal Programs (2.5 million in FY 73); and (d) the Marianas' share of Federal grants for the TTPI as a whole (\$7.1 million in FY 73).

The Congress of Micronesia imposes both income and gross receipts taxes on individuals and businesses in the Marianas. But none of this is returned directly to the district, although the District derives considerable indirect benefit from COM projects and programs.

There is also a substantial sum derived from the presence of the TT

Government headquarters in the Marianas. We estimate this at approximately \$2.2 million annually, most of which will be lost to the district when the capital of the Trust Territory is no longer on Saipan.

2. Possible Additional Sources of Revenue or Income Under the Proposed Commonwealth (Non-Military)

There is a variety of possible additional sources of revenue or income for the Marianas which might be realized under the proposed new commonwealth arrangement without reference to anticipated military inputs into the economy. First, there are the amounts which would be realized from the disposal of public lands, once there have been returned to the district. This is likely to be a substantial sum, although it is impossible to calculate the precise amounts realizable at the present time either from rentals to individuals or businesses, or from sales. The proceeds from the latter could of course be invested among other things with a steady income realized from this capitalization process. This possibility might well be considered in connection with the possible establishment of a Trust Fund for the benefit of the people.

A second source of revenue would be the income realized from the disposal of any real or personal property taken over from the T.T. Government when it transfer out of the Marianas District, although some financial accommodation with the TT Government will undoubtedly be required.

A third possible source is the additional returns (above present levels) from import duties which might be levied by the new commonwealth government. This is dependent of course on the final decision taken with respect to the Marianas position in or out of the U.S. customs union. It is fair to say that it is also possible that this decision could theoretically result in a net loss of revenue depending on how the new system is structured.

A major additional source of revenue would be the returns from a direct income tax levied on individuals. This again depends upon arrangements worked out regarding the applicability or non-applicability of the U.S. Federal Income Tax and use made of the proceeds derived therefrom. The same thing is true of taxes which might be imposed upon local businesses.

In addition to the foregoing there is also the possibility of deriving additional revenues from real estate and property tax, sales or excise taxes, additional fees, etc. These are peculiarly within the prerogative of the Marianas Legislature and would be clearly dependent on the decisions taken by that body or its successor under the Marianas constitution.

Finally, there are those items of income which would be realized by the Marianas' participation in new or enhanced federal programs, and in annual federal grant programs which may be determined to be necessary and appropriate.

### 3. Possible Additional Sources of Revenue or Income Under the Proposed Commonwealth (Military)

Fully recognizing that the subject of military land requirements has yet to be addressed, it is, nevertheless, necessary to consider the impact which a possible military presence in the Marianas will have on your economy. It would be considerable indeed if current U.S. plans were implemented. Certainly, any assessment of the financial relationship would be incomplete without taking into account the possible dramatic increase in revenues which you would derive from this source.

I must stress that the following figures are estimates based on preliminary planning data and therefore represent current best judgements rather than refined figures based on empirical data developed specifically for this purpose. This must be kept constantly in mind when dealing with the subject of military presence. Assuming a successful end to the negotiations and the necessary approval of the U.S. Congress, a comprehensive socio-economic impact assessment will be prepared which will provide detailed and refined information as to the economic impact on the Mariana Islands resulting from a U.S. military presence.

The following assessment addresses the economic impact that development of a military presence will have on the Mariana Islands District. Naturally, these economic impacts are directly related to the subsequent land discussions and our ability to agree on the land which will be made available for military use. Consequently, a more elaborate breakout of the data will be presented during the land portion of the negotiations.

It is not our intention to discuss the cost of land during this negotiating session. In our view this will be the subject of subsequent detailed sub-negotiations once there is a meeting of the minds on the general extent and nature of the land arrangements. You may rest assured, however, that the U.S. Government intends to provide just compensation for the land that it requires. These payments will of course provide substantive revenues for the District Government and landowners as well.

We have estimated the United States dollars expected to flow into the local economy as a result of both construction and operation of the base on Tinian. The impact of land acquisition and any possible resettlement are not included in these impact figures. Our estimates are based on 1973 dollars and do not include the economic multiplier factor which is commonly used by economists to evaluate the total impact on the economy. A multiplier factor of  $2\frac{1}{2}$  to 3 is considered an accurate indication of the actual impact on the economy of a developing society.

The six years predicted to complete construction should provide a total of \$39.8 million dollars into the local economy not taking into account the multiplier factor. This estimate of course represents only a portion of the total cost of the base construction (\$144 million). The \$39.8 million includes the cost of supplies and material purchased locally, the total wages paid to local employees and a portion of the wages paid to employees not from the Mariana Islands District. A labor force of approximately 1,000 people will be required during most of the construction and as many as possible of these will be hired locally. For clarify I should reemphasize that the foregoing speaks only to the construction of base facilities.

Separate and distinct is the economic impact of the military operations which will be conducted on the base once construction permits.

The economic impact of base operation is estimated at \$15 million per year when the base development is completed, again without taking into account the multiplier factor. This total includes the goods and services purchased locally, the total wages for civilian personal and a percentage of the wages of military personnel which would be spent in the local economy. It is

anticipated that the completed base will require approximately 600 local employees.

In addition, revenues will be derived from federal income taxes paid by the U.S. military and civilian personnel working on the base if the Federal Income Tax route is followed. Once military personnel arrive on the base they should pay approximately \$1 - \$2 million per year in federal income taxes. This figure is expected to increase to about \$4 million annually when the base is completed and should remain at this level during subsequent years. These estimates do not include taxes to be paid by the construction labor force during the construction phase.

In summary, the total impact of construction and operation of the base is about \$10 to \$12 million beginning with initial construction and running through completion, a period of about 6 years. From that point on, the contribution of base operations would approximate \$15 million annually. In addition, tax revenues in the neighborhood of \$4 million per year from military sources would flow into the Marianas treasury.

More detailed data will be furnished when land is discussed and, in turn, the U.S. Delegation will be prepared to discuss how these figures were derived.

#### Summary Observations

Statements regarding the mechanics of a financial relationship are not enough nor is an impersonal rundown of current and potential sources of revenue and support. We should add that quite aside from forms and figures--we do agree with your goals and aspirations and with your understandable desire to raise the standards of living of your people.

In this effort the people and the Government of the United States will help. The commonwealth agreement will spell this out and I can assure you that as a future member of the American family you may look forward to the benefits which derive therefrom. I can also assure that the federal government will play its role--although I must always caveat my remarks when talking about money, by adding the familiar "subject to the approval of Congress" clause.

However, the real incentive, the real initiative, the real planning

and the real responsibility for the realization or non-realization of your economy goals will be in your hands. You will have the power to make decisions that will affect the nature, the direction and the pace of your own economic development.

You will have to take into account the impact of your development policies on your environment, on the ecology of the islands and on the quality of life of your people. Your decisions and your actions too will generally determine the extent to which your control over your future economic growth will remain in the hands of your children.

In all this we can help, but the principal burden of responsibility for wise decision making will rest with you. Hopefully, you will learn from the past--from the experience of others. Indeed you do have a unique opportunity and an exciting challenge as you plan the kind of future society in which you choose to live. How you allocate and manage your available resources, natural and material, will go a long way in determining how close you come to your goals.

U.S. COMMENTARY ON MSC PAPER ON ECONOMICS AND FINANCE -5/23/73

I. Introduction

As Ambassador Williams remarked in his opening presentation this afternoon we have reviewed the Commission's paper on economics and finance with great care and find it a very useful contribution to our joint thinking. In particular, we find merit in the four long range economic objectives set forth in the paper. These objectives are aimed at finding the resources:

- a. To facilitate an orderly transition;
- b. To build towards an adequate social and economic infrastructure;
- c. To provide necessary public services and programs; and
- d. To find adequate means to encourage and to promote the future economic development of the Marianas.

In addition you have stated your long range goal of self-sufficiency with which we concur.

We believe these need to be developed with particular reference to the basic economic needs of the people of the Marianas and the anticipated sources of income - both those now available and those likely to become available - in determining any ultimate shortfalls.

II. Planning Goals and Criteria

Similarly we have no conceptual difficulty with the three-phased approach suggested, though we may differ on details and some aspects of timing. We need to discuss with you, however, where all of this is expected to lead - at least in terms of planning goals. It is clear that there will need to be a planning phase for development of the constitution, economic plans, government reorganization plans, etc. The second phase, when taken in conjunction with the military construction proposals which we will be making, appears to be a period during which the Marianas will make a major jump toward self-sufficiency. By the third phase, development and the governmental process should be aimed, as Ambassador Williams has said, at the goal of regularized programming in a relatively self-supporting commonwealth.

We would be interested in hearing from the Commission its views on



what it considers to be realistic rates of economic growth for the Marianas. We note a high level of annual growth in district income projected in your study in the early phases - approximately 10% - which appears to decline in later years. Has this been a deliberate part of your thinking?

We also note a projected rate of population expansion at inordinately high levels - 6% annually through 1981. We are most anxious to have you expand on this critical factor and to learn your views on how it should be handled in terms of its effect on your economic development and your ability to realize otherwise attainable goals in terms of per capita growth in income.

In a related area we would be most interested to learn your views regarding the present and future absorptive capacity of the Marianas economy. This is particularly significant in view of the high level of anticipated income to be derived in a relatively short time from the projected U.S. military construction and activities in the Marianas. There are important questions involved here such as the availability of manpower resources, the possible need for alien labor to meet temporary shortages, the economic (and social) fall-out from such a new presence, the ability to provide new technical training and otherwise to develop new skills, the critical matter of maintenance capabilities, etc. etc.

### III. Requirements

#### A. Phase I

With regard to the Commission's request for a figure to be used for planning purposes during Phase I (transition), we will need to explore with you further the nature of these requirements and possible alternative sources of funding to meet them. It may be, for example, that with the requirements agreed the sums necessary to fund these or alternative projects could be included in the regular budgetary requests. In any event we will need to work with you in the Commission and with the district legislature during this period on a joint basis to determine the actual needs.

#### B. Phase II (Build up)

Regarding the list of capital improvement program items included in the Commission's paper, we are by no means clear about the basis on which your

total figure of \$47.7 million was reached. This averages \$6.8 million per year over seven years and is considerably in excess of the \$6.5 million CIP budgeted by the Trust Territory during the entire FY 75-79 period. We will of course be examining this list further.

So far as Program Operations Requirements are concerned, these are items peculiarly susceptible to regular budgetary review. We draw attention to the large increase in government employees over the planning period (50%). We would tend to question the need for application of the Government of Guam pay scale and would be interested in hearing your rationale for this. In this connection we believe that the territorial wage board process utilized in the Virgin Islands and American Samoa would be a useful precedent for your consideration since it provides a handy tool in determining the appropriateness of wages and wage increase and could be readily adapted for the Marianas. There appears to be no clear reason for following Guam, which has a territorial minimum wage substantially above the federal minimum wage.

With respect to Economic Development Requirements we have some difficulty with the specific suggestion for a Marianas Development Corporation if its principal purpose is to stimulate private investment and accelerate growth in the private sector. We need to discuss this with you at length and in particular to examine the prospects for private investment and growth under the new commonwealth without such extra stimulus. We also wonder if sufficient funds might not be available in any event from such things as land rentals and from private capital sources without making special efforts for federal funds for this purpose should this be determined finally to be worthy expenditure. Indeed it is our preliminary feeling that to a certain extent our study may underestimate the amounts of private capital which may find their way into the Marianas Commonwealth and the major effect such an influx could have on your income and sources of revenue.

C. Phase III (Long Term Developments)

With regard to long term prospects and goals there is little that can be added here to what Ambassador Williams has already said. We are not sure that if the approach he has suggested is followed it will be either

necessary or appropriate to schedule a specific review at the end of five years. This in our view should rather be a continuing process. It could be accomplished each year, or more often as part of the regular programming process if this approach is adopted.

#### IV. Revenues

We have been particularly interested in the projections contained in your TABLE III. As Ambassador Williams explained, we believe there are a greater number of potential sources of income and additional revenues available to you than appear on that chart. It is important that we sit down with you and examine these at length.

We believe that as a result of this examination a rather radically different picture is likely to emerge so far as your own potential resources are concerned. When we are able to get a better fix on this we will then be prepared to begin to put the pieces of the equation together and consider the final column indicating the critical shortfalls.

RESPONSE TO COMMENTS OF AMBASSADOR WILLIAMS AND MR. J. WILSON ON THE MPSC  
ECONOMIC AND FINANCIAL POSITION PAPER

Mr. Chairman:

The Commission appreciates both your comments and those of Mr. Wilson in regard to our position paper on economics and finance. We are particularly pleased that you agree with many of the basic principles we have attempted to establish and with the long range goals we would like to attain.

In considering the objectives of these discussions on economic and financial matters, we too believe that our work must be directed toward preliminary understandings on the framework of the future financial relationship of the Marianas with the United States, and on the financial provisions to be included in a draft agreement. But we also believe that to reach these understandings it will be necessary first for us to explore the orders of magnitude of the financial requirements and resources for self government in the Marianas.

The ability or inability of the Marianas to eventually develop a self sufficient economy capable of supporting self government surely will be an important factor in determining the the framework of our future financial relationship, as well as in determining required levels of future U.S. economic assistance.

Because our position paper presents preliminary assessments of our financial requirements and resources, we would like to respond to the questions raised by Mr. Wilson about our paper. Of course, we will appreciate any information or data you can provide, either now or at a later time, which will enable us to further refine our estimates of requirements and resources. We are particularly interested in additional details about planned military activity in the Marianas and its projected impacts.

Turning now to Mr. Wilson's questions, we want to preface our responses by acknowledging your acceptance of our proposed three-phased transition program. We are confident that any differences we may have in regard to the timing and programing of the three phases will be resolved as we obtain a clearer idea

of the time required to accomplish the change in our political status and of your plans for military development.

In reviewing our projections of Marianas income, Mr. Wilson raised questions about the high rates of income growth and the projected decline in growth during the later years of our projection period. First, we want to emphasize that our income projections do not relate to any long term plan for the Marianas. Such a plan must be developed during phase I of our transition program. Our projections, therefore, result from the extrapolation to 1981 of current trends. Second, the high rates of growth are largely explained by our expectations of relatively modest development (in absolute terms) occurring on an exceptionally small economic base. This is clearly indicated in our projections of employment and economic sector growth. These projection are presented in a table which we will distribute to you.

The high level of population growth which we have projected, and which Mr. Wilson has noted, reflects the explicit recognition by the Marianas Political Status Commission that the present small population base can not provide the labor force needed for significant economic development. Controlled immigration into the Marianas will be necessary if we are to attain our economic goal. Given our concerns about the small population of our islands, this requirement for controlled immigration makes essential the development planning which we propose to undertake as soon as possible.

Also, in regard to your concern about our absorptive capacity, we want to emphasize that we feel our growth and income goals can be achieved in the time frame we propose if we do our planning work well. We fully understand the need to coordinate our plans with military plans when they are made available to us.

Our estimates of Capital Improvement and Programs operations in phase II of our proposed transition program are related to the requirements suggested by current development trends and not to an anticipated level of funding, as is the T.T. budget to determine capital projects and programs assigned high

priorities by T.T., we want much further in assessing requirements by reviewing T.T. master plans and other documents to determine the complete requirements to establish a base for the kind of development necessary to support our aspirations for self government. We are prepared to review these needs with you on a project by project and program by program basis. We do, at this point, however, direct your attention to the unique difficulties, in both financial and manpower terms, in providing adequate public facilities and services for a small, relatively isolated population.

In regard to our proposal to raise Marianas Government salaries and wages to the Guam Government salary and wage scale, we feel that any substantial salary and wages differential between the Marianas and Guam would result in outmigration to Guam of most skilled and well trained people in the Marianas. This movement of trained people to the U.S. is already occurring and surely will become more serious when we become part of the American family.

Finally, in regard to Mr. Wilson's question about our need for economic development funds, we see little possibility for true self government if we do not participate in and control our economy after the change in our political status. We are sure that you are aware that Japanese and other outside investors are already showing interest in the Marianas. Let us assure you that one of the reasons for this interest is the possibility which some investors see for controlling our economy by making relatively small commitments of capital in the Marianas. The total public and private investment which required in the future is well within the capabilities of single large companies. We do not want the Marianas to be dominated by absentee landlords.

The Commission proposes that we now turn to the Commission's proposal as an agenda for further discussion. As we touch on the relevant issues, we will prepare to elaborate on the answers we have already present to Mr. Wilson's questions, and, of course, we will be prepared to answer any additional questions you may have.

U.S. RESPONSE TO MARIANAS POLITICAL STATUS COMMISSION  
QUESTIONS OF MAY 25, 1973

Question 1: The U.S. Delegation concurs in principle with your Commission's Phase I proposals, subject to further consideration of the exact elements of Phase I timing, funding and procedures. We believe these questions should be addressed initially by the U.S.-Marianas Working Committee on Economics and Finance.

With respect to Phase II, we can agree in principle to the Marianas' projected need for assistance in capital improvement projects and other programs, and shall study your goals further in order to determine how they can best be achieved. However, we are unable at this point to commit ourselves to funding deficits which are presently based on very rough estimates indeed.

We shall certainly want to study, too, at an appropriate time the requirements of the Marianas in Phase III. We would not be surprised if the Marianas were well on the road to self-sufficiency by the beginning of Phase III.

Question 2 & 3: The U.S. suggests that the economic analysis required for full response to these questions be assigned to the joint committee on economics and finance, where questions such as those raised in the working sessions can be addressed in detail.

Question 4: Procedurally, the U.S. suggests the establishment of a joint working committee on economics and finance parallel to the one on the applicability of laws. The working committee on economics and finance would study the proposed Marianas program and the economic elements thereof, with a view to submitting a joint report to the MSC and the President's Personal Representative for Status Negotiations at the next meeting of the full delegations.

Question 5: The U.S. is in complete agreement with the long-range goals of self-sufficiency for the Marianas and wishes to assure the Marianas Political Status Commission that the U.S. will assist the Marianas in the attainment of this objective.

The U.S. will assist the Marianas, financially and otherwise, in

planning and preparing for transition to a commonwealth status and self-government (Phase I). The U.S. will provide financial assistance to the Government of the new commonwealth of the Marianas for start-up costs and governmental operations and programs during Phase II.

The U.S. proposes that this assistance be provided through federal programs and services and by direct grant assistance via the regular annual federal budgetary process. While the U.S. believes the interests of the Marianas might best be served by the normal annual program approach based on mutual agreement on needs, the U.S. is nevertheless prepared to agree to provide the Marianas direct grant assistance during an initial period of years at a certain guaranteed fixed level, subject to the approval of the Congress.

The amount of this guaranteed level should be related to local resources and revenues as well as to needs and requirements. We believe it would be premature to consider what this level should be until we have a more rounded picture of the total Marianas income potential. We would therefore like to defer further discussion of the level of a possible U.S. commitment for direct grant assistance during Phase II until we have reviewed the closely related question of land. That discussion should include the potential income to be derived from the return of public land in the Marianas and the possible revenues to be derived from a satisfaction of U.S. minimum military land requirements and subsequent military base construction and operations in the Marianas.



COMMENTS OF CHAIRMAN PANGELINAN ON THE JOINT PRESS RELEASE ON ECONOMIC  
AND FINANCE

Ambassador Williams:

The Marianas Commission is prepared to accept the joint press release which has been prepared as a result of discussions between the two delegations yesterday and this morning. The Commission wants the United States Delegation to know that the Commission is of the unanimous view that the commitments made by the United States in the area of economic and financial support in this release are not as specific, definite or generous as the Commission believes appropriate. The Commission intends to press its views on this matter vigorously in the future at every possible occasion until the United States is prepared to make the financial commitments necessary for the future growth and development of the Marianas.

May 29, 1973

Senator Edward Pangelinan and Ambassador Haydn Williams, Chairmen respectively of the Marianas and American Delegations to the Marianas status talks, said today their delegations have reached preliminary understandings on certain important financial aspects of the proposed commonwealth arrangement for the Marianas announced last week.

According to the two Chairmen, the delegations have devoted several working sessions to a careful examination of the financial needs of the Marianas under the proposed new self-governing commonwealth arrangement. These informal sessions have concentrated upon identifying broad areas for tentative agreement and further study rather than upon budgetary details and specific dollar figures.

Senator Pangelinan and Ambassador Williams stated that the delegations are generally agreed on the long-term economic objectives set forth by the Marianas Political Status Commission. These objectives are aimed at finding the resources: (1) to facilitate an orderly transition; (2) to build toward an adequate social and economic infrastructure; (3) to provide necessary public services and programs; and (4) to find adequate means to encourage and promote the future economic development of the Marianas.

The two delegations have agreed that the long-ranged economic goal for the New Commonwealth of the Marianas is self-sufficiency. In this connection the Marianas Commission has already recognized that the citizens of the Marianas will be undertaking an increasing share of the financial responsibilities of self-government as they begin to enjoy an improved standard of living and increased income. Under the terms of the final agreement to be negotiated between the Marianas and the United States, the United States will assume certain obligations to provide budgetary support and economic assistance to the Marianas until the people and the government of the Marianas can meet the financial responsibilities of self-government from their own resources.

The Chairmen of the two delegations indicated that much of the discussion in this area centered on the estimated financial needs of the Marianas during an initial planning period and a longer period during which the plans are to be implemented and the Marianas would be expected to make a major jump toward self-sufficiency. By the end of this second phase, it is hoped that the standard of living in Marianas should be at an acceptable level and the base for long-term growth and development should be firmly established.

The two delegations discussed the initial planning stage including such matters as the need for a land cadastral program for the Marianas, preparation of a physical plan, a government reorganization plan, an economic and social development plan, and legal planning in such areas as political education, preparation for a Constitutional Convention, and development of initial legislative programs. The United States will agree in principle to finance this planning effort, subject to the outcome of a joint review of such questions as timing, the range of activities contemplated and funding procedures.

In addition to the normal range of federal programs for which the new Marianas Government might become eligible, the two delegations have agreed that direct grants of financial support from the United States will be necessary. Because of the importance of long-term development planning and controlled growth, the United States is prepared to agree, subject to the approval of the United States Congress, to provide financial support over an initial period of years at guaranteed fixed levels. Although the exact framework of this financial commitment remains to be determined, the two delegations have agreed to explore this further.

(Con't) JOINT PRESS RELEASE

May 29, 1973

The two Chairmen stated that it was not possible at this time to provide any reliable estimates regarding the level of annual financial requirements which might be necessary for the new Commonwealth to achieve self-sufficiency. Before such estimates can be developed, further joint study is required regarding the needs of the Marianas and their anticipated revenues. Although these matters have been preliminarily discussed in the recent working sessions, much more work must be completed before the total extent of Marianas needs as well as anticipated resources can be estimated. In this connection, the proposed military activities for the Marianas, especially in Tinian, could have substantial impact upon the anticipated income and revenues of the new Marianas Government.

The two Chairmen agreed that a joint working committee on economics and finance will review detailed plans and cost estimates regarding the planning phase and the needs and anticipated revenues of the Marianas under the implementation phase to follow. It will also make estimates of the impact on the Marianas of U.S. programs, including military programs. Special attention will be paid to finding means to implement a comprehensive cadastral program in the Marianas as soon as possible. The joint working committee will report to the respective delegations prior to the next session of the negotiations.

Having arrived at these preliminary understandings in the area of economics and finance, the parties are now proceeding to discuss the next major agenda item in these negotiations, the subject of land.

C4197

LAND STATEMENT OF AMBASSADOR WILLIAMS

June 3, 1973

I would like to begin my remarks this afternoon by thanking the Marianas Commission for making the arrangements for our joint visit to Tinian. We also appreciated the hospitality that was extended to us by the leaders and the people of Tinian. The marathon long public meeting was certainly in the best traditions of a free and open society and a good example of freedom of speech and democracy in action.

Following our return to Saipan, members of the U.S. Delegation turned for the first time to a consideration of the Marianas Commission's statement on land which was presented at the working session immediately prior to our departure for Tinian. This statement in response to the U.S. proposal on land did not comment on the American position on the public lands, land alienation or eminent domain. It rather concentrated on future U.S. military land requirements. My comments this afternoon will thus be limited to this same subject; summarizing the U.S. position and answering some of the specific questions posed by your paper.

The U.S. welcomed, as it has in the past, a further acknowledgement by the Marianas Commission of the off-stated U.S. need for land in the Marianas for defense purposes. In particular, the American Delegation appreciated the Commission's pledge to negotiate in good faith ways to meet the U.S. land requirements. We approach land negotiations in this same spirit, and such an attitude is wholly consistent with our understanding of your desire and choice regarding your future political status.

The U.S. Delegation, while it believes that a great many social, political and economic benefits will accrue to the people of the Marianas under the proposed commonwealth arrangement, has emphasized from the outset that membership in the American family involves obligations as well. Contributing to the common defense is one of the most fundamental of these obligations. The U.S. land requirements in the Marianas for military purposes, as

already set forth, have been carefully considered by the U.S. Government, in the context of the immediate and possible future need for military facilities in the Pacific to enable the U.S. to carry out its defense responsibilities and obligations. It is on the basis of this careful assessment of military need that the U.S. land requirement in the Marianas is based.

While your Commission is prepared to make land available to the United States, the question of the extent and how land is to be acquired remains to be resolved. First the question of the form of acquisition. I believe the record is clear that the United States Government appreciates the importance which the people of the Marianas attach to their land. This has been brought forcefully home by the United States' insistence that all public land will be returned to the people of the Marianas and by our offer to do whatever is necessary to protect your land from coming under the control of private interests outside of the Marianas.

Nevertheless, it might be helpful to say again that what the U.S. is proposing is the use of land for public purposes. The U.S. Government historically purchases, not leases, land when it acquires land for the public good and for uses involving substantial investment over a long period of years. This is as true in the acquisition of land for the building of dams, hospitals, schools, post offices, etc., as it is with military bases. The U.S. Congress is reluctant to commit large sums to projects with only the protection of a lease. The proposals for land acquisition which have been discussed here certainly fall in this category.

This does not mean, however, that the Commission's concerns on permanency could not be satisfied in some fashion. The U.S. would perhaps be willing to commit itself, if at some time in the future a decision was made to close the Tinian base, to make the land available to the people of the Marianas through some kind of covenant within the purchase arrangement. There is some precedent for such a procedure. However, such a qualification would in turn have a marked effect on the initial purchase price which the U.S. was able to pay.

One other comment is in order regarding the acquisition of land. Your

statement addressed the procedures for determining land values and suggested some rather unconventional criteria. By law and regulation the U.S. cannot employ any other standard than current fair market value. Where the U.S. Government is concerned appraisal procedures are carefully circumscribed and these prohibit the consideration of speculation on future growth in the determination of land values. As previously stated the thorough evaluation of U.S. acquisition costs will be part of the preliminary planning process.

#### Extent of the Land Requirements

##### Farallon de Medinilla

The two delegations appear to agree that the United States requirement for an island for target practice can be met. The U.S. has suggested Farallon de Medinilla. The island is being currently used as a bombing range. While it has been acknowledged that it is uninhabitable and inaccessible, the Marianas Commission seems to have some reservations about its use which the U.S. finds confusing. You have asked for our response in writing on two questions which are provided herewith.

From the U.S. standpoint, its distance from Guam and Tinian are of importance economically. To use one of the more distant Northern Islands for target purposes would not be desirable, either operationally or economically. For example, if one of the more distant islands were used, most fighter aircraft would not have enough fuel remaining when arriving over the target area to permit the multiple bombing passes that are required during practice missions and also to permit a safe return to the base on Tinian or on Guam. In addition, these aircraft would not have enough fuel to practice other required training maneuvers enroute to and from the target area due to the distance involved. These operational considerations are extremely important and the economic advantage of a closer-in target area is obvious.

With regard to your concern over the safety precautions within the target area, the United States has established elaborate safety precautions to insure that there is no hazard to personnel or property outside of the target area. Due to the distance of Farallon from other islands there is no

possibility that injuries could occur to inhabitants of the nearest islands as a result of the target practices. The island will be used for air-to-ground and ship-to-shore target practice only. It will not, I repeat will not, be used as a ground-to-ground missile target area. In this regard, if you desire, the U.S. Delegation will make available a copy of the pertinent unclassified U.S. Air Force safety directives regarding such ranges. In essence, no more risk would exist under the new proposal than exists today. Furthermore the U.S. is not aware of a single complaint regarding the safety of the practice operations that have been conducted intermittently on this target area since 1970.

#### Saipan

The U.S. Delegation was a little puzzled by your general comments regarding the possible future U.S. military land needs on Saipan. I can assure you that this side of the table has no lack of confidence in the ability or desire of the future commonwealth to honor its responsibilities. It has been the U.S. Delegation's impression that you would prefer the United States to arrange for its land requirements as a part of these negotiations rather than to put them forward to some future date when economic development might either preclude or make it difficult to satisfy such land needs. U.S. experience bears out the wisdom of this procedure. The earlier settlement is also in the interest of the U.S. Government since it has no guarantee that uncontrolled, private, permanent improvements around a harbor or airfield will be compatible with subsequent military needs for access to that harbor or airfield. It does not appear therefore unreasonable to us to attempt to be farsighted in projecting possible U.S. future needs. Indeed this would appear to be a wise and prudent course.

In the case of the requirements put forward by the U.S. on Saipan, I refer back to my remarks made at the conclusion of your statement on Friday. The U.S. has some 4,966 acres of retention lands on Saipan. The U.S. military has shown over the past several years a willingness to share the use of this land. For example, the retention land in the vicinity of Tanapag has a number

of private commercial activities on it and the number has increased steadily over the years. Kobler Field, your commercial airport, is in retention land and the U.S. has just within the last few months signed an agreement permitting civilian use of Isley Field which remains military retention land. Moreover, the FAA has just authorized the expenditure of several million dollars for the improvement of Isley, based in part on representations that the field would be jointly used. In the final analysis the U.S. is not requesting permission to use retention land on which it already has rights but is stating that it wishes to retain some 800 acres of the land, while returning the remainder of some 4100 acres to your future government.

Now as to specific parcels:

Isley Field

Your position regarding the 500 acres south of and adjacent to Isley Field, which is currently retention land, does not appear reasonable to us. While no near term development is planned, the U.S. requirement for this acreage is not hypothetical but contingent; that is, it will be needed immediately if we were to move out of some other location or if another location could handle a new requirement. The U.S. planned use of the area for aircraft maintenance and repair facilities as well as limited logistical support would be compatible with any reasonable master plan for the airfield vicinity. Even in the most optimistic view, the U.S. cannot conceive that within the next twenty years airfield-related activities will be developed to a level beyond the capability of the 3700 acres of retention land to be returned.

Tanapag Harbor

The bulk of the current industrial development in the Tanapag Harbor area is in the 320 acres the U.S. is prepared to release. An additional deep water dock could be constructed in this area, but such a project would probably be extremely costly. While it might be some time before local commercial shipping needs could justify another deep water dock, it is recognized that the Marianas may eventually have a legitimate requirement for such an improvement. Consequently, the U.S. Government is willing to consider reducing the size of the area described in its requirements in order to release some of the



land immediately south of Charlie Dock, provided that assurances can be given that no activity will be built adjacent to a new dock which is not directly harbor-oriented. The exact lines of the boundary to accommodate your possible future needs for a new dock should be the subject of direct discussions between the two delegations.

The U.S. will still want to retain the remainder of the 320 acres of the south of Charlie Dock.

Access to this area will be particularly important in the event it becomes necessary to utilize the small parcel of retention land adjacent to Isley Field or if it becomes necessary to locate a ship and small craft repair facility there or a small shore logistic support facility. The U.S. is, of course, prepared to continue the practice of allowing harbor-oriented activities to be placed on this land, such as the Mobil Oil installation and the Micronesian Construction Company yard which is presently using military retention land for private commercial purposes.

#### Tinian

The U.S. Delegation is heartened by the statement in your paper to the effect that the Commission is prepared to negotiate for that portion of Tinian required for military purposes. We view this as an important step forward, one that sharply narrows the issues. The only question in this regard now appears to be whether the U.S. needs for its operational base, all the 18,500 acres it is asking for. While these requirements may appear large to you, let me say they are small compared to comparable facilities elsewhere. We could have asked you for three separate facilities in various parts of the Marianas; an airfield with its own docking facility, a training area with its own air and docking facility, and a supply and logistics facility with its own airfield and dock. We decided to combine them in order to save land among other things and have tailored the size further to meet the special Tinian situation. In this same connection I should also point out that the U.S. Congress would not appropriate funds for land or a base which is not needed. You can rest assured that the U.S. Congress is no more willing to spend money recklessly than you are to relinquish land unnecessarily.

The U.S. Delegation has attempted to describe the planned uses for the proposed base and to satisfy your reservations--not only through formal presentations but in extended question and answer sessions. It is difficult to know exactly what more specific information you are seeking about the base proper. Your specific questions in your paper of June 1 are all we have to work with and these suggest that perhaps we are not too far apart.

I will deal with them briefly:

(a) You have asked for a response in writing about the location and orientation of the proposed airfield. While the exact location of this runway at West Field has not yet been determined, the approximate location was picked after careful consideration of many operational and technical factors. First, prevailing winds determine runway direction since aircraft must take off and land into the wind. Second, the West Field location provides the flattest surrounding terrain which is necessary for safe flight operations in marginal weather. Third, the runway location on Tinian must be planned in consideration of the proposed development of Isley Field to avoid conflicting traffic pattern. North Field is beneath the final approach and departure zones for Isley Field and restricts the development of North Field for safety reasons.

The exact runway location on Tinian will be determined by qualified engineers who will consider safe flight operations as a primary criteria. Other considerations will include the use of existing runway and taxiways to the maximum extent possible. An effort to change the existing terrain will not be undertaken because of the cost and the negative effect on the landscape.

(b) You are likewise concerned about the choice of San Jose Harbor. Preliminary planning for the Tinian port facility has been based on the use of the existing harbor as it is located at the only site on the island reasonably suitable for harbor development. The waterfront property and the anchorages are protected from the prevailing easterly winds. The piers are built within the only protected reef area on the west coast large enough for deep draft ships; moreover, the adjacent offshore anchorages are in the only location where the depths are less than 100 fathoms and where the area is extensive enough to provide an adequate anchorage. Our present information

suggests no other location on the island possess these natural characteristic.

In addition, a preliminary study of the island revealed that a suitable alternative site to construct a harbor is not available. Our studies to date show that to develop another harbor would be technically extremely difficult and as to cost, prohibitive, because of the required construction in deep water and because of the amount of earth to be removed from the shoreline in site development. Also a harbor in a location other than the existing site would very likely be only marginally useable because it would be unprotected, unsheltered, and lacking in suitable depth for an anchorage area.

An in-depth analysis of harbor engineering and a rehabilitation program will be made as soon as our engineers visit the island to complete the initial on-site surveys and refined planning estimates. Certainly, the consideration of alternatives would involve a whole complex of cost factors and is a complicated process. Again, however, I must reemphasize that the U.S. Government must reserve the right to make the judgement whether alternatives/are feasible either operationally or in terms of cost.

(c) Similarly, the U.S. wishes to reassure the Commission that joint use of the harbor is acceptable and compatible with military requirements. Civilian use would include construction of certain harbor-oriented facilities and the normal commercial operation in the port, except when loading and off-loading of ammunition takes place. It is predicted that ammunition handling which would limit harbor activity would occur very infrequently during a typical year, with well over 90 per cent of the time available for normal port operations. In practical terms, areas within the safety are could still be used for agricultural and recreational purposes by the people of Tinian. This would include the use of the present beach site at San Jose Harbor. Warehouses could still be built and of course the necessary equipment and offices for handling and processing civilian cargo. Historical sites would be left untouched. The church would likewise remain undisturbed and could be used. Civilians could work on normal activities in the area, except during periods when safety rules were in effect occasioned by ammunition handling operations, but this should not unduly limit the regular civilian functions of the port.

(d) As to a possible dramatic future growth of the population of Tinian, I should point out that the military requirements were generated independently of this prospect. Using your own projected rates of growth in the Marianas, it hardly appears that the Tinian population will become excessive for many decades unless there is an uncontrolled and massive influx from outside Tinian. Future natural population growth, of course, poses a problem to the Marianas as a whole and to many other areas of the world as well. It is a problem which has serious economic and social overtones irrespective of the land question.

A large portion of your statement was devoted to the U.S. proposal to acquire the southern one-third of Tinian and future civilian-military relationship on Tinian. The United States included in its land requirements the southern one-third of Tinian in order to prevent undesirable conditions and consequences which could possibly result from the presence of a major military base and which would not be in the interests of either the local residents or of the U.S. military. Your statement acknowledged these concerns as legitimate and welcomed the U.S. desire to protect the present character of community life on Tinian. This seeming agreement in principle as to an overall social objective should serve as a good point of departure for our further discussions and negotiations.

The manner in which we achieve these objectives is another matter, of course. You have expressed confidence that your own government would be able to cope with any problems arising as a result of a military presence on Tinian. The general experience of the military has been that despite good intentions, local communities are often vulnerable to the pressures which can be brought to bear by speculators and entrepreneurs who submit to the temptations of quick gains offered with little regard for the long term good of the community as a whole. In the quest for quick profits the rewards of slower paced and more rational development are often overlooked or lost. Our proposal was hopefully structured to strike some kind of rational balance in solving this possible threat.

As the Commission looks to the future, it has rightfully shown an interest in some of the U.S. long-term plans. With respect to Tinian, the U.S. would likewise be very interested in being informed as to what plans you might have for controlling immigration, restricting undersirable businesses, coordinating business development with the needs of the base, and the local people in mind and in generally controlling a possible rush by speculators to cash in on the situation without regard for the local community.

Let me reemphasize that the U.S. Government also has a stake in this matter. Not only is it interested in the welfare of the people of Tinian, but it is also vitally interested in the operational effectiveness of the military base, the well being of men and women who serve on that base, and the efficient expenditure of the large sums of money which the U.S. will expend on Tinian.

In regard to utilities for Tinian, if economical and reliable commercial power is available from civilian sources, the U.S. would normally prefer this method of meeting its military requirements. From a practical standpoint, however, it is difficult to see how a power complex of the size and complexity required could conceivably be constructed locally in the time frame required. It has never been the intention of the U.S. to insist that the residents of Tinian depend upon the military for their essential services. As we have previously stated, separate civilian utilities can be provided when feasible, if desired by the Tinian people. However, it would be up to the people of Tinian to run them, maintain them and expand them if that became necessary.

As to the resettlement the U.S. reaffirms its desire to plan the resettlement of the civilian community of Tinian as a joint military/civilian effort. However, I must emphasize that it is not our intention to integrate this planning directly into Phase I of the Commission's economic program for the Marianas as a whole. The new community planning is part of the USAF Phase I actions in the schedule for base development. Completion of this planning must be time-phased with other military planning actions. While the specific procedures for consultation have yet to be established. I nevertheless wish to assure you that the Commission and the Tinian people will participate in

the planning for the southern one-third of the island. I must point out at the same time that where planning concerns the military base itself the responsibility cannot be shared but must rest solely within the U.S. Government

The Commission and the residents of Tinian will, of course, desire the maximum flexibility in the overall resettlement process. The size and type of home and the community development which have been presented are to be considered only as illustrative and in no sense final. As I have said again and again, our planning has not progressed to that point. Detailed housing plans will be developed only after preliminary planning is conducted on Tinian and that will involve consultations with the Tinian people. Every consideration will be given to providing safe, decent sanitary homes and a modern viable community that meets prescribed HUD standards. Several different designs can be included from which families can choose. At the same time I should stress that the flexibility of the U.S. Government will be limited by U.S. law which is designed to meet the practical problems of moving large groups and is not necessarily tailored to each individual's desire.

You have asked for a response in writing on integrated housing. The United States notes the Commission's acknowledgement that some of our military personnel must live on the base. Over and above this requirement there may be opportunities for development of suitable housing or apartments within the relocated San Jose Village for military rental purposes. In such an event, the U.S. would welcome the development of private housing to meet this need. However, I can assure you that this kind of a limited land use would not reduce the overall U.S. military land requirements on Tinian.

As to employment and training opportunities, it continues to be the position of the United States that preferential treatment should be given to the residents of Tinian because of the inconvenience they would be put to by the U.S. plans on Tinian. There should be more than enough employment on the base, however, to satisfy the desires of other people of the Marianas, as well, if they desire to commute to Tinian. In this regard, the U.S. anticipates that there will be some type of privately owned and operated rapid transit ferry system established connecting Tinian and Saipan.

Finally, a brief word about the use of local contractors. Military procurement regulations and publications are available to the Commission and can readily be obtained by your advisors in Washington D. C. You have asked for a response on procurement regulations. Specifications and materials lists relating to proposed military construction have not been prepared and will not be available until after Congressional approval of the project. At that time, the Commission will be provided copies of these documents. The U.S. can and will include specific language in its contracts to ensure use of local contractors wherever possible and particularly with respect to small business contracts and on-competitive bid contracts.

Before leaving the subject of Tinian, some general comments are in order about the overall joint planning process. The U.S. proposal was structured to offer and insure that the people of the Marianas and of Tinian in particular have a voice in planning the future development of an ideal civilian/military complex on the island of Tinian. The requirement to acquire the whole island of Tinian was set forth to enhance the prospects of achieving such an objective. The U.S. is of the opinion that by acquiring the southern one-third of Tinian to be reserved for civilian development and the other two thirds for the purposes of a military complex that these objectives can be successfully achieved.

Finally, I must reemphasize that in effecting the various steps such as the prospect of resettling the population, furnishing, utilities, increasing economic opportunities and developing training programs, the U.S. cannot abdicate its responsibility or voice in shaping such programs. While the U.S. Government will be laying out a substantial investment which can be of great economic benefit to all the Marianas, the primary objective must be constantly kept in mind--that is to build a needed installation to meet U.S. defense requirements in the Western Pacific.

I now turn to the last subject--the procedures for facilitating further negotiations and for making the necessary arrangements to carry out our agreements. In this area I believe we have a substantial meeting of the minds.

The United States Government will commence in the very near future onsite surveys and engineering studies within the Marianas which are necessary to make refined estimates, to complete the planning for military construction, and to gather the data to advise the Commission and the people of Tinian on matters concerning any possible resettlement of some of the residents of that island.

Moreover there is agreement that a joint consultative group be set up composed of members of the Marianas Political Status Commission and members of the U.S. Delegation whom I will appoint to continue the process of working on land questions. I would suggest that the details of this arrangement be worked out between Senator Pangelinan and myself within the near future.

Lastly, I believe we are in accord on the formation of a Tinian Civilian/Military Community Relations Committee early in the planning process under the auspices of the Marianas Political Status Commission and the U.S. Delegation. I would suggest that this group be composed of representatives of the U.S. military and the people of Tinian to jointly address questions concerning future relations between the civilian community and the military base.

It is clear from the foregoing that we have come to some meaningful understandings on some rather significant principles although a number of important questions remain to be resolved. I believe we have made progress and the U.S. looks forward to further fruitful exchanges on land in the near future.



PROPOSED  
MILITARY BASING IN THE  
MARIANAS DISTRICT

TINIAN

MILITARY REQUIREMENTS

INSTALLATION PLAN

PHASED DEVELOPMENT

SCOPE OF OPERATION

RELOCATION CONCEPTS

ECONOMIC IMPACTS

TINIAN  
BASE  
DEVELOPMENT

TINIAN BASE

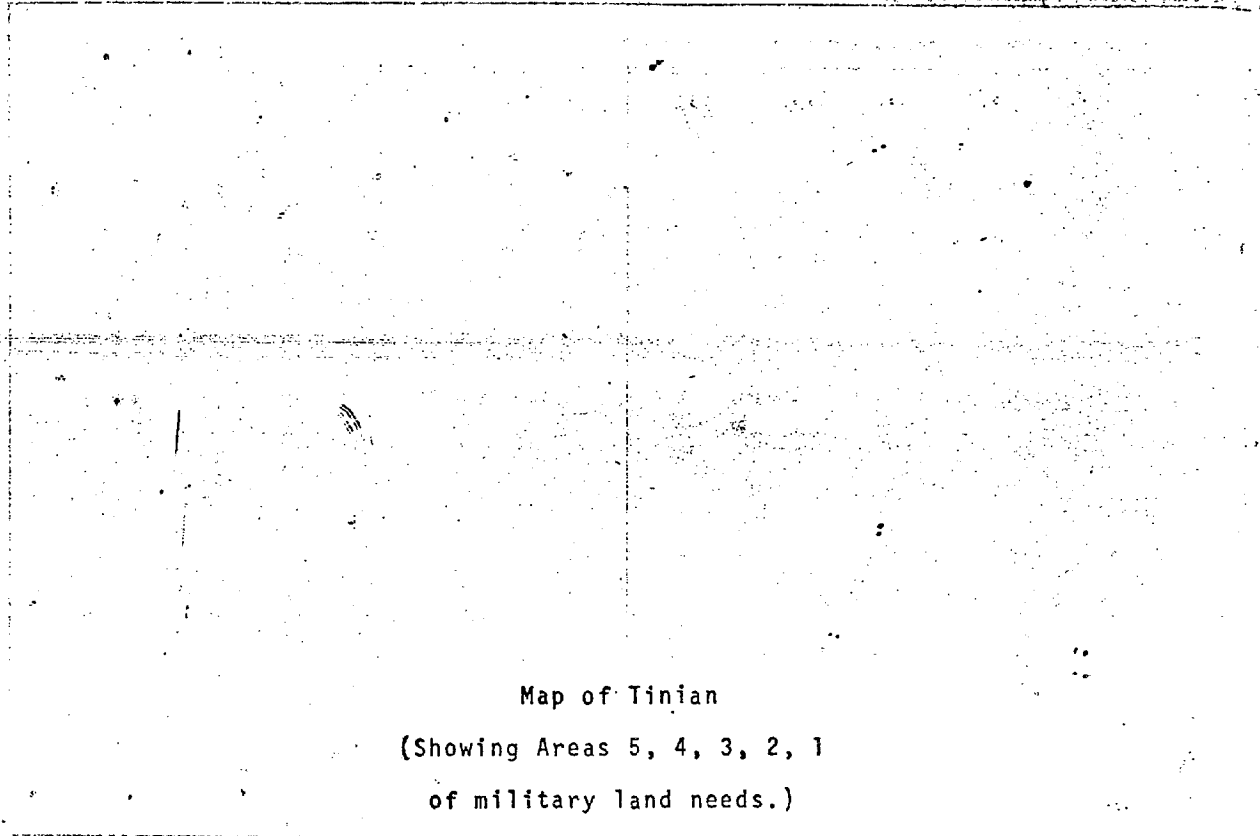
AIRFIELD

PORT

LOGISTICS COMPLEX

TRAINING AREA

SUPPORT FACILITIES



Map of Tinian  
(Showing Areas 5, 4, 3, 2, 1  
of military land needs.)

PHASED DEVELOPMENT

PHASE

- I PLANNING AND LAND ACQUISITION
- II SITE PREPARATION
- III BARE BASE CAPABILITY
- IV DISPERSAL BASE
- V MAIN BASE
- VI LOGISTICAL SUPPORT BASE
- VII DEPENDENT SUPPORT

PHASE I  
PLANNING AND LAND ACQUISITION  
PLANNING  
LABOR  
ENVIRONMENT

PHASE II  
SITE PREPARATION

HARBOR

AIRFIELD

CONSTRUCTION CAMP



PHASE III  
BARE BASE CAPABILITY

AIRFIELD PAVEMENTS

PORT FACILITIES

FUEL STORAGE AND TRANSFER

UTILITY SYSTEMS

PHASE IV  
DISPERSAL BASE

- LIMITED FLIGHT OPERATIONS
- COMMUNICATIONS
- LIMITED PERSONNEL SUPPORT
- PORT WAREHOUSING
- MATERIAL STORAGE

PHASE V  
MAIN BASE

MAINTENANCE  
ADMINISTRATION  
PERSONNEL SUPPORT

PHASE VI  
LOGISTICAL SUPPORT BASE

- EQUIPMENT STORAGE
- MATERIAL STORAGE
- VEHICLE MAINTENANCE

PHASE VII  
DEPENDENT SUPPORT

- FAMILY HOUSING
- RECREATION
- SCHOOLS
- EXCHANGE AND COMMISSARY

PRELIMINARY MANPOWER ESTIMATES

	PHASES			
	<u>IV</u>	<u>V</u>	<u>VI</u>	<u>VII</u>
AIR FORCE MISSION	132	211	506	511
NAVY MISSION	62	212	419	419
SUPPORT ELEMENTS	<u>542</u>	<u>1093</u>	<u>1278</u>	<u>1440</u>
	736	1516	2203	2370

CONSTRUCTION LABOR

PHASE II	250
PHASE III	1000
PHASE IV	1000
PHASE V	1000
PHASE VI	600
PHASE VII	1000

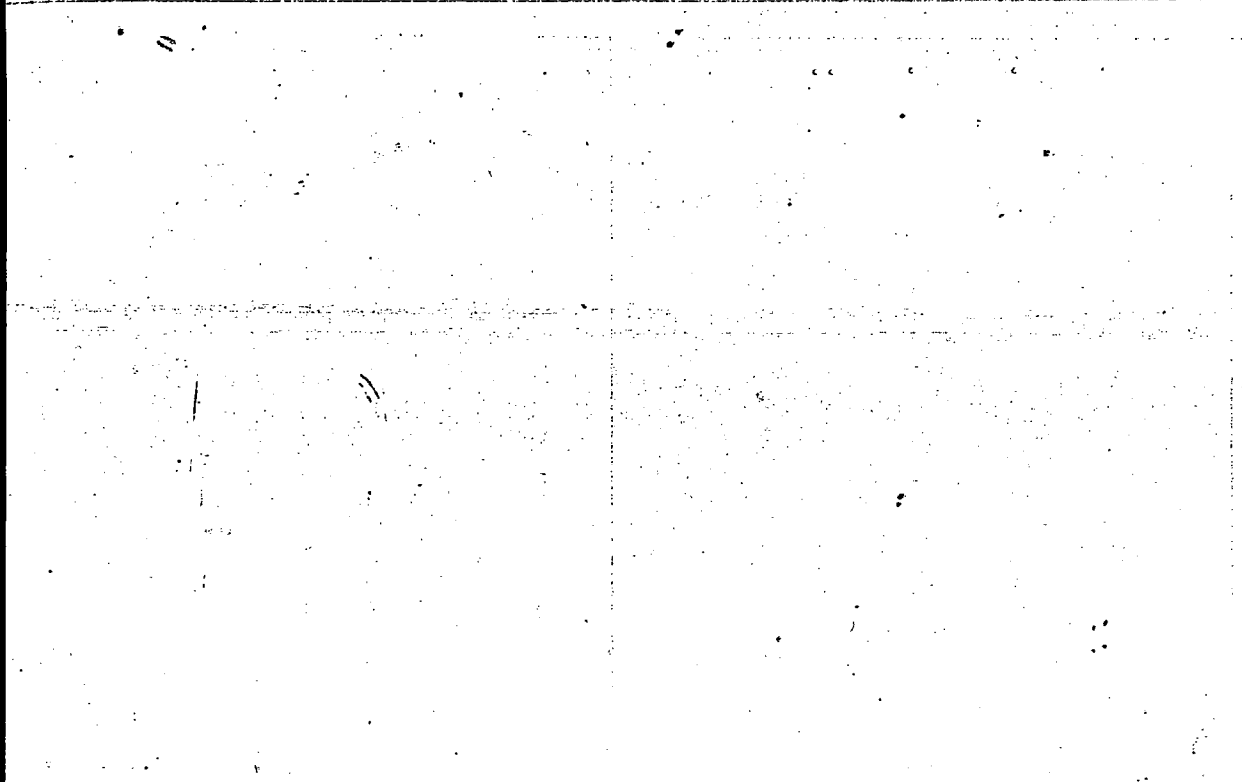
CONSTRUCTION COSTS

PHASE II	\$ 6,539,000
PHASE III	30,353,000
PHASE IV	36,785,000
PHASE V	31,322,000
PHASE VI	24,306,000
PHASE VII	15,274,000
TOTAL	\$144,579,000



IMPACT ON TINIAN POPULATION

Conceptual Planning



Map showing area for Tinian Community Relocation

RELOCATION ENTITLEMENTS

NEW HOME CONSTRUCTION

MOVING AND DISLOCATION EXPENSES

RELOCATION ASSISTANCE SERVICES

PUBLIC LAW 91-646

House Plan

Stor

Stor

Bdrm

Bath

Dining

Kitchen

Bdrm

Bdrm

Living

COMMUNITY FACILITIES

ADMINISTRATION BUILDING

FIRE POLICE STATION

DISPENSARY DENTAL CLINIC

COMMUNITY CENTER

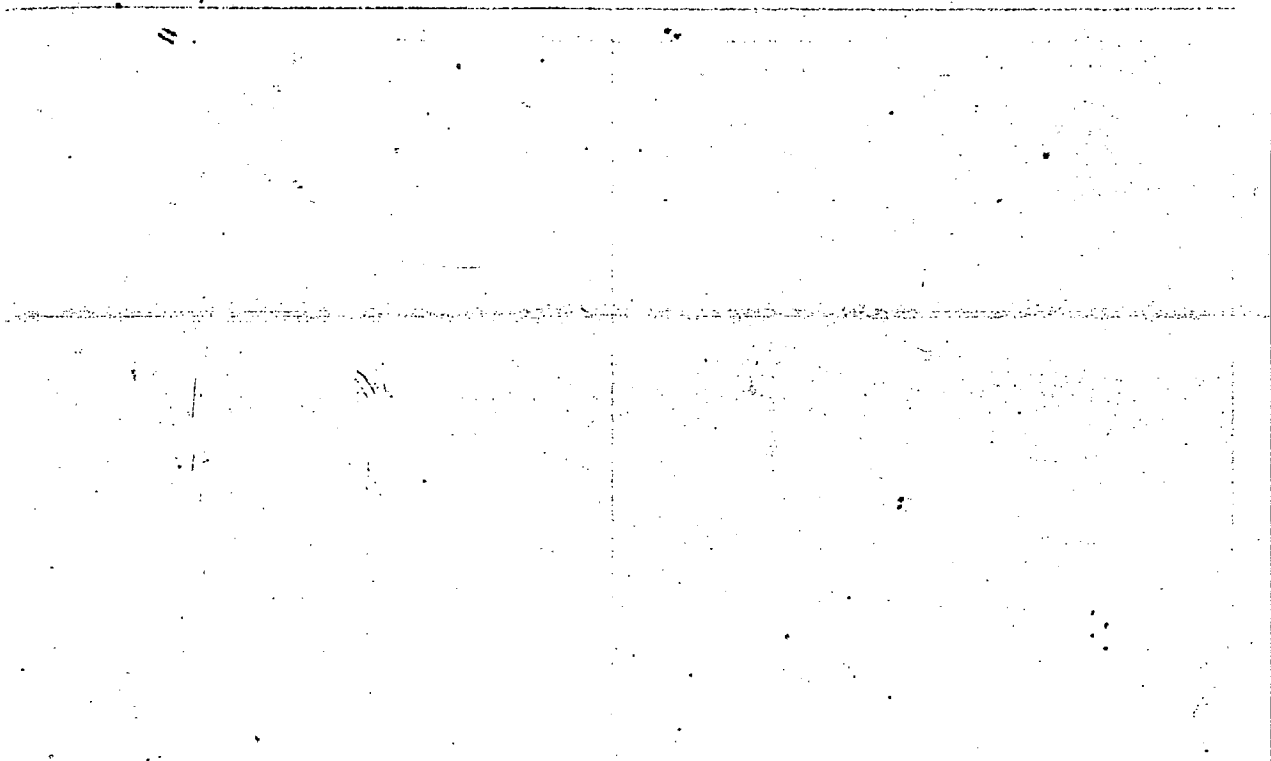
SCHOOLS

PLAYING COURTS & FIELDS

TELEPHONE EXCHANGE

POSTAL FACILITY

UTILITIES

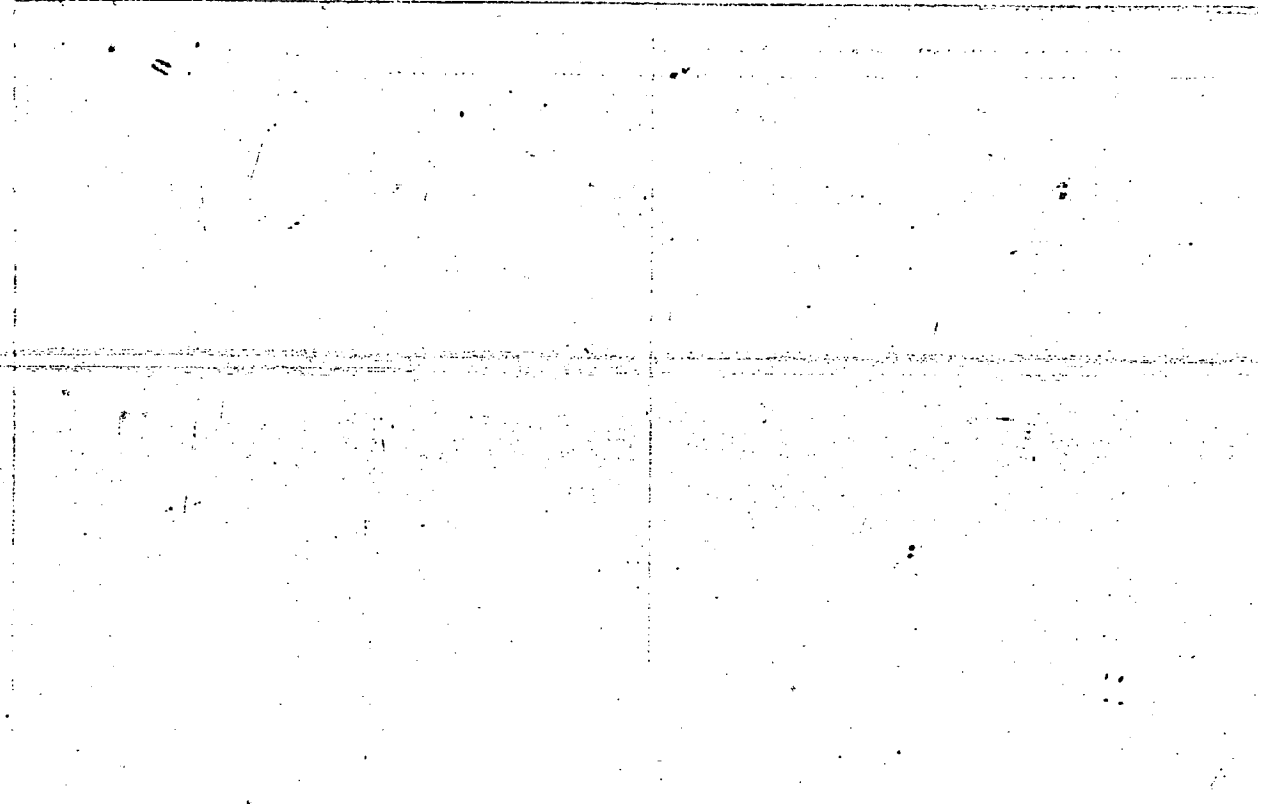


ARTIST'S CONCEPTION OF SCHOOL BUILDING



RELOCATION COST ESTIMATE:

FAMILY HOUSING	\$ 3,125,000
COMMUNITY FACILITIES	3,658,500
UTILITIES	6,191,000
SITE DEVELOPMENT	<u>563,000</u>
	\$13,537,500



MAP OF TINIAN

ECONOMIC  
IMPAIRMENTS



ECONOMIC IMPACT

U. S. DOLLARS EXPECTED TO FLOW INTO THE  
MARIANAS ECONOMY AS A RESULT OF  
MILITARY BASING ON TINIAN

BASE CONSTRUCTION

BASE OPERATION

RELOCATION IMPACTS NOT INCLUDED

ECONOMIC IMPACT  
CONSTRUCTION

PHASE II	\$ 670,000
PHASE III	12,570,000
PHASE IV	6,930,000
PHASE V	7,320,000
PHASE VI	5,870,000
PHASE VII	6,440,000

ECONOMIC IMPACT  
OPERATION

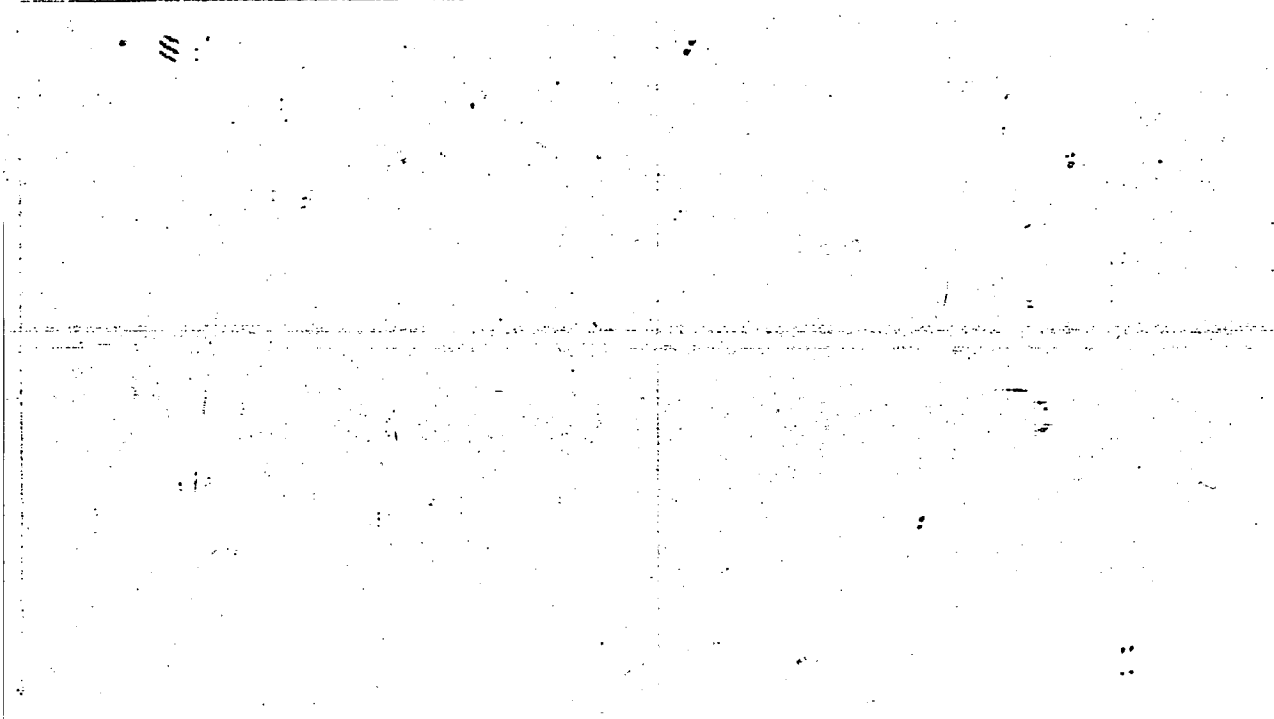
<u>PHASE I, II, III</u>	<u>NONE</u>
PHASE IV	\$ 2,220,000
PHASE V	5,160,000
PHASE VI	6,620,000
PHASE VII	7,140,000
SUBSEQUENT	\$15,000,000

EACH YEAR

ECONOMIC IMPACT  
SUMMARY

During Construction Years \$10-12 Million Annually

During Subsequent Years \$15 Million Annually



PROPOSED MILITARY BASING IN THE

MARIANAS DISTRICT

Map of Mariana

Islands


145°35'

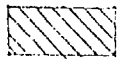
15°05'

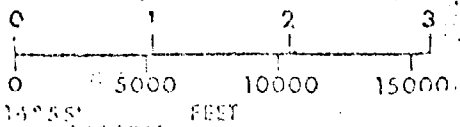
15°00'

15°00'

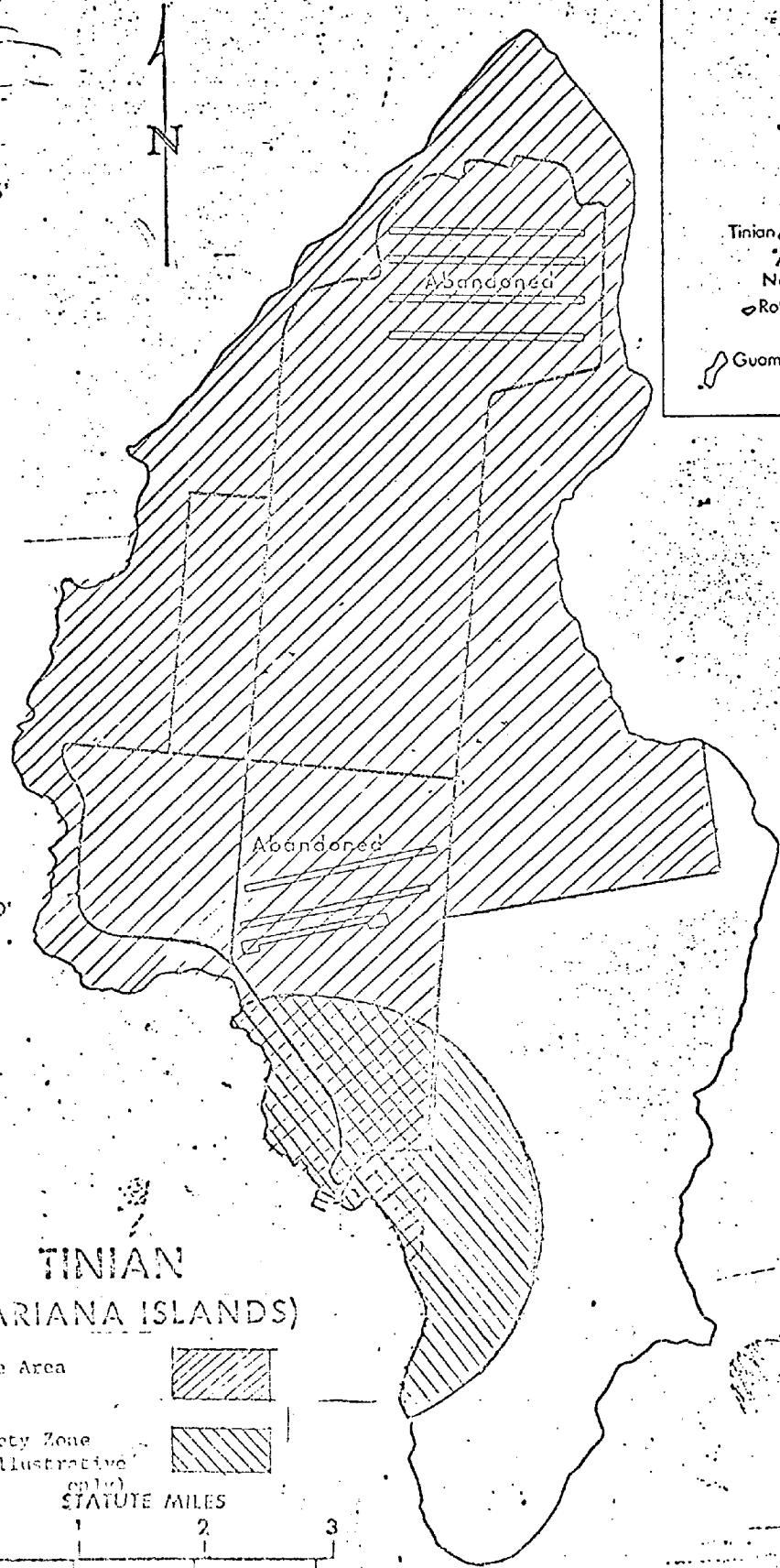
# TINIAN (MARIANA ISLANDS)

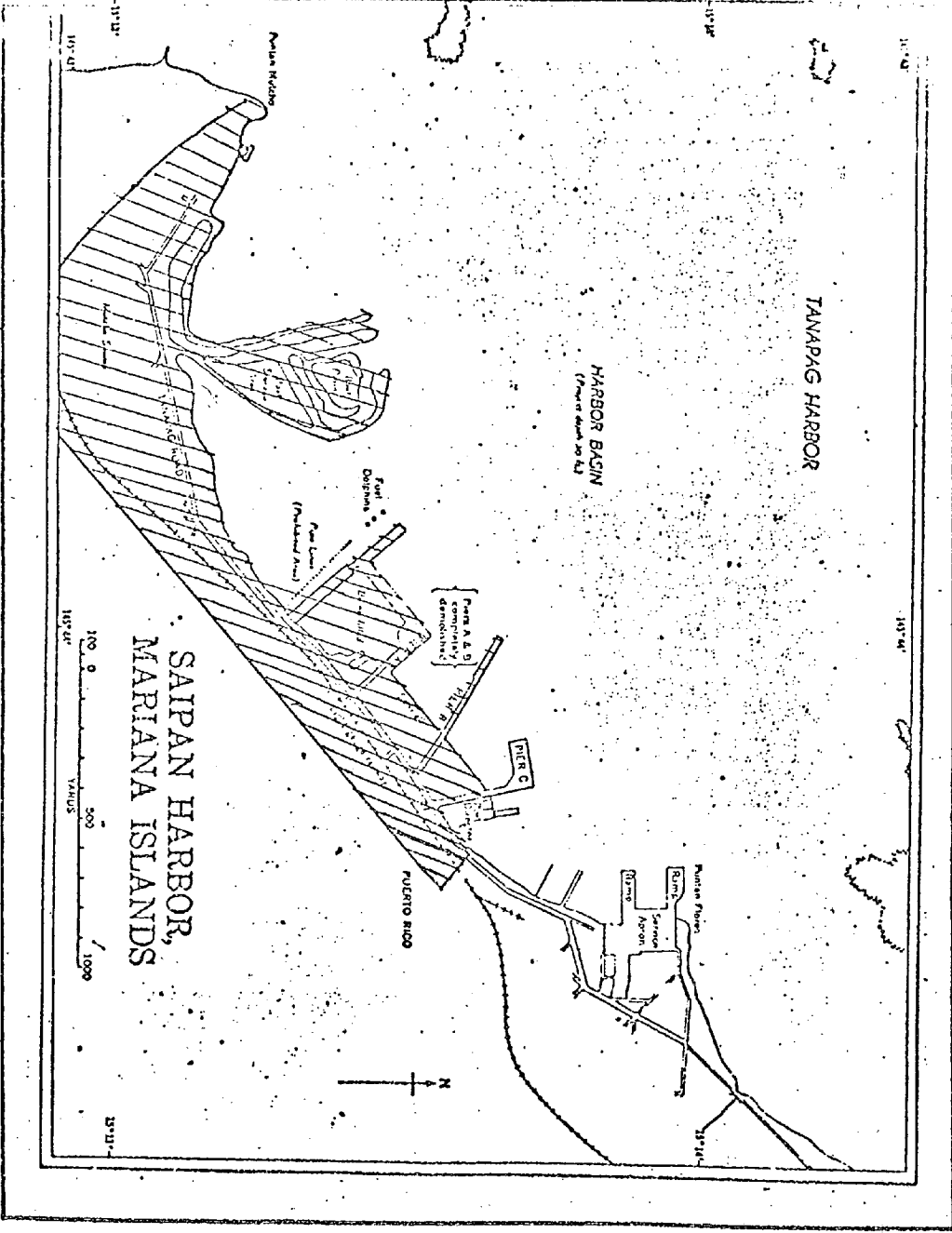
Phase Area 

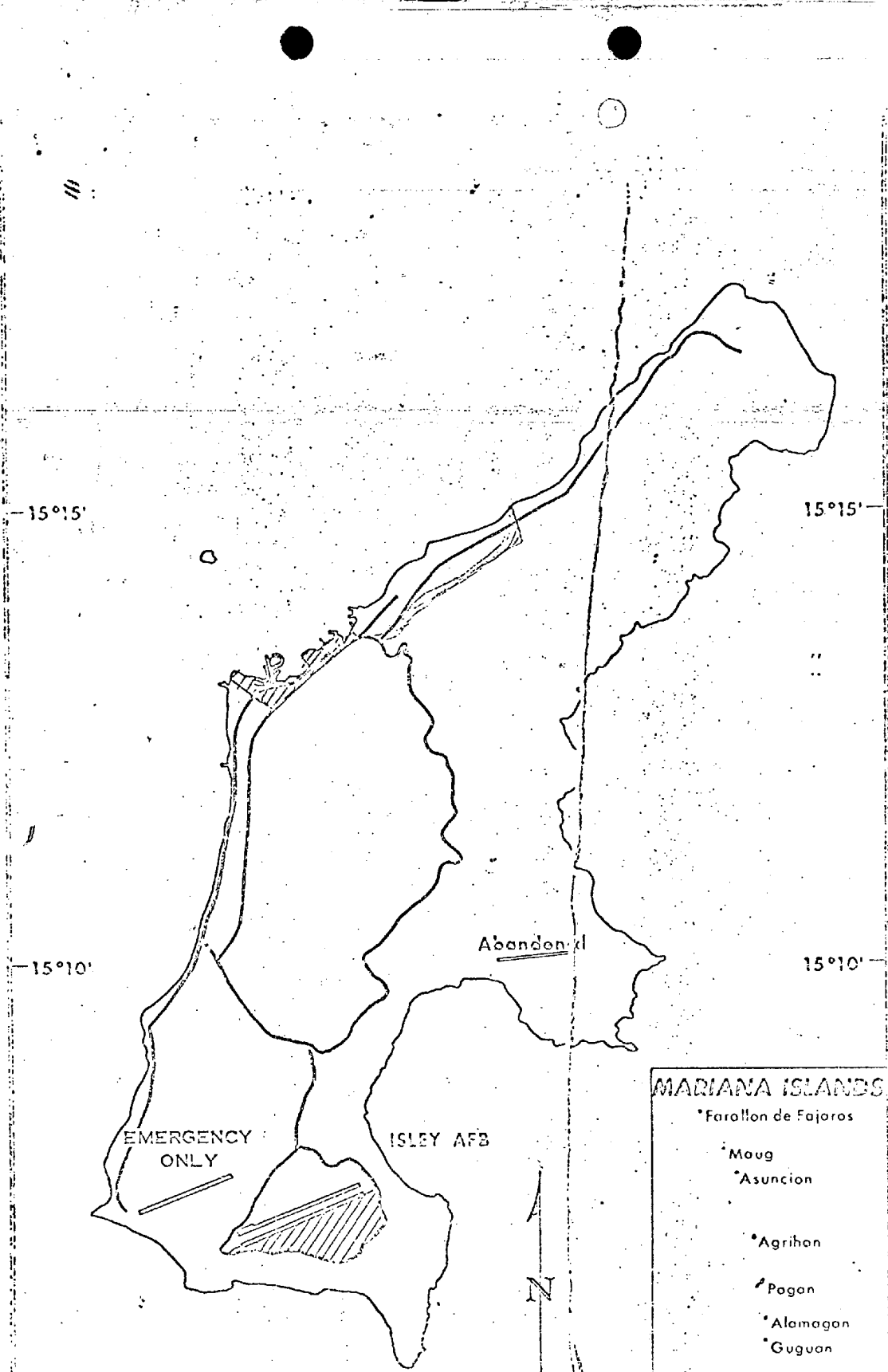
Safety Zone  
(Illustrative only)  
STATUTE MILES 



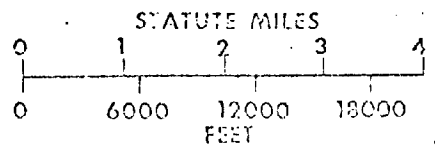
- Farallon de Pajaros
  - Maug
  - Asuncion
  - Agrihan
  - Pogon
  - Alamagan
  - Guguan
  - Sorigon
  - Anolahan
  - Farallon de Medinilla
  - Tinian Saipan
  - Aguijan
  - Natulan Rock
  - Rota
  - Guam
- MARIANA ISLANDS**







SAIPAN  
ILLUSTRATIVE ONLY



MARIANA ISLANDS

- \*Farallon de Fajoros
- \*Moug
- \*Asuncion
- \*Agrihan
- \*Pagan
- \*Alamagan
- \*Guguan
- \*Sorigan
- \*Anatohan
- \*Farallon de Medinilla
- Tinian
- Saipan
- Nafutan Rock
- Aguijan
- Rota
- Guan

**C4242**



RESPONSE OF MARIANAS POLITICAL STATUS COMMISSION  
TO UNITED STATES POSITION PAPER  
ON  
LAND AND MILITARY REQUIREMENTS

On May 29, 1973, the United States Delegation presented its paper on the subject of land, including Federal requirements for future land use in the Marianas. Following delivery of this paper, the U.S. Delegation made a detailed oral presentation regarding its military requirements on Tinian. During the past three days the Commission has directed numerous questions to the U.S. Delegation regarding these proposals and has discussed the matter in private meetings of the Commission. We appreciate the willingness of the U.S. Delegation to answer all our questions to the fullest extent possible in light of current plans. This memorandum will attempt to summarize the initial reactions of the Commission to the United States proposals.

The Marianas Political Status Commission is sympathetic to the desires of the United States to fulfill certain of its military requirements within the confines of the Mariana Islands. We are not prepared at this time, however, to accept all of the specific proposals advanced by the United States. The Commission believes that three days (or even three weeks) is too short a time within which to make any decisions, tentative or otherwise, on a subject which is so complicated and so profoundly significant to the future of the Marianas. We are prepared, however, to continue discussions with the United States on these important issues before the next session of negotiations and to negotiate in good faith in an attempt to find ways to meet the United States military requirements consistent with the best interests of Marianas citizens.

As a guide to these future discussions and negotiations, the Commission has formulated several general positions which reflect its best current thinking. As more detailed plans are made available to the Commission, obviously, the Commission members will be prepared to contribute additional thoughts or suggestions. The positions set forth below reflect the collective views of

this Commission; individual members obviously have different opinions as to the comparative importance of these points or the most effective way in which these comments can be expressed.

1. Form of Acquisition: The Marianas Political Status Commission will not agree to the sale of land on Tinian for military purposes. The Commission is prepared, however, to make land available on a lease basis for a term of years to be mutually agreed upon. We recognize the United States preference for outright purchase of the required land but are unable to honor it. Prevailing practice in the United States has little relevance to the Mariana Islands, where land is scarce and has a special cultural significance to the people. Regardless of the guarantees which the United States might make, the members of the Commission could not possibly justify or explain to their constituents or families the seemingly permanent transfer of so much of the Marianas limited land to the United States for military purposes.

2. Extent of Acquisition: The Commission has the following comments with respect to the various land requests made by the United States for military purposes:

a. Farallon deMedinilla. The Commission definitely prefers that the United States select one of the more distant Northern Islands for target purposes. In this regard, the Commission desires to be informed of the approximate cost savings which would accrue to the United States if Farallon deMedinilla is eventually selected rather than a more distant island. If the use of Farallon deMedinilla for target practice is finally agreed to by the Commission, we will have to be reassured regarding the safety precautions which will be implemented by the United States. The Commission would like to have this information in written form before the next session of negotiations.

b. Saipan. As a general proposition, the Commission believes that the United States requests for land on Saipan for military purposes are unreasonable. In the first place, these requests are for contingency purposes only and their presentation at this time reflects an apparent lack of confidence in the future Commonwealth of the Marianas to honor its responsibilities as a member of the American political family if a future contingency should

ever arise. Secondly, it is difficult to reconcile the sweeping requests of the United States for land on Tinian for presently contemplated uses with its specific requests on Saipan for more generalized future uses. Before the Commission accedes to any requests for land on Saipan, it will have to be persuaded that these contingency needs could not possibly be met through use of land and facilities to be developed on Tinian. In addition to these general observations, we have some specific objections to each of the two United States requests for land on Saipan.

(1) Tanapag Harbor: The Commission strongly objects to the United States request for 320 acres in Tanapag Harbor for contingency purposes. We believe this request overlooks the vital significance of the harbor area to the future economic development of Saipan. This location is the only industrial area on the island and is heavily stressed in all recent planning efforts for its potential contribution to a strong civilian economy in Saipan. As discussed during our meetings with the United States Delegation, the area sought by the United States is the only area to construct a new dock for large ships. Construction of such a dock north of Charlie Dock is virtually impossible. Yet the need for such a dock in the near future is a definite possibility. Accordingly, the Commission cannot agree to the request. The Commission might be prepared--repeat might--to lease some of this land to the United States provided it undertakes to develop facilities which could be immediately used within the civilian community and at the same time have possible military utility in the event of a future requirement.

(2) Isley Field: After this property is returned to the Marianas, the Commission is confident that the United States will be able to continue joint use rights to this airfield. With regard to the request for 500 acres south of and adjacent to Isley Field, the Commission takes a very strong negative view. This land is much too important for Saipan's future economic development to be burdened by restrictions arising from hypothetical needs of the United States in the future.

The people of Saipan are entitled to have this essential property developed now as part of an integral master plan for the island rather than reserved for possible use by the United States which may or may not be compatible with the overall plan. In addition, the Commission is not persuaded, based on the showing to date, that 500 acres are in fact needed for the purposes. As was the case with Tanapag Harbor, the Commission might be willing to lease some of this land to the United States provided it undertakes to develop it in the near future with facilities that could be used for present civilian, as well as future military, purposes.

(3) Tinian: The requests made by the United States for land on Tinian are so overwhelming that they are difficult to comprehend in only three days. With respect to the extent of these requests, the following points seem most important at this time:

(a) The Commission is not inclined to agree to lease the entire island to the military with a sublease back of one-third for use by the civilian community. We are prepared to negotiate a lease for that portion of the island actually required for military purposes but not for any more than the minimum required.

(b) The Commission needs to be persuaded that the runway location chosen by the United States is the only feasible location on the island of Tinian which would serve the military's purposes. We would appreciate this information in written form.

(c) The Commission understands that other harbor locations were studied but were rejected on cost grounds. We would like to know the approximate savings to the United States of using (and developing) the present harbor facilities rather than using the best alternative location on Tinian which was examined by the military.

(d) The Commission is concerned that the United States request may not have made sufficient allowance for the needs of Tinian's civilian population in the years ahead. We want to study population trends and future economic development on Tinian to see if

the land left for civilian use under the proposed military plan is adequate for the next 40 - 50 years.

(e) The Commission is especially concerned by the dislocation and loss of land resulting from the military's inclusion of the present harbor in the United States request and the accompanying safety requirements. As indicated by the Commission's questions, we desire to be more fully informed about the extent to which civilian use of the harbor and the adjacent area will be curtailed due to safety precautions.

3. Civilian Control: The Commission intends to insist firmly on the principle of civilian control over that portion of Tinian not included in the military base. As indicated above, we believe that the portion of the island not leased to the United States should remain in civilian hands--either private or public. We recognize that the United States has legitimate concerns regarding developments outside the base area--economic, social and otherwise. The Commission welcomes the United States desire to build an ideal civilian/military relationship on Tinian which will fully serve the interests of both the military and civilian communities. We agree with the proposal for a joint military/civilian relations committee, so long as it is made clear that its functions are advisory in nature only. The Commission is confident that the civilian government on Tinian, with appropriate advice from the military, will be fully competent to deal with questions of immigration to Tinian and economic development within the framework of the Constitution and laws of the new Commonwealth.

4. Utilities: The Commission appreciates the United States assurances that the citizens of Tinian who are relocated in a new community will have the necessary infrastructure and services to make it viable. Exactly how best to do this is a matter which must be studied further by planners representing both the Commission and the United States. We want the opportunity, for example, to study seriously whether the military's power needs could be adequately met by a civilian power authority. To be frank, the Commission is concerned about arrangement which will make the citizens of Tinian dependent upon the military

for their essential services. The people of the Marianas, based upon their past experience, are properly fearful of such a situation and its impact upon their ability to administer their own affairs. Subject to further planning and study, of course, the Commission therefore has a general preference for separate facilities from the military, whenever feasible, rather than the sharing of military facilities. We are well aware that both military and civilian authorities must be involved in such planning, not only at the outset but also on a continuing basis.

5. Price of Land: The Commission agrees with the United States that any land sold (or leased) to the United States should be at a fair and just price. The Commission believes that the two delegations should give high priority to an attempt to agree upon the procedures by which the value of land on Tinian is to be determined. We do not believe that the standard procedures followed in the United States by the military are necessarily applicable in the Marianas at this point in time. Before any serious discussion about land value and rental payments can occur, it will be necessary to explore fully the value of comparable land and recent transactions involving the acquisition of land by the military. The experience in Guam will be of special relevance to this inquiry. No price for land on Tinian can be considered fair and just unless it is arrived at after a thorough exploration of all relevant factors, including the future growth potential of the Marianas, the relationship between the amount of developed land and undeveloped land, and similar considerations. This Commission will be unable to defend any agreement involving the lease of massive amounts of land to the United States unless it is fully persuaded that the United States has paid the maximum dollar value for the property.

6. Resettlement of Tinian Residents: The United States proposals for resettlement of Tinian residents appear at first glance to be both flexible and generous. In this area, particularly, the Commission will want to reserve judgment until it has had full opportunity to consult with the people most directly affected. The following are some of our preliminary observations on this subject.

First, this is an area where we believe that the citizens of Tinian

should have the widest possible range of options. If citizens prefer to move to other islands, we believe that they should receive benefits equivalent to those given to those who elect to remain on Tinian. Given the varying sizes of Tinian families, we believe a choice of houses should be available in order to accommodate large, as well as small, families. With respect to the design of the houses, the Commission's questions and comments have already suggested the need for varying designs, preferably done by local people familiar with local taste and tradition.

Second, we welcome the representations of the United States that planning this new community will be a joint military/civilian project. It is essential that this planning be integrated into Phase I of the Commission's economic program, with which the United States has agreed in principle. If the military intends to undertake preliminary planning along these lines in the near future, it is essential that the Marianas be given the financial support required under Phase I in order to participate meaningfully in the planning on Tinian.

Third, the Commission requests the military to explore the possibility of a substantially integrated housing area for military and civilian personnel in the relocated San Jose Village. We would appreciate a written report on this alternative, which fully analyzes its advantages and disadvantages. The Commission recognizes that some military personnel must live on the base, but we would like to know why integrated communities as commonly found in the United States around military bases are not possible here in the Marianas. In particular, we are interested in knowing whether such an approach would enable the United States to reduce its request for land on Tinian since less would be required for housing and dependent facilities on the military base itself.

7. Employment and Training Opportunities: As indicated by the Commission's questions, the members are very interested in the employment and training opportunities which will arise by virtue of United States military activities on Tinian. We appreciate the fact that the United States has only the most preliminary plans in this area and is interested in soliciting the detailed inputs of this Commission and the people of Tinian before finalizing its

plans. The Commission has the following preliminary observations on this general subject.

First, the Commission would like specific data regarding the military's employment needs on the base so that our Phase I planning can be both complete and accurate. We want the opportunity to make proposals regarding training programs in order to ensure that they have maximum utility and relevance to the needs of the people of the Marianas. As the United States must appreciate, the Commission is of the definite view that these training programs should afford full opportunity to the participants to gain access to the better jobs on the base, assuming that their skills and experience so warrant.

Second, the Commission strongly believes that these opportunities should be available on an equal basis to all citizens of the Marianas.

Third, the Commission is very concerned about the level of wages to be paid on the base by the military. We want to explore jointly with the United States the practical and economic implications of military wage levels to the civilian economy planned in the Marianas.

8. Use of Local Contractors: The Commission welcomes the assurances by the United States Delegation that every effort will be made to use local contractors and suppliers during the construction of the base and its operation. As evidenced by questions from several members, the Commission is sceptical that in fact local contractors or suppliers will stand to profit in any material respect from this military installation. In light of the size of the base, the Commission is apprehensive that the principal contracts will go to large international concerns which will obviously purchase materials from wherever they can be obtained at the lowest cost. We would appreciate a detailed report from the United States regarding the applicable procurement regulations as they are likely to be applied in the Marianas. Such a report might also include detailed information as to the materials required, the kind of specifications which will be imposed, and what specific commitments the United States is prepared to make in this area, especially with respect to smaller contracts or those which are not subject to competitive bidding.

9. Timing: The Commission agrees that detailed planning of the Tinian



Installation (Phase I) should await successful conclusion of these negotiations. The Commission recognizes the need for preliminary planning, however, during the next several months, and is agreeable to such planning efforts by the United States. We welcome the assurances of the U.S. Delegation that this Commission be kept fully informed regarding this planning and will be consulted in advance regarding any significant activity undertaken by the United States on Tinian which is related to the proposals being considered in these negotiations. We also want to explore with the United States the inter-relationship between the political status, economic, and military issues which have been discussed between the two delegation so that we can agree on a program which will reflect their inter-dependence and permit their gradual implementation together.

The Commission hopes that these preliminary observations are of some assistance to the U.S. Delegation. We are hopeful that the United States will re-evaluate its military requirements in light of the Commission's concerns before the next session of negotiations. Representatives of the Commission will be available to consult on this subject during the recess, if the United States believes that this would be useful. If the United States re-evaluates its plans and supplies the requested information, the Commission pledges itself, in good faith, to thoroughly consider the United States proposals and attempt to reach agreement with the United States on this important subject.

MARIANAS POLITICAL STATUS COMMISSION

May 25, 1973

PROPOSED LAND CADASTRAL SURVEY PROGRAM

The Marianas Political Status Commission agrees in principle with an early return of the public lands, including military retention land, of the Mariana Islands District of the Trust Territory of the Pacific Islands to the people of the Marianas. This return should be accomplished immediately as to all lands where presently there is no disputes, and the land is properly surveyed, and described. This immediate return should take place upon the adoption of an acceptable organization to receive that land.

The proposed organization may take the form of a public corporation, special committee, a commission, or some other entity; however, whatever entity is used, it is necessary that this entity be under the direction and control of the people of the Marianas. This entity would then set up whatever use or function is to be made in reference to this land--be it homestead, public use, rental, or land bank reserve.

Additional functions of this entity would be to prepare complete surveys for the Marianas, proper mapping, adequate land description, and development of an appropriate recordation and title depository for easy access and reference for the people. Additionally, this entity shall be responsible for the development of and solution to the presently stalled homestead program.

In reference to land disputes, whether involving private parties vs. private parties or private parties vs. government, a function of this entity will be to assign separate investigators to individually analyze and develop factual material on both sides of the issue, and attempt to seek a solution with both parties concerned. In those rare instances where a dispute is still not settled after the investigative procedure just mentioned, the dispute will be referred to a separate commission or court of nine (9) prominent people from the Marianas who, after adequate public hearings, will render a decision which will be binding on both parties and not subject to appeal.

• Prior to the development of the above-stated programs, an expert shall be employed to review, analyze, and inventory all work that has been presently completed by the Trust Territory Government and other entities in reference to this land cadastral problem. This expert shall submit a written report within six (6) months time to the Marianas Political Status Commission so that the Commission may more adequately develop further details in reference to these programs. Development of the report of the expert and the implementation of the above-stated programs requires the full support financially and otherwise of the United States and the Trust Territory Government.

As the public land is adequately surveyed, mapped, described, and recorded, it shall be turned over to the new entity for its discretionary use. When this land is turned over to the new entity, if any dispute still exists in reference to that land, the new entity is to be totally informed of this problem. The United States Government, along with the Trust Territory Government, will be responsible for all damages forthcoming in reference to these prior disputes. After the land has been transferred to the new entity, any future disputes which might arise from the new entity's position in reference to any of this land shall then be the responsibility of the new Marianas Government. Finally, in the interim, in reference to land not turned over to the new entity because of lack of survey, mapping or description, the Government of the Trust Territory of the Pacific Islands will not alienate this land beyond a month-to-month tenancy so as to allow no further dissemination of public land without the approval of the new entity. This should create no real burden on the Trust Territory Government because all land that is adequately surveyed, mapped, described, etc. will already have been turned over to the new entity. The only land remaining within the jurisdiction of the Trust Territory Government will be that land incapable of being disseminated beyond a month-to-month tenancy due to the deficiencies involved.

PART III

CLOSING PLENARY SESSION

MONDAY, JUNE 4, 1973

ROYAL TAGA HOTEL

2:00 P.M.

CLOSING STATEMENT BY AMBASSADOR WILLIAMS  
CLOSING PLENARY SESSION - JUNE 4, 1973

Senator Pangelinan, members of the Marianas Political Status Commission, honored guests, ladies and gentlemen:

Three weeks ago our delegations sat down together to begin the serious and important task of laying the foundation for a political union between the Marianas and the United States which the people of the Marianas have repeatedly told the United States and the world they desire. As we recess the talks today, I think we can take great satisfaction from knowing that our time together has been well spent, that we have accomplished the goal we set for ourselves in this round of discussions.

We agreed at the outset that our aim would be to reach preliminary understandings on the fundamentals of the Marianas-U.S. relationship. Through serious and businesslike, but always cordial, discussions we have achieved preliminary agreement in principle on all the major aspects of our future relationship, as the joint communique we are releasing today bears witness.

Both sides entered these talks in a spirit of mutual trust and with common objectives. It is thus not surprising that as each major agenda item was introduced we were able to identify quickly substantial areas of agreement. Our searching discussions, freely participated in by all members of both delegations, illuminated further areas of understanding and, as expected, highlighted specific questions of some technical complexity requiring further detailed joint inquiry by subpanels from our delegations.

It is only in a formal and narrowly technical sense that we are recessing the talks today. Members of the American Delegation are leaving Saipan to be reunited with their families, and those of you sitting opposite me in the Marianas Political Status Commission are looking forward to a well-deserved respite from your intensive labors of almost six weeks. We hope to meet again as soon as possible.

Meanwhile, however, serious discussion and refinement of issues germane to these negotiations will go forward in technical level talks both here and in Washington. The joint communique notes that we have established joint working groups to consider questions relating to the political relationship, economics and finance, and land, and have sketched out their immediate tasks. These working groups will consult intensively in the months ahead to ensure that the next meeting of our full delegations will bring further substantial progress toward final decisions on the formal status agreement which now seems clearly in prospect.

I think there is little that I need add at this time about the nature of our understandings we have achieved in this series of meetings. As the talks progressed our two delegations made a conscientious effort to keep the people of the Marianas abreast of developments through a series of joint press releases. Today's joint communique, a somewhat lengthier and more detailed document than is perhaps usually issued on such occasions, is a further attempt to give an accurate account of where our discussions are leading--a matter of prime importance to all the people of these islands. In the final analysis, it is the people of the Marianas who will endorse or reject the fruits of our negotiating efforts.

Throughout these deliberations both delegations recognized that we were discussing matters which could affect to one degree or another the lives and future prospects of not only the present but indeed the future generations of the Marianas. If we have been sobered by the responsibility this lays upon us, we have also been inspired by the belief that through thoughtful and wise

endeavor we can build an enduring structure which the people of the Marianas will enjoy in common with other members of the American political family. We do this in the belief that while man may not be the measure of all things under the universe, on earth he and his aspirations for liberty, justice, and equal opportunity are the legitimate concerns of government authority of which we form a part.

When I return to Washington I shall brief key leaders in the Federal Government's executive and legislative branches on the nature of our discussion here and on the understandings we have reached. I expect to tell them that during this visit to the Marianas, the American Delegation was impressed anew by indications on every hand that the people and leaders of these islands are inspired and motivated by the same human values that move and direct the American family. I expect to tell them, too, that the people of the Marianas look forward to taking their place in the American family, conscious of the responsibilities which will devolve upon them, but confident of the contribution which their ancient culture and yet youthful population will make to the larger family. In Washington there is, as you know, abundant good will for the Marianas. There is no doubt that our successful labors will be widely welcomed there.

I wish to pay grateful tribute, on behalf of myself and the entire American Delegation, to the warm friendship and gracious hospitality which members of the Marianas Political Status Commission and private citizens of these islands have extended to us the past three weeks. We remembered the largeness of your hearts from previous visits here. We greatly appreciate the renewed evidence of your kindness and consideration for visitors in your midst.

Senator Pangelinan, in closing I pledge my delegation to continue to work conscientiously with the members of the Marianas Political Status Commission to complete expeditiously the historic work which has so well begun here in Saipan these last three weeks. Our final goal is clear. Let us continue to move steadfastly toward its full realization.

CLOSING STATEMENT BY SENATOR PANGELINAN

On the occasion of this closing plenary session, I would like to thank the members of the Marianas Political Status Commission for their total dedication to the work of this Commission. I said in my opening remarks on May 15 that each member of this Commission approaches this assignment with a full sense of personal responsibility and I believe that our achievements to date bear this out.

The members have worked for more than five weeks on a full time basis (including many weekend meetings) during this session; they have read mountains of papers; they have discussed difficult subjects thoroughly and wisely, and through all this they have kept their sense of humor. I feel it is a great personal honor to be the Chairman of such a Commission--and I want each of them to know publicly of my appreciation for their work and loyalty.

On behalf of the Commission, I would like also to thank the U.S. Delegation for the spirit with which they approached these negotiations.

These discussions have been marked by both thorough preparation and free discussion, and I hope that we can continue to conduct our business in the future along these same lines. The Commission has especially welcomed the opportunity to explore these important subjects in informal working sessions, where both delegations have felt free to express themselves fully.

The Commission shares your views, Mr. Ambassador, that this session of negotiations has been very successful. The Joint Communique, we believe, shows how far we have come in the last three weeks. The Commission recognizes, as does the U.S. Delegation, that we have a long and difficult job ahead before our mutual objective is attained. Because of our work to date, however, the members of this Commission are optimistic about the future and look forward eagerly to our next session of negotiations.

As you are about to leave Saipan to join your families and loved ones, we wish you a safe and enjoyable trip back home.

PART IV

JOINT COMMUNIQUE



JOINT COMMUNIQUE

From May 15 to June 4, 1973, the Marianas Political Status Commission and the President's Personal Representative met in Saipan for negotiations aimed at achieving political union between the Mariana Islands and the United States of America.

The meeting consisted of public plenary opening and closing sessions, several working sessions, and meetings of subpanels of advisers on technical matters. The two sides recognize that any final agreement emerging from these and future sessions of negotiations will have to be approved by the Marianas District Legislature, the people of the Marianas in a plebiscite, and the United States Congress. The delegations attempted during those discussions to arrive at preliminary agreements where possible and to identify technical questions requiring further study by smaller panels of experts. There was no attempt to agree on precise language for formal agreement. However, both delegations believe their working sessions have resulted in substantial progress in that preliminary agreements were reached in broad areas.

The discussions dealt with the nature of the future political relationship, United States economic and financial assistance, and land matters including United States land requirements. The tentative agreements are set forth below:

1. The future political relationship between the Marianas and the United States would take the form of a commonwealth arrangement, as defined by a formal political status agreement. Under this agreement, the future Marianas Government would exercise a maximum amount of self-government consistent with relevant portions of the United States Constitution and federal law. Sovereignty over the Marianas would be vested in the United States.

2. Fundamental provisions of the formal agreement established the commonwealth relationship would be subject to modification only by mutual consent. The parties have agreed to explore alternative methods to implement this mutual consent requirement.

3. Article IV, section 3, clause 2 of the United States Constitution would apply to the future political relationship between the Marianas and the United States, subject to the two delegations arriving at an acceptable arrangement under which modification of fundamental provisions of the formal agreement establishing the commonwealth relationship is made only by mutual consent and subject further to the reservation of the Marianas Political Status Commission that it will explore means to reconcile the plenary powers of Congress under Article IV, section 3, clause 2 with the exercise by the Commonwealth of the Marianas of maximum self-government with respect to internal affairs.

4. The future Marianas Government would be established under a constitution of the Marianas. This constitution would be drafted by a local constitutional convention and would be subject to the approval of the people of the Marianas. The Marianas Constitution would include a bill of rights and provide for the separation of powers and a popularly elected chief executive. The Marianas Constitution, as initially drafted and approved by the people of the Marianas, would be subject to approval by the United States Congress for consistency with the relevant provisions of the United States Constitution, legislation establishing the commonwealth arrangement, and any other relevant federal legislation. Constitutional amendments would not require approval by the United States Government, although federal courts would be competent to pass on the consistency of such amendments with relevant provisions of the United States Constitution and of federal law.

5. The United States would have responsibility for and complete authority in the fields of defense and foreign affairs. In this regard, the advice of the future commonwealth government on international matters directly affecting the islands would be considered by the United States Government and the United States would support the membership of the Marianas in regional or other international organizations concerned with economic, cultural, or comparable matters of concern to the Marianas to the extent such organizations permit such representation. The Marianas would also be able to establish offices abroad to promote local tourism or other economic or cultural interests.

6. With respect to judicial matters, the new Marianas Commonwealth would have the right to establish local courts to handle cases arising under local law. The operation of these courts, if established, would be compatible with the federal court system and consistent with applicable federal law. The jurisdiction of the United States District Court in the Marianas would be at least the same in the Marianas as it would in a state.

7. Recognizing that the question of Marianas representation in the United States Congress is ultimately a matter for decision by that body, the United States delegation has agreed to support a request by the Marianas for its own non-voting delegate in Congress. The parties have agreed to explore a common approach to the United States Congress on this subject.

8. Article IV, section 2, clause 1 of the United States Constitution relating to "privileges and immunities" would apply in the Marianas, subject to appropriate limitation in the formal status agreement to assure that the ability of the future Marianas Government to preserve control of the land of the Marianas in the hands of Marianas citizens will not be compromised. Citizens of the Marianas would be entitled to all privileges and immunities of citizens in the several states. Article IV, section 1 of the United States Constitution relating to "full faith and credit" would apply with respect to the Marianas as if it were a state. The requirements in the United States Constitution of indictment by grand jury and of a jury trial in civil cases need not be made applicable in the Marianas. The Marianas Political Status Commission will study further which additional provisions of the United States Constitution should be made expressly applicable in the Marianas.

9. Marianas residents would have the opportunity of becoming United States citizens. The parties have agreed to study further, through a joint working group of lawyers, the status to be accorded those residents of the Marianas who might not wish to become American citizens.

10. There would be continuing dialogue after establishment of the commonwealth, on the needs and interests of the Marianas. The parties have agreed to discuss, at a later stage in the negotiations, whether to provide for formal periodic review of all aspects of the relationship between the Marianas and the United States.

11. The question of whether certain major areas of federal legislation will apply in the Marianas may be dealt with explicitly in the formal agreement establishing the future political status of the Marianas. These areas include taxes, immigration, customs, banking, social security, maritime laws, labor standards, and the postal service. The parties have agreed that the joint working group of lawyers will study federal laws in these and other areas to determine whether and how their application in the Marianas should be circumscribed by the formal status agreement and whether that agreement might provide generally for resolving questions as to the applicability of future federal laws in the Marianas.

12. At some future date a joint commission would be established to study and make recommendations on the applicability in the Marianas of the large body of federal legislation and regulations which will not be specifically addressed in the formal status agreement.

## Economic and Finance

1. The objectives of a long-term economic development program for the Marianas should be:

- a. to facilitate an orderly transition to the new political status;
- b. to build toward an adequate social and economic infrastructure;
- c. to provide necessary public services and programs; and
- d. to encourage and to promote the future economic development of the Marianas.

The United States is agreed in principle to assist the Marianas in the attainment of these objectives in order to achieve the ultimate goals of raising significantly the per capita income of the people of the Marianas and moving the Marianas progressively toward economic self-sufficiency.

2. The accomplishment of the above objectives will require systematic long-range planning to identify specific economic priorities and evaluate financial needs and potential local sources of revenue (particularly as they may be substantially affected by proposed military activities in the Marianas) in order to develop estimates of the quantum of financial support from the United States which might be necessary for the new Commonwealth to achieve self-sufficiency.

3. The two delegations discussed such a preliminary planning effort including such matters as land cadastral program for the Marianas, preparation of a physical plan, a government reorganization plan, an economic and social development plan, and legal planning in such areas as political education, preparation for a Constitutional Convention, and development of initial legislative programs. The United States will agree in principle to finance this planning effort, subject to the outcome of a review of such questions as timing, the range of activities contemplated and funding procedures, to be undertaken by a joint working group on economics and finance.

4. The parties have agreed that special attention will be paid to finding means to implement a land cadastral survey program in the Marianas as soon as possible.

5. The parties are agreed in principle on the need for United States financial assistance for capital improvement programs, for start-up costs associated with the new Commonwealth and for government operations and programs until the people and the government of the Marianas can meet the financial responsibilities of self-government from their own resources. Although the United States believes that long-term support for the Marianas can best be assured by the extension of appropriate federal programs and services to the Marianas and by direct grants approved annually through the normal federal budgetary process, the United States is prepared to agree, subject to the approval of the United States Congress, to provide financial support over an initial period of years at guaranteed fixed levels, in addition to the normal range of federal programs for which the new Marianas Government might become eligible. The parties have agreed to explore the exact framework through which such a commitment can be implemented.

6. Reliable estimates of the levels of required United States financial assistance cannot be determined until after further study of the needs of the Marianas and their anticipated revenues. Although the extensive preliminary planning efforts discussed above will address these subjects in greater detail, the parties have agreed that the joint working group on economics and finance referred to above, will study specific questions relating to the long-term financial requirements of the Marianas, including the following:

- a. the likely nature and extent of internal revenues in the Marianas;

- b. the impact on anticipated revenues of current United States plans for construction and operation of military facilities in the Marianas;
- c. the impact on anticipated revenues of foreseeable growth in the economy of the Marianas;
- d. the capital improvement needs and economic development goals of the Marianas;
- e. the costs of government operations and programs in the Marianas; and
- f. the amount of federal funds that could be made available to the Marianas through certain current federal programs available to the states and territories.

#### Future Uses of Land in the Marianas

1. The two delegations devoted several meetings to discussion of the question of land and concluded that a firm basis for further progress in this important substantive area had been established. Both sides agreed that it has been possible to develop meaningful understanding as to the significant principles involved although a number of important questions still remain to be resolved in future discussions.

2. With regard to public land, the United States reiterated its prior commitment to return to the people of the Marianas the land now held in public trust just as soon as questions of a legal, technical, administrative and timing nature can be resolved. These are now being examined as part of a larger study of the early return of public land in all the districts of Micronesia. If that study is delayed, priority attention will be given to the Marianas.

3. The United States agreed to work with the Marianas Political Status Commission to establish an effective means for preventing land in the Marianas from being alienated to persons not of Marianas ancestry.

4. With regard to United States military land requirements, the Marianas Political Status Commission again acknowledged the off-stated United States need for land in the Marianas for defense purposes and agreed to negotiate with the United States in good faith on meeting that need. The United States agreed to approach the matter in the same spirit. The Marianas Political Status Commission agreed in principle to make land available to the United States, with the question of the extent of such land and the terms under which it is to be made available still to be negotiated.

5. The Marianas Political Status Commission agreed in principle that a small, uninhabited and inaccessible island could be made available as a United States target area, as Farallon de Medinilla is now being used. The United States would continue its joint use of Isley Field on Saipan. Other needs are still under discussion.

6. It was the understanding of both delegations that the Marianas Political Status Commission would be prepared to negotiate with respect to that portion of Tinian required by the United States for military purposes. In this connection, means would have to be found to assure that social and economic conditions evolve in a manner compatible with the mutual interests of both the civilian and military communities.

7. During the forthcoming recess in formal talks between the two delegations, further discussions will be held at a technical level to clarify and refine the United States proposals in detail. In this connection, the United States has agreed to further examine its proposals for military land requirements in the light of the comments of the Marianas Political Status Commission. Similarly the Marianas Political Status Commission has agreed to give further consideration to the United States military land proposals.

8. The United States will send a small group of engineers to the Marianas to make necessary preliminary on-the-spot surveys. These actions are necessary in order to facilitate the planning process. In this regard, the United States offered assurances that it has no intention of taking further action to implement its military land proposals so long as this matter is still under negotiation with the Marianas Political Status Commission.

9. The parties agreed to establish a consultative group to discuss the detailed plans for military and related land use in the Marianas as they are developed and to consult with the people directly affected by those plans. The people of Tinian will be represented in such a group.

#### Future Meetings

The Chairman of the Marianas Political Status Commission and the President's Personal Representative agreed that the two delegations would meet again to pursue all of these matters further as soon as possible, probably in the late summer or early fall. Meanwhile talks will continue at the technical level on the subjects indicated above.

Date: June 4, 1973

/s/ Edward DLG. Pangelinan  
Chairman, Marianas Political  
Status Commission

/s/ Franklin Haydn Williams  
The President's Personal  
Representative for Marianas  
Status Negotiations

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Mr. Vicente N. Santos, Vice-Chairman  
Mr. Olympio T. Borja  
Mr. Vicente T. Camacho  
Mr. Herman Q. Guerrero  
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Mr. James M. Wilson, Jr.  
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Mr. Herman Marcuse  
Colonel James P. McCarthy  
Mr. James P. Samaritano  
Colonel Athol M. Smith  
Miss Mary Vance Trent  
Mr. Thomas Whittington

PART V

APPENDIX

STATEMENT OF JOAQUIN I. PANGELINAN AND BENJAMIN T. MANGLONA BEFORE THE UNITED NATIONS TRUSTEESHIP COUNCIL, JUNE 1973.

Mr. Pangelinan:

Mr. Pangelinan, I am Joaquin I. Pangelinan, a member of the Marianas Political Status Commission. With me is Benjamin T. Manglona, also a member of the Marianas Political Status Commission. On behalf of our Commission and the people of the Mariana Islands, I wish to extend to you and the members of the Trusteeship Council our appreciation for the opportunity to appear before the Council as petitioners.

As representatives of all the people of the Mariana Islands District of the Trust Territory of the Pacific Islands, we are here to speak to the Council on the subject of our future political status.

Last year, representatives from the Marianas spoke to the Council about the deeply-felt desires of our people for a close political relationship with the United States of America. Since then, the people of the Marianas, freely and through their elected representatives in the Mariana Islands District Legislature, have created the Marianas Political Status Commission. The Commission has studied and is continuing to study important issues relating to our future status. At the request of the people of the Marianas, the United States Government has opened separate negotiations with our Commission aimed at achieving a close political relationship between the Marianas and the United States of America. During the past year, we have concluded two rounds of negotiations. We appear before the Trusteeship Council to report on the progress of those negotiations and to solicit understanding and support from this body for the position of the people of the Mariana Islands District.

My remarks will address the position of the Marianas with regard to our future political status. Mr. Manglona's statement will report on the progress to date of the negotiations between the Marianas Political Status Commission and the United States.

It is the desire of the people of the Mariana Islands District for a close political relationship with the United States. This sentiment has been acknowledged by your most recent Visiting Mission and by other United Nations observers over the past several years. Our desire for close associations with the United States is not a recent development however. These feelings have been consistently expressed over an extended period. They have been expressed directly by the people in village town-hall type meetings and informal plebiscites. They have also been expressed through their elected representatives in Municipal Councils and the District Legislature.

The movement for close association with the United States originated in the form of requests for reintegration with Guam, a United States territory. As you may know, the Marianas District has historical, economic, cultural, religious and common language ties with Guam. The basis for this movement, however, runs deeper than (and is no longer linked to) a desire for reintegration with Guam. The people of the Marianas wish to become a self-governing political entity in the American political family because we desire the rights, freedoms and benefits which flow from such an association with the United States.

There are several reasons for our belief that a close political relationship with the United States will assure the realization of these goals. First, the people of the Marianas have too long a history of rule by autocratic powers not to appreciate the degree of personal and political freedom which United States administration of the Trust Territory has brought us. We need only look to our close neighbor Guam or to any other members of the American political family to observe that the United States has promoted and preserved these values which we cherish so highly.

Second, the people of the Marianas believe that human rights and political freedom can best be assured when there is economic development that is designed to raise the standard of living and to promote economic self-sufficiency. A study of the possessions, territories and other members of the American political family makes it very clear that a close political relationship with the United States will assure the level of economic development which



our people desire.

Finally, our people believe, and the work of the Marianas Political Status Commission confirms, that a close political association with the United States can take the form of a relationship that would fulfill the desires of our people for internal self-government. Such a relationship would be consistent with the United Nations principles of self-determination for all peoples. These worthy goals of the people of the Marianas are the basis of our desire for a close political relationship with the United States. As this Council is aware, the Joint Committee on the Future Political Status of Micronesia has rejected close relationship with the United States and appears determined to pursue free association and independence as the alternatives for the future political status of all of Micronesia. We respect the right of the Joint Committee, the Congress of Micronesia and the people of the other Districts of Micronesia to freely choose their own political future. We cannot accept, however, their right to deny the freely-expressed wishes of the people of the Marianas in this regard. It is for this reason that our people formed their own Commission on Future Political Status and requested the United States to open separate negotiations with that Commission.

The people of the Marianas recognize that the course we are pursuing may lead to our ultimate separation from the rest of Micronesia. In part, this course was thrust upon us by the Joint Committee's rejection of close association with the United States for Micronesia as a whole. It is fair to say, however, that sentiment in the Marianas for separation from the rest of the Trust Territory has deeper roots. The unity of Micronesia has been the product of our domination by outside powers--not of the freely-expressed wishes of the peoples concerned. We share no cultural or language ties with any other District of Micronesia. As stated earlier, our traditional ties are with Guam, which is a part of the United States and from whom we were separated by the historical accident of the Treaty of Paris ending the Spanish-American War. It has been said that the word "Micronesia" is only a geographical term. One can fairly question even this description when that term is used to describe distinct island groups separated by thousands of miles of ocean.

We do not believe that, when the United Nations created the Trust Territory of the Pacific Islands in 1947, it intended to determine forever the political unity of the inhabitants of these diverse islands--regardless of the freely-expressed wishes of the peoples concerned. And yet, the recent report of the Visiting Mission implies that separation of the Marianas from the rest of the Trust Territory would be contrary to the United Nations policy favoring national unity and territorial integrity.

With all due respect, we cannot accept any such restrictive view of United Nations policy. Division of Trust Territory to reflect the freely-expressed wishes of the peoples concerned is fully consistent with the principles of self-determination. In addition, such division has already occurred in the British Cameroons with United Nations approval.

The United Nations policy of opposition to disruption of national unity and territorial integrity (set forth in General Assembly Resolution 1514 (XV)) applies explicitly to existing countries. This policy has not, so far as we are aware, been applied to decisions freely made by the peoples concerned on the future political status of dependent territories. We believe that it should not be applied to those territories whose boundaries were originally drawn for administrative convenience and not with regard to the differing conditions or wishes of the inhabitants.

We recognize the legitimate concern of the United Nations for the well-being of all of the peoples of Micronesia. We are sensitive to the concern that separation of the Marianas from the rest of the Trust Territory could temporarily disrupt the administration of the remaining districts. Whatever our choice of future political status, we recognize our obligation to accommodate these concerns. However, abstract notions regarding the unity of Micronesia must not be allowed to frustrate the ability of the people of the Marianas to freely choose their own future political status.

In closing this portion of our statement, I convey the hopes of my people that the United Nations will understand our political aspirations and will support our right to choose our own political destiny. We ask no more nor less than the rights which are assured all peoples by the United

Nations Charter.

Thank you, Mr. President. Mr. Manglona will now report to the Council on the work of the Marianas Political Status Commission and the progress of its negotiations with the United States.

Mr. Manglona:

Mr. President, I would like to join Mr. Pangelinan in expressing my gratitude for this opportunity to appear before the Council and speak on a subject of vital concern to the people of the Marianas.

As Mr. Pangelinan has told you, the people of the Marianas, freely and through their elected representatives, have created the Marianas Political Status Commission in order to pursue their goal of a close political affiliation between the Marianas and the United States of America. The Commission is broadly representative of the people of the Marianas, including representatives from the Congress of Micronesia, from the District Legislature, from the Municipal Councils, from both political parties, from the local business community, and from the major ethnic and cultural groups in the islands.

Pursuant to its mandate, the Marianas Political Status Commission has been guided by the expressed wishes of the people regarding their choice of future political status. The Commission is continuing its dialogue with the people of the Marianas so that it will be better able to represent their views in future negotiations with the United States. We have employed qualified consultants to survey technical and legal questions in the areas of political status alternatives, economic development and land policy.

With the benefit of these consultations and studies, we have opened negotiations with representatives of the United States Government. These negotiations were opened at the request of the people of the Marianas and not, as some have suggested in the past, at the instigation of the United States. After a ceremonial opening session last December, the two delegations met in Saipan during May to begin working sessions which lasted until June 4. It is my privilege to report to the Council on the progress of these negotiations.

In seeking a future political status that is consistent with the desire of our people for a close political association with the United States,

the Commission has adopted the goals of maximum internal self-government for the Marianas and economic development that is designed to increase the standard of living of our people and to move the Marianas progressively toward economic self-sufficiency. We believe these goals are consistent with United Nations principles of self-determination. Also consistent with United Nations principles, the mandate of our District Legislature requires that any agreements reached between the Commission and the United States must be approved by the people of the Mariana Islands District through a plebiscite or referendum.

In moving toward agreement on the issues relating to our future political status, the Commission is proceeding cautiously and deliberately. We are determined to consult with our people at every stage to determine their wishes. Our consultants are advising us on the complex technical and legal issues involved. This Council can be assured that our negotiations with the United States are not one-sided or unequal. Although we have made much progress, we are far from formal agreement. Many outstanding issues remain to be studied and worked out. Nevertheless, in the recent working sessions, a number of important preliminary understandings were reached.

In the area of future political status, the parties reached tentative agreement that the future political relationship between the Marianas and the United States would take the form of a commonwealth arrangement, as defined by a formal political status agreement. The Marianas government would exercise maximum self-government with respect to internal affairs, while the United States would have sovereignty over the Marianas and exercise authority in the fields of defense and foreign affairs. The new government of the Marianas would be established under a locally drafted and locally approved constitution which would provide for the institutions of local government. The fundamental terms of this relationship, as spelled out in the political status agreement, would be subject to modification only by mutual consent.

In the area of economics and finance, the United States would provide assistance to move the Marianas progressively toward economic self-sufficiency, which we believe is fully consistent not only with political stability and freedom but with true self-government. The people of the Marianas are concerned

that the future of the Marianas should belong to our children. We intend to strive toward control of our own economy, as well as of our institutions of government. In this connection, land is our most precious resource both because of its relative scarcity and because of its cultural significance to our people. The United States has agreed in principle that, under our future relationship, land would remain in the hands of persons of Marianas ancestry.

We are also negotiating for the return of public lands, now held in trust by the Administering Authority, to the future government of the Marianas and ultimately to the people of the Marianas. The United States has committed itself to an early return of land now held in public trust.

We recognize that under international agreements the United States has responsibilities for the maintenance of peace and security in the western Pacific. We recognize further that, as a member of the American political family, the Marianas will have certain obligations to assist the United States in meeting its defense requirements. We are, therefore, negotiating with the United States with respect to specific military land requirements in the Marianas.

The subject of United States military land requirements is a matter for negotiation because we believe that no land should be made available for this purpose without the agreement of the people concerned. The Marianas Political Status Commission is aware of reservations by the residents of Tinian to the use of certain areas of Tinian by the United States military. We would like to assure this Council that any decision reached on these matters will be made only after full consultation with the people of Tinian. In addition, any agreement reached by the Commission in this area will be submitted for approval to the people of the Marianas along with the agreements reached in the areas of political status and economics and finance.

REPRESENTATIVE  
CONGRESS OF MICRONESIA  
DATE: 11/11/71

We have agreed in principle to negotiate in good faith on meeting the acknowledged United States need for land in the Marianas for defense purposes. However, the Marianas Political Status Commission has reached no agreement with respect to meeting specific land requirements. The Marianas Political Status Commission is consulting closely with the people who might be directly affected by a decision to make land available to the United States for military purposes. In light of the scarcity of land in the Marianas, we believe that the land requirements of the United States must be reconciled with the best interests of the people of the Marianas.

These are the areas of preliminary understanding that have been reached in our negotiations with the United States. It is apparent that much work remains to be done before we could be ready to submit a formal agreement to the people. We believe our efforts to date have been fully consistent with the wishes of our people that we explore a close political relationship with the United States. Despite the clear mandate from our people in this regard, however, we have been criticized in the Congress of Micronesia and by certain segments of opinion within the United Nations. I would like to say a few words about this criticism.

The people of the Marianas and its Political Status Commission fully respect the right of the people of Micronesia collectively to pursue their own future political status. We recognize the right of the Joint Committee to explore political status alternatives for Micronesia as a whole. The two members of the Joint Committee, who are also members of the Marianas Political Status Commission, continue to participate in the work of the Joint Committee.

While respecting the rights of the Joint Committee, the people of the Marianas cannot allow that Committee or the Congress of Micronesia to dictate the terms of a future political status for the Marianas which is contrary to the freely-expressed wishes of its people. Therefore, we cannot accept the nonbinding resolution of the Congress of Micronesia (S.J.R. No. 38) which holds that our Commission has no authority to seek a separate political status for the Marianas. We agree that the Joint Committee is presently the only organization with authority to negotiate with the United States on the future political

status of Micronesia as a whole, but we respectfully do not agree that the Joint Committee has the right to deny the freely-expressed wishes of any of the Districts of Micronesia for a separate political status.

When the Joint Committee rejected close association with the United States as a future political status alternative for Micronesia, it threatened to deny the right of our people to choose that alternative upon termination of the Trusteeship. We agree in principle with the sentiment of the recent Visiting Mission Report that the people of Micronesia must be given the option of choosing among different alternatives in deciding their future political status. The mandate of the Marianas Political Status Commission is to give the people of the Marianas the option of close association with the United States--an option which the Joint Committee apparently has foreclosed.

Despite our differences with the Joint Committee, we hope that its negotiations with the United States will proceed rapidly toward a tentative agreement. We believe all the citizens of Micronesia look forward to termination of the Trusteeship and the right to freely choose their future political status, consistent with the principles of self-determination. Our separate negotiations with the United States are not inconsistent with the work of the Joint Committee. Both of us look forward to termination of the Trusteeship. The results of our efforts will enable the people to freely choose their political future.

In its recent report, the Visiting Mission stated that the people of Micronesia should have the right to explore the option of independence at the same time they are exploring the option of free association. We do not understand how the Visiting Mission can argue that the people of the Marianas should be denied the right to explore the option of close political association with the United States. With all respect to this body and its Visiting Mission we believe that the Visiting Mission's recommendation to suspend the talks between the Marianas Political Status Commission and the United States is contrary to the principles of self-determination. Unless the people of the Marianas are presented with a fully developed alternative reflecting close association with the United States, they will be denied the right to freely

choose their political destiny.

The people of the Marianas have expressed their desire for close association with the United States for many years. In order to determine the wishes of the people, a district-wide plebiscite was held in 1969. The Marianas Political Status Commission is the vehicle to implement the expressed wishes of the peoples concerned. We ask this body to support the right of our people to pursue their choice through the negotiations now under way between the Commission and the United States. We pray that you will not deny us that right. Thank you.



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THE FUTURE POLITICAL STATUS  
OF THE  
MARIANA ISLANDS DISTRICT

Report of the  
MARIANAS POLITICAL STATUS COMMISSION  
on the  
Second Session of Status Negotiations  
in Saipan, Mariana Islands  
to the  
FOURTH MARIANA ISLANDS DISTRICT LEGISLATURE  
SECOND REGULAR SESSION, 1973

Marianas Political Status Commission  
May 15 - June 4, 1973

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MARIANAS POLITICAL STATUS COMMISSION

P. O. BOX 825

SAIPAN, M. I. 96950

August 6, 1973

The Honorable Vicente N. Santos  
President  
Fourth Mariana Islands District Legislature  
Second Regular Session, 1973  
Saipan, Mariana Islands, 96950

Dear Mr. President:

Since the First Regular Session, 1973 of the Mariana Islands District Legislature, the Marianas Political Status Commission has progressed in its negotiations with Ambassador F. Haydn Williams and the United States Government in all major areas of endeavour, i.e: Political Status, Economics and Finance, and Lands and Military. It is my pleasure, on behalf of the members of the Commission to report to the District Legislature the activities and current state of affairs of the Commission.

On Monday, April 30, 1973 our Commission met in full session to accomplish an education and review program with the consultants prior to the official meetings with the United States Delegation which began in the middle part of May. After the first Plenary meeting with the United States Delegation both sides had concentrated informal discussions in the above mentioned three areas and as an outgrowth of these discussions Position Papers were presented by both sides, initially in the area of Political Status, next in the area of Economics and Finance and lastly in the area of Military and Land. Attached for your review are copies of each of the Position Papers presented at these sessions. Additionally for further clarification of the results of these individual Position Papers please review the enclosed Joint Press Releases establishing general areas of agreement between the parties.

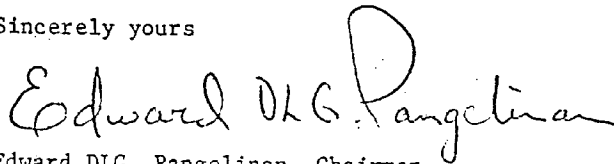
Our position on Political Status, has to quite an extent, been reconciled, however certain major areas still need further clarification in the proposed next round to be held in the fall of this year. It is anticipated that the next round will be held in the United States. The past two negotiations were held in Saipan, consequently the United States Delegation is encouraging the Commission to hold the next round in the United States preferably in Washington D. C., Hawaii, or Guam. As of this time it would appear the most favorable alternatives would be either Washington D. C. :

or Hawaii. In reference to the areas of agreement in Economics and Finance a great amount of work still lies ahead. The last area of endeavour, Land and Military problems, as you can see by the Position Papers, leaves many areas still to be negotiated.

Work in preparation for this next round of negotiations is presently being developed, amplified, and reviewed by our consultants in Washington and Saipan. James R. Leonard Associates, Inc. has recently had three of its economists and planners in the Marianas for purposes of developing material for adequate presentation and justification at the next session. The Law firm of Wilmer, Cutler and Pickering, represented by Howard P. Willen, Esquire, has been reviewing many of the more specific questions left open in reference to the Political Status question, and also making our presence known to United States Congressional leaders and other members of the Executive Branch of the United States Government. In both of the above stated areas the consultants have been in close coordination and contact with myself and our Executive Director for purposes of additional input and developments, specifically related to the local scene.

I would like to take this opportunity to especially compliment all the members of the Marianas Political Status Commission along with the staff and consultants for the excellent results that have been forthcoming to date. I feel the work product as enclosed herein is statement enough to the spirit of cooperation and work that has been the guiding light of our Commission from the beginning. I feel confident that the future will be just as productive as the past and look forward to the next round of negotiations as a large stepping stone towards an initial agreement in all general areas with the possibility of setting up a Constitutional Convention in the not too distant future. Enclosed for your review is a financial statement showing our present funding and expenditures to date. Additionally enclosed is our estimated financial requirements between now and the February session of 1974. The funding, although somewhat increased for the next six month period relates to the intensified effort that the Commission is pursuing in reference to these negotiations. All the members of this Commission, as well as myself and the staff, will make ourselves available for any questions the District Legislature may have. Thank you very much for your consideration of our situation.

Sincerely yours



Edward DLG. Pangelinan, Chairman  
Marianas Political Status Commission.

Enclosures.

MARIANAS POLITICAL STATUS COMMISSION

ESTIMATED BUDGET REQUIREMENTS

From Present To February, 1974.

PROFESSIONAL SERVICES:

Wilmer, Cutler and Pickering (Legal Consultants)	\$50,000.00	
James Leonard Associates, Inc. (Economic and Financial Consultants)	35,000.00	
James E. White (Executive Director)	8,000.00	

COMPENSATION:

Members of Commission	15,000.00	
Staff (secretarial services)	1,500.00	

OFFICE:

Supplies	500.00	110,000.00
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TRAVEL AND PER DIEM:

a) Five weeks in United States the full Commission and Staff:		
Per Diem	24,500.00	
Travel	16,000.00	
* SEE NOTE 1.		
b) Two weeks in Far East Military and Lands Committee:		
Per Diem	2,450.00	
Travel	3,000.00	
* SEE NOTE 2.		
c) Two weeks in Far East Economics and Finance Committee:		
Per Diem	2,450.00	
Travel	3,000.00	
* SEE NOTE 3.		
d) Taxi and U-Drive	2,000.00	
e) Miscellaneous	1,600.00	55,000.00

TOTAL ESTIMATED BUDGET:

\$165,000.00

\*PLEASE REFER TO NOTES ON ATTACHED PAGE.

NOTES:

- 1) The per diem is based on twenty individuals for five weeks at \$35.00 per person per day. The travel expense is estimated at \$800.00 per person for the twenty individuals.
- 2) The per diem is based on five individuals for two weeks at \$35.00 per person per day. The travel expense is estimated at \$600.00 per person for the five individuals.
- 3) The per diem is based on five individuals for two weeks at \$35.00 per person per day. The travel expense is estimated at \$600.00 per person for the five individuals.

POLITICAL STATUS COMMISSION  
Mariana Islands District  
Saipan, M.I. 96950

July 25, 1973


Political Status Commission Financial Statement as of July 30, 1973.

FUND

From District Legislature 1972 Special Session.....	\$25,000.00
From District Legislature August 1972 Regular Session.....	\$25,000.00
From District Legislature February 1973 Regular Session.....	\$42,100.00
TOTAL:	<u>\$92,100.00</u>

EXPENDITURES

1. Travel & Per Diem (Members).....	\$13,257.25
2. Compensation (Members).....	\$10,155.25
3. Taxi Expenses & U-Drive (Members).....	\$ 1,739.87
4. Office Supplies, Equipments, Furnitures, Others.....	\$ 5,410.39
5. Staff Salary.....	\$ 1,247.85
6. Cost of Professional Services (Mr. White).....	\$ 7,711.00
7. U-Drive, Per diem, Air fare & Services for consultant (James R. Leonard & Wilmer, Culter & Pickering).....	\$49,514.43
8. Labor & Materials cost for commission office.....	\$ 2,254.35
9. Per diem, Air fares & U-drive for Honor guests from Guam, Rota & Tinian.....	\$ 387.55
TOTAL:	<u>\$91,677.94</u>
BALANCE:	<u>\$ 422.06</u>

  
Henry F. Indalecio  
Dist. Treasurer, Marianas



POLITICAL STATUS COMMISSION  
Mariana Islands District  
Saipan, M.I. 96950

Political Status Commission Financial Statement as of June 30, 1973

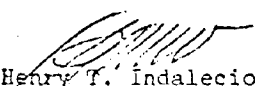
FUND

From District Legislature 1972 Special Session.....	\$25,000.00
From District Legislature Agust 1972 Regular Session.....	\$25,000.00
From District Legislature Febuary 1973 Regular Session.....	\$42,100.00
TOTAL:	<u>\$92,100.00</u>

EXPENDITURES

1. Travel & Per Diem (Members).....	\$12,139.05
2. Compensation (Members).....	\$10,155.25
3. Taxi Expenses & U-Drive (Members).....	\$ 1,663.37
4. Office Supplies, Equipments, Furnitures, Others.....	\$ 5,364.02
5. Staff Salary.....	\$ 1,247.85
6. Cost of Professional Services (Mr.White).....	\$ 7,711.00
7. U-Drive, Per diem, Air fare & Services for Consultant (James R. Leonard & Wilmer, Culter & Pickering).....	\$49,514.43
8. Labor & Materials cost for Commission Office.....	\$ 2,254.35
9. Per diem, Air fares & U-drive for Honor guests from Guam, Rota & Tinian.....	\$ 387.55

TOTAL:	<u>\$90,436.87</u>
BALANCE:	<u>\$ 2,147.83</u>

  
Henry T. Indalecio  
Dist. Treasurer, Marianas

PART I

PLENARY OPENING SESSION

MONDAY, MAY 15, 1973

ROYAL TAGA HOTEL

10:00 A.M.

REMARKS OF SENATOR EDWARD DLG. PANGELINAN, CHAIRMAN OF THE MARIANAS POLITICAL STATUS COMMISSION, MAY 15, 1973

Ambassador Williams, Members of the United States Delegation, and Honored Guests:

On behalf of the Marianas Political Status Commission, it is my pleasure to welcome you here to continue the deliberations which we began last December looking toward a close Political Relationship between the people of the Marianas and the United States.

As you know, each member of this Commission approaches this solemn assignment with a full sense of personal responsibility. Each of us may have a different background or different constituents, but the members of this Commission are united in their determination to do what is best for the people of the Marianas. We cannot escape--or delegate--this responsibility. Nor do we want to. The development of a new political status for the people of the Marianas--in a secure and close political relationship with the United States is a challenge worthy of any man's abilities and best efforts. The Commission accepts this challenge with enthusiasm.

I can assure you that the members of this Commission have prepared diligently for this session of negotiations. We have already delivered two detailed position papers to you on the subjects of Political Status and Economics. The Commission looks forward to your careful consideration of these papers and the opportunity to explore them further with you in our working sessions. The Commission is continuing its deliberations on other important matters and other position papers may be prepared. We have assumed that this method of preparation would assist in making these negotiations concrete and mutually productive. I am confident that our initial working sessions will confirm our expectations in this regard.

The members of this Commission are well aware of the complexities involved in these negotiations. We recognize that there are areas where agreement will come easily and others where the differences will seem at first glance to be insurmountable. I can assure you that this Commission is prepared to discuss all issues with an open mind and to negotiate in good faith. We are not

looking for deceptively simple solutions to difficult problems. Neither our constituents nor our descendants would tolerate such action by this Commission. Our report must go to the District Legislature and then to the people of the Marianas. Every member of this Commission wants to be able to defend the product of our negotiations with confidence and pride. Our work together in these negotiations can produce an agreement which will bring honor to your government and enable the people of the Marianas to achieve in full measure the democratic ideals long symbolized by the United States of America.

STATEMENT OF THE HONORABLE FRANKLIN HAYDN WILLIAMS, CHAIRMAN OF THE AMERICAN DELEGATION AT THE OPENING PLENARY SESSION OF THE MARIANAS - U.S. STATUS TALKS MAY 15, 1973

Senator Pangelinan, members of the Marianas Political Status Commission, honored guests, ladies and gentlemen: As the representative of the Executive Branch of the U.S. Government and speaking on behalf of all the U. S. delegation I would like to say how happy we are to be here to join with you again in the common task of fashioning a new political status for the northern Mariana Islands. Since our last meeting in December 1972, we have been busy, as you have, preparing for the days of discussion and decision that lie ahead of us.

In this process we have sought the assistance and advice of concerned Executive Departments and Agencies in Washington, key members of the Congress of the United States and the White House. In every quarter and at every level the American Government appreciates the aspirations of the people of the Marianas and welcomes the prospect of their membership in the American political family. I thus bring you warm greetings from both the Executive and Legislative branches of the United States Government.

As we move from ceremony and the preliminaries to the substance and the practical realities of framing an agreement I think it would be useful at the beginning to keep in mind the larger perspectives of Pacific and world affairs. It should be remembered that the U.S. has certain legal responsibilities for the maintenance of peace and security in the Pacific Ocean area and clear legal rights and powers to enable it to carry out these responsibilities.

At the same time, the U.S. has assumed certain obligations to the people of the Trust Territory -- to promote their social, political and economic well being and to provide them with an opportunity to choose their own political future. These are clearly set forth in the Trusteeship Agreement and the Charter of the United Nations.

I would like to assure you that the U.S. intends to live up to its responsibilities as well as its obligations.

With respect to the latter the U.S. has encouraged political unity in

the TTPF and sought to promote a common future political status for all of Micronesia. This was the policy consistently followed by the U.S. until last April when the decision was finally made to respond positively to the repeated requests of the Marianas District for separate status talks. It was not easy to make this exception. It was based on the long post World War II history of the desire of the people of the Marianas for political union - a desire that had been expressed over a period of twenty years to the United States, the United Nations and more recently to the Congress of Micronesia. It was based on the conviction that in view of this long history, refusal of the Marianas' request and forcing them into a future relationship against their will would constitute a denial of their own right of self-determination.

These efforts culminated in the opening session of the Marianas Political Status negotiations which took place on Saipan last December. The December session was characterized by warm expressions on both sides of the table and a determination to move forward expeditiously toward your goal of political union with the United States.

Our task now is to translate these expressed sentiments, the language of past resolutions and petitions, and the results of referenda into the precise language of agreement defining your future legal status within the American governmental system.

Initially your stated preference ran toward political union with the Territory of Guam. Later your representatives supported the concept of Commonwealth and the offer put forward by the U.S. to all of Micronesia in May 1970. After a study of possible status alternatives you have informed us that commonwealth is now your preferred position. We want your choice to be representative of the wishes of your people. We are confident that your desire for political union can be realized under a commonwealth arrangement within the guidelines laid down in the American Constitution.

We pledge ourselves to work with you toward this end. We look on the task as a common one - as a joint effort. We do not view these talks as adversary proceedings.

We hope that we will be able to move forward steadily toward an agreement. Over the period of time immediately ahead we hope that we will be able to reach preliminary understandings and possibly even tentative language to be included in a draft agreement.

Now we have started, we will want to keep working toward our common objective steadily and purposefully until we have completed a draft agreement which can then be submitted to the people of the Marianas for their approval. At the same time we do not wish to rush you. We feel that it is most important that you and your constituents be given ample time and opportunity for careful and thoughtful consideration of all aspects of the status questions.

Here again we share a common responsibility to keep the people informed and to be responsive to their wishes. In the end it will be they who will judge our efforts as they exercise their right of self-determination.

PART II

WORKING SESSION  
MAY 16 - JUNE 3, 1973  
SAIPAN LEGISLATURE



MARIANAS POLITICAL STATUS COMMISSION

May 10, 1973

Position Paper

Regarding the Future Political Status

of the

Mariana Islands

Since the first session of status negotiations in December of 1972, the Marianas Political Status Commission has explored the various political status alternatives which will enable the people of the Mariana Islands to fulfill their long-standing aspirations to establish a close political relationship with the United States. In this paper the Commission proposes a new political status for the Mariana Islands which will accomplish this purpose.

In summary, the Commission proposes that a Commonwealth of the Mariana Islands be created by Compact between the people of the Mariana Islands and the United States and that the people of the Marianas be permitted to become citizens or nationals of the United States. We believe that the proposal detailed in this paper offers a firm legal and practical foundation for fully accommodating the mutual interests of the Mariana Islands and the United States in accomplishing a rapid termination of the Trusteeship Agreement and the establishment of a secure future political status for the Marianas. The Commission respectfully requests that this proposal be carefully considered during the second round of status negotiations.

I. Proposed Political Status

In analysing the available political status alternatives, the Commission has attempted to identify the basic components of a political status which will best serve the interests of the people of the Mariana Islands. We believe that the Commission's Compact of Commonwealth proposal can be summarized most usefully by examining the following ingredients of the proposed political status: A) Source of political status; B) Amendment or termination of the

political status; C) Degree of internal autonomy or self-government; D) Applicability of United States Constitution; E) Applicability of United States laws; F) National Security and Foreign Affairs; and G) Representation in Washington. The Commission is prepared to elaborate on the legal, policy or other reasons for its views in any of these areas during the forthcoming negotiations.

#### A. Source of Political Status

The proposed Commonwealth of the Mariana Islands would involve a formal undertaking between the people of the Marianas and the United States in the form of a Compact. This Compact would be based upon and consist of three fundamental legal documents: 1) a Compact negotiated between the Marianas and the United States providing for the new political status; 2) a Marianas Federal Relations Act; and 3) a Constitution of the Commonwealth of the Mariana Islands. Each of these three documents would have to be approved by the people of the Marianas and by the United States Congress.

The Commission's recommendation for a Commonwealth by Compact is based largely upon examination of the Puerto Rico precedent. It is generally recognized--by the United Nations, the U.S. Congress, the U. S. Executive Branch and the courts--that the commonwealth status possessed by Puerto Rico is superior to the status of an unincorporated territory. In advancing this proposal, the Commission has also endeavored to build upon the Commonwealth proposal advanced by the United States in May of 1970. The Marianas Political Status Commission strongly believes the proposed Compact of Commonwealth will provide the fullest opportunity for self-government in the Marianas and create a political status which the people of the Marianas can accept with dignity through a solemn act of self-determination.

#### B. Amendment or Termination of Political Status

1. The Commission proposes that the Commonwealth status recommended for the Marianas should be amended or terminated only by mutual consent. This recommendation is based upon the Commission's conception of a Compact of Commonwealth as a mutual undertaking between the people of the Marianas and the United States. A requirement of mutual consent will protect both parties

to the Compact from unilateral action by the other party which amends, or even terminates, the political relationship. The Commission regards this element of mutual consent as one of the central advantages of the proposed Commonwealth status as compared with other alternatives considered by the Commission.

2. The Commission proposes that specific provision be made in the Compact for periodic review of the future political status of the Marianas. We believe that all aspects of the relationship between the Marianas and the United States--economic as well as political--should be subject to review at five-year intervals if either party to the Compact so requests. If a review is requested by either party, the Commission recommends that the parties undertake to discuss the matter at a high level of government and to negotiate in good faith on the questions raised during the course of the review. If the principle of periodic review is accepted, the Commission is confident that appropriate specific provisions and procedures can be determined during a later stage of these negotiations.

#### C. Degree of Internal Autonomy or Self-Government

1. As indicated above, the Marianas Political Status Commission believes that the people of the Marianas should have their own Constitution, which would be one of the fundamental legal documents underlying the proposed Compact between the Marianas and the United States. The Constitution of the Commonwealth of the Mariana Islands would be drafted at a Constitutional Convention, would be subject to approval by the people of the Marianas, and would become effective upon approval by the United States Congress. The Commission fully expects that the Constitution will have a detailed Bill of Rights specifying the protections available to the people of the Marianas and modeled to a considerable degree upon the comparable provisions of the U.S. Constitution. The people of the Marianas would be free to amend their Constitution so long as the amendments are consistent with the Marianas Federal Relations Act and the U.S. Constitution.

2. Although the precise form of governmental institutions in the Commonwealth of the Mariana Islands would be determined through the process of developing a Constitution, the Commission accepts the principle that the

future Marianas Government should be a republican form of government with three separate branches--executive, legislative and judicial. Within these constraints, however, the Commission believes that the people of the Marianas should have full self-government and absolute control over their internal affairs. It is essential, for example, that the people be entitled to elect their own Chief Executive and have the other attributes of a self-governing people. The Commission's recommendation of a Compact of Commonwealth is based in large measure upon the conviction that this political status affords the most freedom for the people of the Marianas to determine their own destiny within the American family.

D. Applicability of United States Constitution

1. The Commission recognizes that certain fundamental guarantees of the United States Constitution will be applicable to the Marianas in its future political status. We anticipate that the rights of the people of the Marianas will be fully protected by the provisions of the Constitution of the Commonwealth of the Mariana Islands. Nevertheless, the Commission is prepared to review specific provisions of the U.S. Constitution and determine which of these provisions should be expressly made applicable to the new Commonwealth. The Commission generally desires that the people of the Marianas be guaranteed all the same protections against actions of the Federal Government as are possessed by citizens and other persons residing in the United States. There are some provisions, however, which may not be appropriate to the Marianas, such as certain requirements of the Fifth Amendment or the Seventh Amendment, and the Commission desires to reserve its position on these and similar questions until it has had an opportunity for further study and consultation with the U.S. Delegation.

2. The Commission has concluded that at least one provision of the United States Constitution--the privileges and immunities clause of Article IV, Section 2, Clause 1--should not be applicable to the Commonwealth of the Mariana Islands. The Commission is concerned that the application of this clause might restrict the ability of the Marianas people to adopt future restraints on land transactions designed to preserve the land for the benefit

of persons of Marianas ancestry. The Commission is not now prepared to assert that such restraints will be necessary or, if so, the specific form that such restrictions might take. These are matters which the Commission intends to study further in the near future. It seems clear, however, that the privileges and immunities clause might be an important legal obstacle to the adoption of any such restrictions; and it is for that reason that the Commission proposes that the Compact expressly provide that this clause should not be applicable to the Commonwealth of the Mariana Islands.

E. Applicability of United States Laws

1. The Commission recognizes that under its proposed future political status the people of the Marianas should have the benefit of, and access to, the Federal judicial system. Although accepting this in principle, the Commission is not prepared at this time to take a firm position on the many procedural and administrative questions which must necessarily be resolved to accomplish this end result most economically and efficiently. The Commission desires, for example, to study further the jurisdiction which should be granted the Federal judiciary in the Commonwealth of the Marianas, the relationship with the U.S. District Court in Guam, and the relationship to any local court system to be established by the Commonwealth of the Marianas. The Commission solicits the views of the United States regarding these and comparable issues relating to the Federal judiciary system and will be prepared to discuss these matters in detail during a later stage of these negotiations.

2. In order to prevent future uncertainty, the Commission is prepared during these negotiations to discuss the applicability or nonapplicability to the Marianas of the most important United States laws. With respect to some of these statutes, such as the U.S. postal and currency laws, the Commission is ready at this time to accept in principle their applicability to the Commonwealth of the Marianas. We are confident that there are many other statutes whose benefits are such that they too should be made expressly applicable to the Marianas, but we require additional time to ascertain whether there are incidental questions regarding details of interpretation

or application which should be raised because of the unique geographical, historical, and cultural factors which pertain in the Marianas. The Commission solicits the views of the United States as to which statutes should be evaluated at an early point in these negotiations regarding their applicability or nonapplicability to the Marianas.

3. In addition, the Commission proposes that a joint Commission be established at an appropriate time to review all other Federal laws with a view toward determining which United States laws should apply in the Marianas. Such a Commission, comparable to that used in connection with Guam, would have the duty also of developing general guidelines to be used in deciding what future United States laws should apply in the Commonwealth of the Marianas. These guidelines must necessarily reflect the unique circumstances of the Marianas and the aspirations of the people of the Marianas to achieve full self-government over their internal affairs.

F. National Security and Foreign Affairs

1. The Commission accepts the principle that under its proposed political status for the Marianas the United States will possess full responsibility and authority for matters related to national security and defense. Although recognizing that implementation of these responsibilities will require the establishment of military bases by the United States in the Marianas, the Commission strongly believes that the use of land for these purposes should be kept at the absolute minimum possible. The use of land for military purposes and the related effects upon the people of the Marianas will be one of the central issues to be discussed during these negotiations. In drafting provisions of a Compact relating to national security and defense, the Commission urges the United States to recognize the deeply felt desire of the Marianas people to be fully consulted about actions and plans of the United States in exercising its responsibilities in this area. The people of the Marianas are understandably concerned about the use of their most valuable resource for military purposes and deserve to have their views treated with the same dignity and respect as are accorded to residents of the United States.

2. With respect to foreign affairs, the Commission also recognizes the primary responsibility of the United States. The Commission proposes, however, that the Compact between the United States and the Marianas should provide for the fullest possible consultation by the United States with the Marianas regarding foreign matters affecting the Marianas. Where treaties are contemplated which relate significantly to the Marianas, the Commission proposes that the consent of the Marianas be secured before such treaties are negotiated by the United States. In addition, the Marianas desire the fullest opportunity to participate in international or regional organizations concern with trade, cultural, social, educational, technical, scientific, or comparable areas of interest. The Commission recommends that the Compact expressly recognize this desire and right on the part of the Marianas and commit the United States to assist efforts by the Marianas to participate meaningfully and responsibly in international affairs.

G. Representation in Washington

The Commission proposes that the Commonwealth of the Marianas be entitled to a nonvoting delegate to the U.S. House of Representatives. This delegate would receive the same compensation, allowances, and benefits as a full member of the House of Representatives and would be authorized to introduce legislation on behalf of the people of the Marianas, to speak on the floor of the Congress and in Committees, and to vote in Committees to which he is assigned. Although recognizing the legal difficulties involved, the Commission's long term aspirations in this area are to have a voting representative in Congress who will have all the rights and privileges of other members of the U.S. House of Representatives.

## II. Citizenship

In preparing for this second round of status negotiations, the Commission has devoted considerable time and effort to the question of United States citizenship for the people of the Mariana Islands. The Commission recognizes, and welcome the fact, that the proposed close political status with the United States will mean that the people of the Marianas will be entitled to become U.S. nationals or U.S. citizens. Beyond this point, however, the Commission's current position on this complicated and sensitive issue can be summarized as follows:

A. The Commission believes that the question of U.S. citizenship, or U.S. national status, for the people in the Marianas under the proposed commonwealth must ultimately be resolved on an individual basis by each citizen of the Marianas. Neither this Commission nor any other governmental entity in the Marianas has the legal authority to make this election on behalf of the citizens of the Marianas.

B. The Commission believes that any future political status for the Marianas should provide the legal mechanism by which the people of the Marianas can elect to become citizens of the United States or U.S. nationals depending upon their personal preferences.

C. The Commission intends to continue its study of this question, particularly with respect to any different privileges or responsibilities which attach to U.S. citizenship as contrasted with U.S. national status. The Commission solicits the views of the U.S. Delegation on this issue, especially regarding any legal or political implications of this choice which might affect the kind of future political status which the people of the Marianas can secure. The Commission anticipate that its future deliberations on this subject will assist the people of the Marianas in making an informed decision on this important matter.

D. The Commission believes that the question of U.S. citizenship, or U.S. national status, should be placed before the people of the Marianas by referendum at the time any future political status is presented to them for



approval. Citizenship is obviously one of the critical aspects of any future political status for the Marianas, and this Commission recognizes the necessity and desirability of placing this question directly before the people.

E. Based upon the results of this referendum, the Commission believes that the specific provisions of the Compact and the Marianas Federal Relations Act dealing with citizenship and national status can be drafted to reflect the wishes of the majority of the people while still preserving the rights of the minority to select the status of their choice. For example, if the majority of the voters desire to become United States citizens, the statutory provisions can provide that all citizens in the Marianas will become U.S. citizens unless, within a stated period of time, they come forward and elect to become U. S. nationals. Conversely, if the majority of the voters desire to become nationals, the statutory provisions can place the burden of coming forward on those who desire to become citizens. In either case, the Commission believes that the procedural requirements should be as simple as possible involving a minimum of travel, time, and paperwork--so that each citizen of the Marianas is indeed given full opportunity to make his own election.

U. S. STATEMENT ON POLITICAL STATUS FOR MAY 16 WORKING SESSION

I start my commentary, Mr. Chairman, from the basic assumption that your delegation has invited us here for the purpose of establishing an enduring political union between the Mariana Islands and the United States. This desire has been insisted upon over the years by your representatives. With U.S. acquiescence in this request, establishment of this relationship has now become the common purpose of these talks.

We proceed now to detailed discussion of the specific elements of that relationship. Like you, we are ready to start building an agreement. But before applying the planks and bricks and mortar we need to be sure we have a solid foundation. We must make certain we have agreement on the basic principles underlying and defining the political status we want between the Marianas and the United States.

I recognize, of course, that there are interlocking relationships between political status and the other major questions to be considered in these talks. Before proceeding to explore other aspects of this relationship in depth such as land and finance we must first reach agreement on the basic elements of political status. We are prepared to answer fully any of your concerns on finance and land which might relate to the basic political structure, and we will, of course, review these topics with you later in detail when we come to their specific consideration.

I should also note that the agreement we reach here on status should be considered as tentative in nature. That is, no one should be precluded from returning to the status issue as further questions about it arise during our subsequent discussion of other agenda items.

Let us turn now to political status and its legal and jurisdictional manifestation. It is encouraging to find that we seem to have substantial areas of agreement resulting from the exchange between the two delegations in the informal sessions last week. As I noted in yesterday's plenary session, the U.S. is in agreement with the Marianas' desire for a commonwealth relationship. It is perhaps useful, however, to review what the U.S. feels to be the

essential components of such an arrangement.

We visualize the forging of close ties that will bring the Marianas fully into the American political family. We envision a relationship which will clearly vest sovereignty over the Mariana Islands in the Government of the United States and authorize that Government to legislate for the Marianas under Article IV, section 3, clause 2 of the Constitution. This relationship would be "territorial" as that term is used in the U.S. Constitution. However, the Marianas would become a commonwealth with the right to write its own constitution and would have the maximum possible control over its affairs subject, of course, to the supremacy of the Federal Government.

There are many questions flowing from these principles. They are of some complexity and will require careful, detailed consideration during our forthcoming discussions. It seems essential to me, however, that we must agree on these basic principles themselves at the outset. Unless we can do so, there is little point in pursuing the other subjects on our agenda in much depth.

I would like to comment now on some of the specific suggestions in the position paper on political status which your Status Commission was good enough to hand us last week. We have studied it with great care. My comments will be confined, however, to the important issues, leaving extended discussion to later.

In describing earlier the basic principles which the U.S. believes should underlie the status relationship, I hope I made it clear that we are talking about a close and enduring association achieved by an agreement. This may not be the same thing you are talking about in your "compact". We too have tried to follow the May 1970 Commonwealth proposal in many substantive matters, but not the specific example of Puerto Rico.

We have come together to discuss close permanent ties. It seems to us inappropriate, therefore, to give any substantial consideration in our discussions to the question of possible termination of the agreement we are forging which will define the main features of the Marianas - U.S. political status. If you will excuse a note of levity, it seems inappropriate to my delegation

agreement and the laws of the United States, including the U. S. Constitution. Similarly, the President could rule on the consistency of subsequent amendments to your constitution.

Our two delegation also seem to agree on how we should examine the U.S. Constitution to determine any specific provisions which should not be applicable to the Marianas. We want your specific suggestions, and for our part we have some ideas to submit for your consideration. I might say that my delegation preliminary sees no problem in exempting the Marianas on local matters from those aspects of the Fifth and Seventh Amendments to the U.S. Constitution relating to grand jury indictment and the right to trial by jury. We believe that a total exemption from Article IV, Section 2, Clause 1 is too broad since American citizens should be accorded equal privileges and immunities other than in land. We are confident we can work with you to devise suitable arrangements to restrict future alienation of land to non-citizens of the Marianas as you desire.

We agree with your suggestion that our two delegation discuss the major federal laws which are to be applied to the Marianas and those which should be inapplicable. In order to begin that discussion, we would appreciate hearing your specific views in this regard.

We also agree with your useful recommendation that a joint commission be established to review the great body of other federal legislation to determine which parts of it might appropriately be applied in the Marianas. The same must be done for federal rules and regulations as well.

My delegation has assumed the Marianas would wish to embrace the U.S. federal court system and are somewhat surprised that you seem to be suggesting otherwise. If it is your desire, we have no problem with your establishing, as the Territory of Guam has done, local courts to adjudicate local matters. We are also prepared to let you decide if the appeals from these local courts would be through the federal court system. In any case, however, the federal court system must be used wherever federal laws are involved.

While my opening comments on the locus of sovereignty may have already implied the U.S. position on responsibility in the fields of defense and

to discuss the circumstances for possible separation or divorce while we are in the midst of arranging a marriage based on both mutual affection and mutual interest.

But while we look forward to a permanent relationship, it must be said at the same time that no relationship is immutable. The history of developments in other parts of the U.S. family over the decades shows quite clearly that the Federal Government has been responsive to local requests for modifications in these relationships as changes become appropriate and necessary. Moreover, any relationship is by definition subject to cancellation by mutual consent. There would thus seem to be no necessity for mentioning the termination question in the Marianas - U.S. status agreement.

Nor does it seem to us that in the close, sympathetic relationship being discussed there should be any need to establish a mechanism for review of U.S.-Marianas ties at stated intervals. Rather, the mechanisms of communication will be such that either side should feel encouraged to raise immediately, at any time, matters of mutual interest or concern. We should not have to wait five years. This is particularly relevant with respect to economic questions. The needs of the people of the Marianas will be kept under constant and continuing review through normal workings of the annual U. S. budget cycle. This permits immediate consideration of Marianas problems as they become manifest. They don't have to be deferred for consideration at the end of an arbitrarily determined review period.

Our two delegations are in agreement on many aspects of your proposed approach to framing and adopting a constitution for the Marianas. The U. S. delegation is pleased by your desire to incorporate in your constitution a detailed Bill of Rights. We agree with your comments on the separation of powers in a new Marianas Government, and we recognize the desire of the people of these Islands to elect their own chief executive.

We do not think it will be legally and constitutionally necessary, however, for the Congress of the United States to approve the Marianas constitution. Rather, the President of the United States would be given the authority to decide its sufficiency and insufficiency in terms of conformity to our

foreign affairs, I should note here that the federal government will naturally welcome the advice of the Commonwealth of the Mariana Islands on matters in which the latter has a particular interest, and the federal government will, as a matter of normal procedure, endeavor to keep the Commonwealth abreast of international development which might affect it. However, consultation as a matter of right would be inappropriate. No other state, Commonwealth or Territory has that right. Similarly, we would welcome the advice of the Commonwealth of the Marianas with respect to any international agreement the U.S. might enter into in the future which might affect the Marianas. However, we cannot agree to give the Mariana Islands a veto over such agreements.

The U.S. views sympathetically the Marianas' desire to participate in appropriate international and regional organizations concerned with economic, cultural and other comparable areas of interest. The membership of such organizations is determined by the charters of the organizations themselves. Most limit their membership to single representation from constituent parts of larger political groupings. On the other hand, some organizations like the subordinate bodies of the South Pacific Commission which might well be relevant to the Marianas' needs do permit membership by constituent units of a political family. We see no problem here in meeting the Marianas' desires.

Given the Marianas' understandable desire to develop local tourism and other commercial possibilities to the extent feasible, the Marianas may wish to establish outside the Commonwealth and outside the United States offices to foster cultural and commercial interest in these islands. The U.S. Government would be glad to see the Marianas do so, always assuming of course, that these offices conform to the general pattern of similar establishments maintained abroad by U.S. cities, territories and states.

Your interest in having in the U.S. Congress a representative who would speak for the Marianas alone is understandable, but we are not overly optimistic that this can be arranged in the short-run. As you know, the matter of Congressional representation falls wholly within the purview of the U.S. Congress. We shall, of course, transmit your views to that body.

We do not fully understand the distinction you have drawn between U.S. citizenship and U.S. nationality in your outline of the options you think should appropriately be made available to each person of the Marianas. We agree that everyone should have the right to accept or reject U.S. citizenship. It has been our assumption that those rejecting citizenship will become resident aliens in the new commonwealth. The concept of "U.S. national" has little practical significance other than in the context of the workings of the U.S. Immigration and Nationality Act. The acceptance of a citizen-national option would prove to be a serious administrative inconvenience and would confer upon those inhabitants of the Mariana Islands who accept it an inferior and awkward status, especially if they should move into the rest of the United States. We would therefore prefer to omit that option unless you can demonstrate to us its significant practical utility.

Finally, it is probably premature to say very much about implementation of the status agreement to which we will finally put our signature, but my delegation is aware that this is a matter which is much in your minds. As we envisage the sequence of events, the U.S. Congress will enact enabling legislation for the commonwealth arrangement at the time it approves the agreement reached by our delegation; as soon as the locally drafted constitution for the Marianas is approved by the people of these islands and the President has approved its sufficiency, a separate administration for the Marianas will be established under the Trusteeship Agreement in the event that the trusteeship has not yet been terminated. At that time most of the provisions of the U.S.-Marianas status agreement and of the Constitution of the Marianas will enter into force. When the trusteeship agreement is finally terminated for all the TTPI, there will be additional action by the Executive Branch to put the commonwealth relationship into full effect.

## I. U.S. INFORMAL SUMMARY OF STATUS ISSUES

I would like now to summarize those aspects of the political relationship on which it appears to the U.S. both sides agree and which, therefore, probably do not need further elaboration at this time.

Commonwealth Status. You have asked for a close permanent relationship with the United States, and have specified your preference for commonwealth status. We agree with you that a commonwealth relationship is appropriate. Both sides are agreed that sovereignty over the Mariana Islands will be clearly vested in the Government of the United States and that in this sense the arrangement will be "territorial" as that term is used in the U.S. Constitution.

Similarly, I understand you agree that the U.S. Government will have the authority to legislate for the Marianas under Article IV, section 3, clause 2 of the U.S. Constitution subject to our being able to reach an understanding regarding the modification of major provisions of our agreement by mutual consent.

Defense and Foreign Affairs. I think you understand that the U.S. must have unqualified authority in the realms of national security and foreign affairs. At the same time, the federal government will, as a practical matter welcome any advice the Marianas might wish to offer on international matters of particular interest to it.

We shall support the Marianas' membership in regional or international organizations concerned with economic, cultural, or comparable areas of interest which permit representation from constituent parts of a political family. We have also observed previously that should the Marianas wish to do so, it may certainly establish abroad offices to promote local economic and tourist interests.

Self Government: Marianas Constitution. In the U.S. view the major distinction between a commonwealth relationship and an unincorporated territory is the differing degree of self-government under the two arrangements. Commonwealth permits a maximum amount of self-government, subject only to the limita-



tions of the U.S. Constitution, the legislation setting up the commonwealth, and federal legislation applicable to all U.S. territories. Under the commonwealth arrangement the United States envisages, the Marianas will draft its own constitution. It will then be submitted to the people of the Marianas for ratification.

Although our side had thought it might be most expeditious to have the President of the United States judge the sufficiency or insufficiency of your constitution in the context of the U.S. Constitution and relevant legislation, we have no problem with your preference for approval of your constitution by the U.S. Congress.

Moreover, the U.S. accepts your proposal to leave it to the U.S. federal courts to determine the sufficiency or insufficiency of subsequent amendments to your constitution should they be challenged, rather than have the Executive Branch make a determination on sufficiency.

The U.S. again expresses its satisfaction at your desire to see a Bill of Rights incorporated in the Marianas constitution. Our side concurs with your concept of a separation of powers in the new Marianas Government and likewise agree that the people of the new commonwealth should elect their own chief executive.

Privileges and Immunities. There appears to be agreement that Article IV, Section 2, Clause 1 of the U.S. Constitution relating to "privileges and immunities" should apply to the Marianas, provided we can jointly work out arrangements meeting your understandable concern that your ability to restrict land transactions not be compromised. It is our belief that your concerns regarding land alienation can be allayed. This problem will be discussed further in subsequent meetings.

Judicial System. There seems to be broad agreement on the structure of a judicial system for the Marianas. You prefer to establish local courts to handle purely local matters. It is our understanding that you wish to discuss with us further the question of whether to establish local appellate courts for litigation arising on such matters, or whether to have the appellate

procedure be through the U.S. judicial system. In turn, we seem to be agreed that U.S. federal courts will handle matters relating to federal law. In this regard it probably will be appropriate to reconstitute the present U.S. District Court in Guam to cover the Marianas and Guam.

Marianas Representation in Washington. Our two delegations have discussed the question of Marianas representation in the U.S. Congress in the context of whether or not the U.S. Congress, under whose prerogative this matter rests, would be willing to agree to a non-voting delegate which would represent the Marianas exclusively. We have expressed our judgement - based on our preliminary consultations in Washington - that the U.S. Congress would be reluctant to do so because of the limited Marianas population. We have agreed nonetheless to fully support your request to the U.S. Congress.

## II. SOME REMAINING QUESTIONS WHICH CAN BE RESOLVED NOW

I think the foregoing summarizes the areas in which we found ourselves in general agreement at the end of last week. I would now like to turn to fundamental matters which we did not resolve and which merit further mention this morning.

Mutual Consent to Substantial Alterations in the Commonwealth Relationship. You have asked for a provision in the instrument we ultimately draw up specifying that fundamental changes in the political aspects of the relationship between the Marianas and the United States can only be modified by mutual consent. If you and we have in fact reached preliminary understandings on all those aspects of the U.S. - Marianas arrangement I have listed in the foregoing summary of what our side believes to be the common areas of agreement, we are willing to include in the agreement a provision for mutual consent on significant alterations in the basic structure of the relationship. I think both sides accept the necessity of exercising extreme care in the drafting process to insure that the mutual consent provision will apply only to major structural changes in the commonwealth arrangement.

Review Procedure. The U.S. has stated previously its belief that in the close relationship being envisaged, there will be a continuing dialogue about Marianas interests and needs which make it unnecessary to establish a

separate periodic review mechanism. However, the U.S. Delegation would be willing to discuss this further after we have sketched in the basic framework of an ultimate agreement if you still feel that a built in review process deserves consideration.

### III. QUESTIONS REQUIRING FURTHER DELIBERATION

There are several important matters relating to the nature of the Marianas - U.S. political relationship which our delegation believe will require further detailed consideration.

Applicability of U.S. Laws to the Marianas. During the weekend our respective legal advisers began examining the U.S. Constitution to determine which of its provisions should expressly be made applicable to the Marianas. They also began their discussion of major federal U.S. legislation to determine its applicability or inapplicability to the circumstances of the Marianas. We understand that it is your wish that the question of whether certain major areas of Federal legislation will apply in the Marianas be dealt with explicitly in whatever agreement we eventually conclude. These areas include taxes, immigration, custom, banking and currency, social security, maritime laws, labor standards and the post office. I believe we agree that it is necessary to have these questions examined by our legal advisers in Washington, and to have the results of their deliberations presented in our next session for discussion and final decision.

Before leaving the subject of the applicability of federal legislation, let me re-state U.S. concurrence with your recommendation that a joint commission be established to study the large body of remaining federal legislation, rules and regulations the applicability of which we will not address specifically in our agreement.

Citizenship - Nationality. Our respective legal advisers began a useful joint examination last Saturday of the U.S. citizen-U.S. national option for the people of the Marianas which you have raised for consideration. We have proposed that your people be offered the opportunity of becoming American citizens. What remains to be determined is whether under U.S. law and past precedent they can be offered the alternative of U.S. national at the same

time they are offered the possibility of citizenship. We have no objection in principle with this proposition but this is a technical matter which the U.S. Delegation believes should be studied further by both parties in Washington.

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The foregoing summarizes the U.S. view of the discussions thus far. I invite your comment on whether my summary accurately reflects your understanding of the areas of preliminary agreement. As noted, we shall still have a few basic questions to resolve such as the applicability of federal legislation and the citizen-national issue. However, if the areas of preliminary understanding are as broad as I believe them to be, we can take great satisfaction from knowing that our labors have begun well. These preliminary understandings on the basic foundation of the Marianas - U.S. relationship will greatly facilitate our consideration of other major agenda items that lie ahead, and will provide a sound foundation for any joint statement we may wish to draft to sum up the current talks and for the ultimate commonwealth instrument we shall have to devise.

POSITION OF MARIANAS POLITICAL STATUS COMMISSION  
ON SUBJECT OF SELF-GOVERNMENT

In its position paper of May 10, 1973, the Commission stated (at p. 5) that within certain constraints "the Commission believes that the people of the Marianas should have full self-government and absolute control over their internal affairs." The Commission also indicated that it wanted the people of the Marianas under the proposed Commonwealth to have the "attributes of a self-governing people." The United States has also recognized in its statements that the people of the Marianas should have "maximum" self-government consistent with the U.S. Constitution and relevant Federal legislation. The specific question which has been identified in our recent working sessions is how to reconcile the desire of the Marianas for maximum self-government with the plenary powers of Congress under Article IV, Section 3, Clause 2, of the U.S. Constitution.

The Commission is not prepared to make any specific proposal on this subject at this time. The legal and practical aspects of this problem are extremely complex and require additional study, we believe, by both parties to these negotiations. The Commission recognizes that sovereignty over the Marianas will be clearly vested in the United States. The Commission is not in any way seeking exemption from Federal legislation applicable to the states or territories which is enacted by Congress under Constitutional powers other than Article IV, Section 3, Clause 2. We are interested only in exploring--together with the U.S. Delegation--whether some specific limitations on the plenary powers of Congress under Article IV, Section 3, Clause 2, can be developed which would make clear that the Commonwealth of the Marianas has maximum (or paramount) control over its internal affairs. Many approaches are possible, some involving express exemptions to Article IV, and others involving legislative history alone, but each must be reviewed carefully from a legal, practical, and political standpoint.

Under these circumstances, the Commission is requesting the U.S.

Delegation to recognize that this is an appropriate area for future study and discussion. After such study, the Commission may indeed conclude that there is, in fact, no practical alternative but to accept the full and uncircumscribed application of Article IV, Section 3, Clause 2. The members of the Commission are not at this time, however, ready to reach this conclusion. We respectfully request the U.S. Delegation to appreciate our position on this matter and add this topic to the list of items requiring further detailed consideration.

JOINT PRESS RELEASE BY SENATOR EDWARD DLG. PANGELINAN AND AMBASSADOR FRANKLIN HAYDN WILLIAMS, CHAIRMEN RESPECTIVELY OF THE MARIANAS POLITICAL STATUS COMMISSION AND THE AMERICAN DELEGATION TO THE MARIANAS STATUS TALKS.

May 17, 1973

A series of informal discussions between our two delegations in Saipan last week initiated the current phase in our continuing joint endeavor, begun here last December, to create lasting ties between the Mariana Islands and the United States. Those informal exchanges provided an opportunity for preliminary consideration of most of the major topics bearing on the Marianas' future status, including such matters as the nature of the political relationship, finance of the political relationship, finance, self-government, public land, land alienation, and U.S. military land requirements. Both sides found the sessions useful as they prepared for the resumption of the formal talks this week.

The formal discussions were renewed in a plenary session May 15. Each side pledged to work earnestly to design a Marianas-U.S. relationship which will reflect the desire of the peoples of the Marianas for close association and will be beneficial to both the Marianas and the United States. In lengthy working sessions yesterday morning and afternoon and again today, the delegations have taken up that task. In a constructive atmosphere characterized by free, frank, and searching exchanges, we have discussed the nature of our future political ties. We have already indentified substantial areas of agreement and are now examining some of the more complex legal and constitutional aspects of the political relationship.

Both delegations plan to give equally intensive consideration to such other major topics as finance, arrangements for the protection of local interests in land, U.S. land requirements, and enactment and implementation of the new status agreement.

The delegations have preliminarily discussed land and U.S. military requirements in the Marianas but have not yet exchanged position papers or any kind of documentation on the subject. The nature and extent of these requirements is a subject for negotiation which we expect to review in great detail.

Ambassador Williams made it clear as early as October of 1971, at Hana, Maui, Hawaii, that to the extent feasible the U.S. wishes to concentrate on Tinian Island any military facilities it might establish in the Marianas. Ambassador Williams restated that position here in Saipan last December. These requirements are extensive. But the U.S. is not asking for exclusive use of all of Tinian. Furthermore, Ambassador Williams wishes to state categorically that the U.S. Government has no plans whatever to give the U.S. military responsibility for the civil administration of Tinian, as alleged in recent new reports.

Chairman Pangelinan emphasized that the Marianas Political Status Commission includes two representatives of Tinian. He stated that all fifteen members of the Commission are determined to represent and protect the interest of all the people of the Marianas, including the people of Tinian, in their status negotiations.

Both the Marianas Political Status Commission and the U.S. Delegation are committed to undertake full consultation with the people of Tinian before any final decisions or agreements are made regarding the use of land on Tinian for military purposes. After this matter has been fully discussed in these negotiations, representatives of the Commission and the U.S. Delegation will schedule appropriate meetings with the people of Tinian to disclose these plans in detail and solicit their views.

JOINT PRESS RELEASE

May 19, 1973

Ambassador Haydn Williams and Senator Edward Pangelinan, Chairmen respectively of the American and Marianas Delegations, both expressed today satisfaction with the progress that had been made during the past week in the five working sessions of the two delegations. The twice-a-day meetings involving long hours of free questioning and frank exchange with full participation on both sides have produced so far, according to the two Chairmen, a clearer understanding of each other's positions on a number of substantive issues relating to status. The agenda and all of the working discussions to date have been centered on the essential elements and the basic nature of the political relationship between the United States and the Marianas. Recent sessions have concentrated on such topics within this heading as the source of political status, the degree of internal autonomy or self-government, the applicability of the U.S. Constitution and U.S. laws, national security and foreign affairs, representation in Washington, citizenship and nationality, the federal judicial system, and features of a Marianas constitution.

A meeting of a special of legal experts from both sides was called for today to explore further various technical questions and the application of federal legislation and laws. Tomorrow afternoon the Marianas Delegation will be the guests of the American side at a late afternoon picnic on Managaha Island. The next working session of the two delegations will be held Monday at 10 a.m.



JOINT PRESS RELEASE

May 23, 1973

Senator Edward Pangelinan and Ambassador Haydn Williams, Chairmen respectively of the Marianas and American Delegations to the Marianas status talks, said today their delegations have reached broad preliminary understanding on most aspects of the Marianas-U.S. political relationship envisaged under a commonwealth arrangement for the Marianas.

They indicated that at this early stage of deliberations the main effort have been to highlight areas of tentative agreement and to identify technical questions requiring further study and discussion, rather than to explore the precise language of an ultimate status agreement.

In describing the preliminary nature of their understandings, Senator Pangelinan and the Ambassador reiterated that, in any case, the instrument of agreement emerging from this and possible future negotiating rounds will have to be approved by the Marianas District Legislature, the people of the Marianas, and the U.S. Congress. The two Chairmen believe, nonetheless, that the present considerable degree of understanding on the fundamentals of the political relationship provides an excellent foundation for a subsequent instrument of agreement.

The two Chairmen indicated that preliminary agreement had been reached on a commonwealth relationship which will vest sovereignty over the Marianas in the United States Government under a territorial relationship and permit maximum Marianas control over local affairs. This would be accomplished under a locally-drafted, locally-approved constitution providing for a bill of rights, separation of powers, and a popularly elected chief executive. There are also the following additional tentative understandings: the U.S. Government will have responsibility for defense and foreign affairs, though the federal government will welcome the advice of the Marianas on international matters directly affecting the islands. Moreover, the U.S. will support the Marianas' membership in regional or international organizations concerned with economic, cultural, or comparable areas of interest which permit representation from constituent parts of a political family. While the judicial systems of the Marianas and the U.S. will be compatible and consistent with federal law, the Marianas will have the right to establish local courts for purely local matters. The two sides will explore a common approach to the U.S. Congress regarding the nature of the Marianas' representation in Washington.

The two delegations are agreed that further joint study is necessary on the applicability to the Marianas of specific U.S. laws, the precise extent of self-government to be exercised by the Marianas under the U.S. Constitution and relevant federal legislation, and the status to be accorded those residents of the Marianas who might not wish to become American citizens. Subpanels of lawyers from the two delegations have already begun a useful exploration of these largely technical matters and will continue their deliberations during the course of the present talks and subsequently in Washington.

The two Chairmen noted that the area of understanding on the basic structure of the political relationship is sufficiently broad to warrant the delegations' moving now to consideration of such other major agenda items as economics and finance, land, and transition.

MARIANAS POLITICAL STATUS COMMISSION

May 14, 1973

Position Paper  
Regarding Economic Aspects  
of the  
Revised Political Status  
of the  
Mariana Islands

During the first round of political status talks, the United States indicated a desire to explore jointly with the Marianas Political Status Commission the financial needs of the Mariana Islands. Accordingly, the Commission has undertaken studies to determine the financial requirements to facilitate an orderly transition to a new political status, to provide an adequate social and industrial infrastructure, to provide necessary public services and programs, and to provide the economic means for the people of the Marianas to participate in the economic development of their islands. While the Commission is confident that the people of the Marianas expect and desire to assume the financial responsibilities of self government, it is obvious that the financial requirements cannot be met from internal financial resources until an expanded tax base has been developed. Therefore, the Commission proposes a program of United States economic assistance and budget support to establish a base for economic and social development which will enable the people of the Marianas to realize their long range goal of self support.

The financial assistance program which the Commission proposes is directly related to the process of transition to a new political status. Because of historical and cultural factors, and given the current level of economic and social development in the Marianas, the Commission believes that the transition process will continue for many years beyond the formal acceptance of a new status agreement by the United States and the people of the

Marianas. It appears to the Commission that there must be at least three separate phases of transition.

The first phase of transition, consisting of one year, should be a period during which detailed plans are prepared to facilitate changes in government structure required by the new status, to accelerate industrial and social infrastructure development, to establish institutions for economic and social development, and to establish a legal basis for self government.

The second phase of transition, consisting of seven years, should be a period during which the plans formulated in the first phase are implemented. By the end of the second phase, the standard of living in the Marianas should be at an acceptable level, and the base for long term growth and development should be firmly established.

The third phase of transition, extending to the year 2000 and perhaps beyond, should be a period during which the people of the Marianas develop their economic potentials and assume increasing responsibility for the support of their own government.

I. Financial Requirements for Phase I (1974)

The essential planning to be undertaken in the first phase of transition will require expert assistance from physical planners, architects, engineers, public administrators, and others. It is anticipated that the required planning activities will cost \$4.5 million, allocated as follows:

A. Physical Plan		
1. Cadastral Survey	\$3,000,000	
2. Master Planning	300,00	
3. Schematic Design of Facilities	<u>450,000</u>	
		\$3,750,000
B. Government Reorganization Plan		125,000
C. Economic and Social Development Plan		125,000

D. Legal Plan (Including Political Education, Constitution Convention and Development of Legislative Programs	\$ 500,000
TOTAL	<u>\$4,500,000</u>

The Commission proposes that funds sufficient to allow the implementation of Phase I be made available as a grant to the Commission immediately after the conclusion of successful negotiations for a new political status.

II. Financial Requirements for Phase II (1975-1981) :

The implementation of transition and development plans formulated during Phase I will require greatly expanded government programs in the Marianas. The studies undertaken by the Commission indicate that these expanded programs will require substantial budget support for the new Marianas Government from external sources.

A. Capital Improvement Requirements

The Commission has reviewed with care the master plans for Saipan and Rota prepared by Hawaii Architects, memoranda prepared by the Marianas District Planning Office on road, water and power requirements in the Marianas, program memoranda for FY 1974-1978 and FY 1975-1979 prepared by the District Administrator, the FY 1974 budget for the Trust Territory, and various other documents. Expressed in terms of a five year capital improvements programs, covering the period FY 1975-1979, the estimates of the Trust Territory and Marianas District administrations indicate that \$47.7 million (projected 1975 dollars) will be required to meet the need for public facilities in the Marianas by 1980 (table 1). While the Commission does not agree with the Trust Territory and Marianas District administrations as to the need for specific projects, the priorities of projects, or even the period over which construction should be programmed, the Commission does believe that \$47.7 million (projected 1975 dollars) represents a realistic order of magnitude of the capital improvements program which should be implemented during Phase II.

B. Programs Operations Requirements

The Commission has also reviewed current programs operations of the Marianas District administration, as well as the District Administrator's projections of program operations for the period FY 1974 - 1979.

TABLE 1. MARIANA ISLANDS  
CAPITAL INVESTMENT REQUIREMENTS

(Thousands of 1975 dollars)

CAPITAL IMPROVEMENTS	1975	1976	1977	1978	1979	Total
<b>Roads:</b>						
Repair and upgrading 38 miles primary, Saipan.	1,830					1,830
Paving 34 miles primary and secondary, Saipan.	1,120	1,120	1,120	1,120	1,120	5,600
Paving 20 miles village roads, Saipan	840	840	840	840	840	4,200
Construction and paving 68 miles village and rural roads, Rota.	1,800	1,800	1,800	1,800	1,800	9,000
Construction and paving roads on Tinian and Northern Islands, 27 miles	600	600	600	600	600	3,000
<u>Sub-total</u>						<u>20,660</u>
<b>Water:</b>						
Saipan	650	650	650	650	650	3,250
Rota	450	450	450	450	450	2,250
Tinian	-	460	460	-	-	920
Northern Islands	100	250	180	-	-	530
<u>Sub-total</u>						<u>6,950</u>
<b>Power:</b>						
Saipan	770	770	770	770	770	3,850
Power lines, all islands	70	70	70	70	70	350
Generators for Pagan, Rota, Tinian	60	120	-	-	-	180
<u>Sub-total</u>						<u>4,380</u>

CAPITAL IMPROVEMENTS	1975	1976	1977	1978	1979	Total
<b>Sewer:</b>						
Sewer lines, Saipan.	675	110	110	110	110	1,115
Relocate Treatment plant, Saipan	1,870	-	-	-	-	1,870
Sewer lines, 25,000 feet, Rota.	140	140	140	140	140	700
Treatment plant for Rota 370,000 GDP.	200	-	-	-	-	200
Sewer system, Northern Islands	-	890	-	-	-	890
<u>Sub-total</u>						<u>4,775</u>
<b>School Construction:</b>						
Elementary schools, 28 classrooms on Saipan, 8 on Rota, 4 on Tinian.	340	340	340	340	340	1,700
Secondary schools, 30 classrooms on Saipan, 8 on Rota, 4 on Tinian.	360	360	360	360	360	1,800
Community college or occupational for 200 students or 12 classrooms.	500	-	-	-	-	500
<u>Sub-total</u>						<u>4,000</u>
<b>Health Facilities:</b>						
Expansion and reconstruction of Saipan Hospital.	150	-	-	320	-	470
Public health facilities on Rota	35	-	-	-	-	35
Relocation of hospital, Rota.	-	-	-	-	130	130
Dispensary on Tinian	-	-	-	-	110	110
<u>Sub-total</u>						<u>745</u>
Land Reclamation, Saipan	-	-	-	190	-	190
<u>Sub-total</u>						<u>190</u>

Table 1. (continued)

CAPITAL IMPROVEMENTS		1975	1976	1977	1978	1979	Total
Transportation:							
Airfield paving, Rota and Pagan.		150	-	-	220	-	370
Improvements to north airfield, Marpi.		-	-	-	-	500	500
Rebuilding Army Dock Facility on Saipan as an international sea terminal	2,500	-	-	-	-	-	2,500
Develop West Harbor, Rota.		-	-	740	420	500	1,660
<u>Sub-total</u>							<u>5,030</u>
Communication:							
Telephone:		130	-	-	-	-	130
<u>Sub-total</u>							<u>130</u>
Public buildings:							
Government administration Center, Rota.		15	-	-	-	-	15
Civic center, including museum, Saipan.		-	-	250	300	-	550
Farmers' market, Saipan.		50	-	-	-	-	50
Jail, Tinian.		-	-	-	20	-	20
Relocate prison, Saipan.		-	-	-	220	-	220
<u>Sub-total</u>							<u>855</u>
<u>TOTAL</u>							<u>47,715</u>

- Sources:
1. Saipan and Rota Master Plans, Hawaii Architects, 1968.
  2. Marianas District Planning Office.
  3. District Programs Memoranda, FY 1974-1978 and FY 1975-1979.
  4. Trust Territory Budget Justification, FY 1974.

Table 1. (continued)



APPLYING SALARY RATES ESTABLISHED BY THE TRUST TERRITORY SALARY ACT OF 1973, THE MARIANAS DISTRICT ADMINISTRATOR'S PROJECTIONS OF PROGRAM REQUIREMENTS INDICATE THAT THE COST OF PROGRAMS WILL RANGE FROM \$8.6 MILLION (CURRENT DOLLARS) IN FY 1975 TO \$11.8 MILLION (CURRENT DOLLARS) IN FY 1979 (TABLE 2).

THE PEOPLE OF THE MARIANAS HAVE LONG FELT THE INJUSTICE OF A SEPARATE MICRONESIAN PAY SCALE IN GOVERNMENT FOR MARIANAS CITIZENS WHEN THEY ARE PERFORMING THE SAME WORK AS UNITED STATES CITIZENS. THEREFORE, THE COMMISSION STRONGLY FEELS THAT, AS PART OF THE CHANGE IN POLITICAL STATUS, THE GOVERNMENT PAY SCALE IN THE MARIANAS MUST BE CHANGED TO CORRESPOND WITH THE PAY SCALE OF THE GUAM GOVERNMENT. THE GRADUAL APPLICATION OF THE GUAM PAY SCALE TO THE DISTRICT ADMINISTRATOR'S PROJECTIONS OF PROGRAMS OPERATIONS OVER A PERIOD OF FIVE YEARS, COMMENCING IN 1975, WOULD INCREASE THE COST OF PROGRAMS TO \$8.6 MILLION (CURRENT DOLLARS) IN 1975 AND \$18.0 MILLION (CURRENT DOLLARS) IN 1979.

C. Economic Development Requirements

PRIVATE FINANCIAL INSTITUTIONS CANNOT BE EXPECTED TO MEET THE NEEDS FOR EITHER COMMERCIAL INVESTMENT OR HOUSING DEVELOPMENT DURING PHASE II. THE PEOPLE OF THE MARIANAS DO NOT POSSESS THE FINANCIAL RESOURCES TO ESTABLISH SUCH INSTITUTIONS, AND THE DEVELOPMENT OF SUCH INSTITUTIONS BY ATTRACTING EXTERNAL PRIVATE INVESTMENT FUNDS WOULD DENY THE PEOPLE OF THE MARIANAS PARTICIPATION IN, AND CONTROL OF, THE ECONOMIC DEVELOPMENT OF THEIR ISLANDS.

THE COMMISSION'S PROJECTIONS, BASED ON ASSUMPTIONS OF MODERATE TOURISTS INDUSTRY AND RELATED PRIVATE SECTOR GROWTH, INDICATE THAT BETWEEN \$40 AND \$50 MILLION (1973 DOLLARS) WILL BE REQUIRED FOR COMMERCIAL DEVELOPMENT DURING PHASE II. AN EQUAL AMOUNT WILL BE REQUIRED TO FINANCE THE

TABLE 2. MARIANAS OPERATING BUDGET PROJECTIONS--FISCAL YEARS 1973-79

(Thousands of Current Dollars)

	1973 Posi- tions	1974 Am't \$	1974 Posi- tions	1975 Am't \$	1975 Posi- tions	1976 Am't \$	1976 Posi- tions	1977 Am't \$	1977 Posi- tions	1978 Am't \$	1978 Posi- tions	1979 Am't \$	1979 Posi- tions	
Public Affairs <sup>a/</sup>	20	68	20	77	22	170	22	175	22	180	22	185	22	190
Community Dev. <sup>b/</sup>	8	26	8	30	8	124	8	125	8	127	8	130	8	135
Judiciary <sup>c/</sup>	-	-	-	-	11	150	11	165	11	175	11	185	11	195
Legal Affairs and Public Safety <sup>d/</sup>	70	283	80	306	92	440	96	493	96	527	100	585	100	263
Elementary Ed. <sup>e/</sup>	182	656	187	692	191	770	198	837	204	902	210	977	216	1,060
Secondary Ed. <sup>f/</sup>	81	486	83	515	88	575	95	655	105	728	115	810	125	895
Adltd, Special and Higher Education <sup>g/</sup>	30	133	30	140	30	151	42	245	42	265	42	280	42	310
Public Health <sup>h/</sup>	175	680	170	772	169	1,150	172	1,440	174	1,684	178	1,825	178	1,960
Transportation and Communication <sup>i/</sup>	-	-	-	33	40	500	42	550	44	600	46	650	48	700
Res. Dev. (including Agri. & Marine) <sup>l/</sup>	120	626	128	662	133	777	133	815	133	855	133	895	133	950
Com. & Ind. (including Eco. Dev. & Labor) <sup>k/</sup>	9	70	11	71	15	100	15	105	15	110	15	115	15	120
Water, Sewerage & Power <sup>l/</sup>	123	1,293	123	1,609	144	1,977	146	2,312	148	2,694	150	3,100	152	3,715
Revenues		565		931		1,143		1,334		1,548		1,762		2,273
Net Cost		728		678		834		978		1,146		1,338		1,442
Maintenance & Oper. <sup>m/</sup>	222	865	637	964	247	1,057	294	1,150	356	1,630	419	2,190	492	2,640
General Support <sup>n/</sup>	54	289	51	302	65	410	66	445	67	475	71	502	73	530
Total Operations	1,094	5,475	1,128	6,173	1,252	8,351	1,340	9,512	1,425	10,952	1,520	12,432	1,615	14,023
Net Operations		4,910		5,242		7,208		8,178		9,404		10,670		11,750

- a/ Beginning in 1975 funds are included for a more adequate legislative liaison (\$10,000) for elections of the Marianas Legislature (\$5,000), and for operations of the legislature, (\$7,500).
- b/ Beginning in 1975 funds are included to cover grant-in-aid (\$50,000) and housing loan funds (\$40,000) now provided by the Trust Territory Government.
- c/ Funds must be provided for a separate Marianas court system.
- d/ Positions added in 1975 to staff a separate district attorney's office (\$10,000); and a public defender office (\$80,000). Increases for the Department of Public Safety have been accelerated in 1976 and beyond (\$20,000) per year.
- e/ Assumes additional teachers will be needed to staff the additional classrooms recommended in capital projection: 7 in 1976; 6 in 1977; 6 in 1978; 6 in 1979. Average annual rate is \$3,500 in 1976 and increases at 7 percent per year.
- f/ Assumes high schools on Rota (1976) and Tinian (1977) and 32 additional classrooms on Saipan. Staff increases are for 10 additional teachers in 1976 and each succeeding year.
- g/ Funds should be provided for a Marianas Community College and Occupational Center beginning in 1976. Projection assumes an enrollment of 25 percent of the high school graduates and a need for 12 teachers.
- h/ Beginning in 1975 funds are included to cover medical referrals, supplies and equipment not covered in the Program Memorandum projection.
- i/ These activities are not now included in the District budget. Beginning in 1975 a separate staff is provided for operation or subsidization of a transportation and communication network between Saipan and the Outer Islands as well as airport operation on Saipan.
- j/ Changed from '75-179 Program Memorandum to reflect new pay scale.
- k/ Projection includes funds for a Labor division of 6 positions. This function is now budgeted at an inadequate level (2 positions). Capital for an economic development fund is included elsewhere.
- l/ These are total operating costs. Revenues are estimated to obtain net operating cost. Staff increases are proposed to accommodate expanded service but these costs are offset by increased revenues.
- m/ Increases in staff are provided to maintain expanding level of public works at the rate of 20 percent each year after 1979.
- n/ Staff is increased beginning in 1975 to provide for complete program and budget, engineering and procurement and supply services.

Source: The Marianas Program Memorandum for 1975-79 and JRLA estimates of additional program requirements.

TABLE 2. (continued)

upgrading and construction of housing to meet the needs of a growing population. Thus, between 1975 and 1981 a total of \$80 to \$90 million (1973 dollars) must be made available for local investment in the Marianas.

A Marianas development corporation, owned and controlled by the citizens of the Marianas, could be a source of equity financing, loans, and technical assistance for both business enterprises and housing. In addition, it could serve as a vehicle for occupational training and other economic and social development programs. Such a corporation could attract capital from external sources by guaranteeing loans and using various other devices to obtain financial leverage while, at the same time, providing safeguards against external domination of the Marianas' economy. However, geographic and other factors would limit the access of a development corporation to established money markets, and the amount of financial leverage which could be exercised would not be as great as for a similar development corporation in the United States or in some other highly development area. The Commission feels that to provide \$80 to \$90 million (1973 dollars) will be required to capitalize a Marianas development corporation.

D. Government Expenditures and Revenues (1975 - 1981)

Based on the estimates of capital improvements, programs operations and economic development funds presented above, the Commission has prepared a proforma statement of government operations during Phase II. Recognizing the the difficulties of compressing accelerated programs into the five year planning period of the Trust Territory Government, expansion of both the required capital improvement program and programs operations has been scheduled over seven years to allow their orderly implementation (Table 3).

TABLE 3. PROJECTIONS OF MARIANA ISLANDS GOVERNMENT EXPENDITURE AND REVENUE REQUIREMENTS DURING TRANSITION PHASE II (1975-1981)

Year	Mariana Islands Population	Government Expenditure Requirements			District Income	Per Capita Income	Tax Revenue as Percent- age of Dis- trict Total Income <sup>d</sup>	Total Tax Revenue	Deficit (Gov. Ex- penditure Require- ments minus Tax Revenues)		
		Capitala/ Improve- ments	Program <sup>b</sup> / Opera- tions	Economic <sup>c</sup> / Develop- ment						Total	
Millions of Current Dollars											
(Estimated)	1973	14.9	2.2	5.0	--	7.2	15.0	1,000	8.0	1.2	--
(Projected)	1975	17.3	3.5	8.6	10.0	22.1	29.1	1,680	10.0	2.9	19.2
	1976	18.4	5.4	10.9	10.0	26.3	34.0	1,850	11.5	3.9	22.4
	1977	19.5	8.6	13.5	7.5	29.6	38.9	1,990	13.0	5.7	23.9
	1978	20.6	11.7	15.5	7.5	34.7	43.8	2,125	14.5	6.4	28.3
	1979	21.7	12.3	18.0	5.0	35.3	48.7	2,240	16.0	7.8	27.5
	1980	22.8	10.5	18.5	2.0	31.0	53.6	2,350	17.5	9.4	21.6
	1981	24.2	8.5	20.5	2.0	31.0	58.3	2,430	19.0	11.1	19.9

a/ Total capital improvements, 1975 - 1981, valued at \$47.7 million in 1975 dollars. Assumes 7 percent annual increase in capital improvement costs, 1975 - 1981.

b/ Assumes 5 year, 1975 - 1979, adjustment from Micronesian to Guam Government pay system, and 5 percent annual increase after 1979.

c/ Total economic development funds, 1975 - 1981, valued at \$40.0 million in 1973 dollars. Assumes 7 percent annual increase in hotel, housing, and other private sector construction costs, 1975-1980. These economic development funds should generate \$75 - \$80 million (1973 dollars) in private sector investment between 1975 and 1981.

Source: Tables 1 and 2 and Marianas Political Status Commission economic studies.

In assessing the total requirements for budget support of a new Marianas Government, the Commission has projected both district income and tax revenues. As shown in Table 3, the Commission anticipates that the people of the Marianas will increase local taxes by increasing the rates at which they will tax themselves. By 1981, with Marianas per capita income less than one-half of U.S. per capita income, the Commission expects the tax burden in the Marianas to be at least 50 percent of the tax burden borne by the people of the United States. However, even though the tax burden in the Marianas is projected to increase by more than 100 percent between 1973 and 1981, from 8 percent to 19 percent of district income, large government deficits will still exist.

As part of the political status settlement the Commission proposes that the United States provide assurance that it will provide budget support for the Government of the Marianas at levels required to implement transition and development plans. The required levels of budget support during Phase II are estimated to be:-

<u>Year</u>	<u>Millions of Current Dollars</u>
1975	19.2
1976	22.4
1977	23.9
1978	28.3
1979	27.5
1980	21.6
1981	19.9

E. United States Military Imoacts

In conducting its studies, the Commission did not have details of planned U.S. military operations in the Marianas. Thus, the Commission's estimates of required support do not take account of military expenditures in the Marianas or of any payments to be made by the U.S. military to the citizens of Government of the Marianas. The Commission will work with the U.S. Delegation to determine how U.S. military plans may affect the

Commission's estimates. However, the U.S. Delegation should be aware that the Commission believes that any benefits from military operations which might reduce the level of required budget support should be provided in some other form in the event military plans are not implemented.

Prior to their implementation, military plans must be regarded as speculative. They are subject to change, or even cancellation, by actions which may be taken by the U.S. Congress or the Department of Defense. Further, the phasing of military construction and operations can greatly influence their economic impact. Accordingly, the Commission feels that it is essential for the United States to make specific commitments of economic assistance which will not be contingent on the re-establishment of the military in the Marianas.

### III. Financial Requirements for Phase III (1982 - ?)

/ At this point in time it is difficult for the Commission to project the financial requirements of the Marianas beyond Phase II. The Commission proposes, therefore, that in the fifth year of Phase II, coinciding with the date established for review of political status issues, the Marianas and the United States review together the progress of Phase II, and explore the future requirements for budget support of the Marianas during Phase III.

U.S. RESPONSE ON  
ECONOMICS AND FINANCE

I. Introduction

1. As we take up the second major item on our agenda--economics and finance--I think it would be useful to keep in mind the ultimate objective of these discussions. We hope that they will be directed toward reaching preliminary understandings on the essential framework of the future financial relationship of the Marianas with the United States and, in particular, on tentative agreements on the major financial provisions to be included in a draft agreement. Our efforts will thus be directed toward exploring with you general principles leading to general understandings rather than concentrating on budgetary details and precise figures and estimates, important as they may be.

2. We realize the importance of economic analysis, budget forecasts and the establishment of development goals. As we said last December, we are desirous of exploring jointly with you the future financial needs of the Mariana Islands and other matters covered in the Commission's May 14 paper on economics and finance. But it is our feeling that our priority task is to seek agreement on certain fundamentals and then after the full range of prospective financial inputs has been identified and estimated, your planning and our planning and our joint effort will be greatly facilitated.

3. In this regard let me take note of the Marianas Political Status Commission's paper on the economic and financial aspects of the political status question.

4. We found this professionally done paper most interesting and we are in agreement with many of the principles it sets forth. We also concur in the general thrust of its contents and the goals sought. I am sure that this paper will serve a very useful purpose as we proceed with these discussions, especially in connection with our preliminary examination of your projected needs.

II. Background of the American Approach



1. As we think about the future U.S.-Marianas financial relationship we have, as I am sure you have, looked at precedent--at the experience of Puerto Rico, the Virgin Islands, American Samoa and also your close neighbor to the south, Guam. The overall pattern in all of these cases is similar. The United States Government has followed a policy of encouraging and assisting these members of the American family to become more and more self-sufficient while providing needed back-up support and incentives for the generation of local revenues. The result of this policy has been a gradual lessening of reliance on direct Congressional appropriations by the local governments concerned as their economies have developed. Guam, Puerto Rico and the Virgin Islands have now, in a sense, graduated in that they no longer receive regular, annual direct grant assistance from the United States Congress. Help in other forms, however, remains substantial and all three of these local governments benefit from participation in various federal programs and services.

### III. Our Approach to the Marianas

1. We would suggest that in general the future financial relationship between the Marianas and the United States follow the conventional, traditional and successful pattern that I have just described. By this, I mean that under the agreement we are working toward, the United States would assume certain obligations to provide budgetary support and economic assistance to the Marianas until the people and the government of the Marianas were able to meet the financial responsibilities of self-government from their own resources.

2. The two forms of annual financial assistance that we have in mind are 1) direct financial grants in support of the costs of government operation and capital improvement programs, 2) the extension and provision of federal programs and services to the Marianas. For direct grants, we would propose that the annual budget program approach be followed. The actual level of annual financial assistance would depend largely upon mutually determined needs of the Marianas Government and people taking into account local revenues and other sources of local government funds. Direct grants of any sort would require specific legislative authorization and subsequent Congressional

appropriation. The extension of certain federal programs would require that the Marianas be designated as an eligible recipient by Congressional action. For other federal programs the Marianas would be automatically eligible upon attaining commonwealth status. (Some examples of Services and Programs)

#### IV. Sources of Funds

In looking ahead, needs and requirements, of course, have to be identified and projected. The U.S. follows this approach in its annual budget process as well as in longer range planning. At the same time, in looking ahead realistically, attention must also be given to sources. Where is the money coming from? The remainder of my introductory remarks is going to be directed to this question.

Your paper rightfully stated that its estimates of required support did not take into account possible future military expenditures in the Marianas. This afternoon I would like to go beyond Mr. Wilson's presentation of some ten days ago and give you some additional information on the magnitude of the possible financial input to your future budget and economy that would flow a projected military presence. But first, let us take a look at regular, conventional future sources of income for the Marianas.

#### IV. Sources of Revenue for the Marianas

##### 1. Present Sources

At the present time funds available for the Marianas District are derived from four principal sources. These are (a) the Marianas' share approximately one-half of the import duties collected by the Congress of Micronesia in the Marianas and returned to the district; (b) minor income derived from licensing fees, etc., (c) the Marianas' share of Federal Programs (2.5 million in FY 73); and (d) the Marianas' share of Federal grants for the TTPI as a whole (\$7.1 million in FY 73).

The Congress of Micronesia imposes both income and gross receipts taxes on individuals and businesses in the Marianas. But none of this is returned directly to the district, although the District derives considerable indirect benefit from COM projects and programs.

There is also a substantial sum derived from the presence of the TT

Government headquarters in the Marianas. We estimate this at approximately \$2.2 million annually, most of which will be lost to the district when the capital of the Trust Territory is no longer on Saipan.

2. Possible Additional Sources of Revenue or Income Under the Proposed Commonwealth (Non-Military)

There is a variety of possible additional sources of revenue or income for the Marianas which might be realized under the proposed new commonwealth arrangement without reference to anticipated military inputs into the economy. First, there are the amounts which would be realized from the disposal of public lands, once there have been returned to the district. This is likely to be a substantial sum, although it is impossible to calculate the precise amounts realizable at the present time either from rentals to individuals or businesses, or from sales. The proceeds from the latter could of course be invested among other things with a steady income realized from this capitalization process. This possibility might well be considered in connection with the possible establishment of a Trust Fund for the benefit of the people.

A second source of revenue would be the income realized from the disposal of any real or personal property taken over from the T.T. Government when it transfer out of the Marianas District, although some financial accommodation with the TT Government will undoubtedly be required.

A third possible source is the additional returns (above present levels) from import duties which might be levied by the new commonwealth government. This is dependent of course on the final decision taken with respect to the Marianas position in or out of the U.S. customs union. It is fair to say that it is also possible that this decision could theoretically result in a net loss of revenue depending on how the new system is structured.

A major additional source of revenue would be the returns from a direct income tax levied on individuals. This again depends upon arrangements worked out regarding the applicability or non-applicability of the U.S. Federal Income Tax and use made of the proceeds derived therefrom. The same thing is true of taxes which might be imposed upon local businesses.

In addition to the foregoing there is also the possibility of deriving additional revenues from real estate and property tax, sales or excise taxes, additional fees, etc. These are peculiarly within the prerogative of the Marianas Legislature and would be clearly dependent on the decisions taken by that body or its successor under the Marianas constitution.

Finally, there are those items of income which would be realized by the Marianas' participation in new or enhanced federal programs, and in annual federal grant programs which may be determined to be necessary and appropriate.

### 3. Possible Additional Sources of Revenue or Income Under the Proposed Commonwealth (Military)

Fully recognizing that the subject of military land requirements has yet to be addressed, it is, nevertheless, necessary to consider the impact which a possible military presence in the Marianas will have on your economy. It would be considerable indeed if current U.S. plans were implemented. Certainly, any assessment of the financial relationship would be incomplete without taking into account the possible dramatic increase in revenues which you would derive from this source.

I must stress that the following figures are estimates based on preliminary planning data and therefore represent current best judgements rather than refined figures based on empirical data developed specifically for this purpose. This must be kept constantly in mind when dealing with the subject of military presence. Assuming a successful end to the negotiations and the necessary approval of the U.S. Congress, a comprehensive socio-economic impact assessment will be prepared which will provide detailed and refined information as to the economic impact on the Mariana Islands resulting from a U.S. military presence.

The following assessment addresses the economic impact that development of a military presence will have on the Mariana Islands District. Naturally these economic impacts are directly related to the subsequent land discussions and our ability to agree on the land which will be made available for military use. Consequently, a more elaborate breakout of the data will be presented during the land portion of the negotiations.

It is not our intention to discuss the cost of land during this negotiating session. In our view this will be the subject of subsequent detailed sub-negotiations once there is a meeting of the minds on the general extent and nature of the land arrangements. You may rest assured, however, that the U.S. Government intends to provide just compensation for the land that it requires. These payments will of course provide substantive revenues for the District Government and landowners as well.

We have estimated the United States dollars expected to flow into the local economy as a result of both construction and operation of the base on Tinian. The impact of land acquisition and any possible resettlement are not included in these impact figures. Our estimates are based on 1973 dollars and do not include the economic multiplier factor which is commonly used by economists to evaluate the total impact on the economy. A multiplier factor of  $2\frac{1}{2}$  to 3 is considered an accurate indication of the actual impact on the economy of a developing society.

The six years predicted to complete construction should provide a total of \$39.8 million dollars into the local economy not taking into account the multiplier factor. This estimate of course represents only a portion of the total cost of the base construction (\$144 million). The \$39.8 million includes the cost of supplies and material purchased locally, the total wages paid to local employees and a portion of the wages paid to employees not from the Mariana Islands District. A labor force of approximately 1,000 people will be required during most of the construction and as many as possible of these will be hired locally. For clarify I should reemphasize that the foregoing speaks only to the construction of base facilities.

Separate and distinct is the economic impact of the military operations which will be conducted on the base once construction permits.

The economic impact of base operation is estimated at \$15 million per year when the base development is completed, again without taking into account the multiplier factor. This total includes the goods and services purchased locally, the total wages for civilian personnel and a percentage of the wages of military personnel which would be spent in the local economy. It is

anticipated that the completed base will require approximately 600 local employees.

In addition, revenues will be derived from federal income taxes paid by the U.S. military and civilian personnel working on the base if the Federal Income Tax route is followed. Once military personnel arrive on the base they should pay approximately \$1 - \$2 million per year in federal income taxes. This figure is expected to increase to about \$4 million annually when the base is completed and should remain at this level during subsequent years. These estimates do not include taxes to be paid by the construction labor force during the construction phase.

In summary, the total impact of construction and operation of the base is about \$10 to \$12 million beginning with initial construction and running through completion, a period of about 6 years. From that point on, the contribution of base operations would approximate \$15 million annually. In addition, tax revenues in the neighborhood of \$4 million per year from military sources would flow into the Marianas treasury.

More detailed data will be furnished when land is discussed and, in turn, the U.S. Delegation will be prepared to discuss how these figures were derived.

#### Summary Observations

Statements regarding the mechanics of a financial relationship are not enough nor is an impersonal rundown of current and potential sources of revenue and support. We should add that quite aside from forms and figures-- we do agree with your goals and aspirations and with your understandable desire to raise the standards of living of your people.

In this effort the people and the Government of the United States will help. The commonwealth agreement will spell this out and I can assure you that as a future member of the American family you may look forward to the benefits which derive therefrom. I can also assure that the federal government will play its role--although I must always caveat my remarks when talking about money by adding the familiar "subject to the approval of Congress" clause.

However, the real incentive, the real initiative, the real planning

and the real responsibility for the realization or non-realization of your economy goals will be in your hands. You will have the power to make decisions that will affect the nature, the direction and the pace of your own economic development.

You will have to take into account the impact of your development policies on your environment, on the ecology of the islands and on the quality of life of your people. Your decisions and your actions too will generally determine the extent to which your control over your future economic growth will remain in the hands of your children.

In all this we can help, but the principal burden of responsibility for wise decision making will rest with you. Hopefully, you will learn from the past--from the experience of others. Indeed you do have a unique opportunity and an exciting challenge as you plan the kind of future society in which you choose to live. How you allocate and manage your available resources, natural and material, will go a long way in determining how close you come to your goals.

U.S. COMMENTARY ON MSC PAPER ON ECONOMICS AND FINANCE -5/23/73

I. Introduction

As Ambassador Williams remarked in his opening presentation this afternoon we have reviewed the Commission's paper on economics and finance with great care and find it a very useful contribution to our joint thinking. In particular, we find merit in the fourth long range economic objectives set forth in the paper. These objectives are aimed at finding the resources:

- a. To facilitate an orderly transition;
- b. To build towards an adequate social and economic infrastructure;
- c. To provide necessary public services and programs; and
- d. To find adequate means to encourage and to promote the future economic development of the Marianas.

In addition you have stated your long range goal of self-sufficiency with which we concur.

We believe these need to be developed with particular reference to the basic economic needs of the people of the Marianas and the anticipated sources of income - both those now available and those likely to become available - in determining any ultimate shortfalls.

II. Planning Goals and Criteria

Similarly we have no conceptual difficulty with the three-phased approach suggested, though we may differ on details and some aspects of timing. We need to discuss with you, however, where all of this is expected to lead - at least in terms of planning goals. It is clear that there will need to be a planning phase for development of the constitution, economic plans, government reorganization plans, etc. The second phase, when taken in conjunction with the military construction proposals which we will be making, appears to be a period during which the Marianas will make a major jump toward self-sufficiency. By the third phase, development and the governmental process should be aimed, as Ambassador Williams has said, at the goal of regularized programming in a relatively self-supporting commonwealth.

We would be interested in hearing from the Commission its views on



what it considers to be realistic rates of economic growth for the Marianas. We note a high level of annual growth in district income projected in your study in the early phases - approximately 10% - which appears to decline in later years. Has this been a deliberate part of your thinking?

We also note a projected rate of population expansion at inordinately high levels - 6% annually through 1981. We are most anxious to have you expand on this critical factor and to learn your views on how it should be handled in terms of its effect on your economic development and your ability to realize otherwise attainable goals in terms of per capita growth in income.

In a related area we would be most interested to learn your views regarding the present and future absorptive capacity of the Marianas economy. This is particularly significant in view of the high level of anticipated income to be derived in a relatively short time from the projected U.S. military construction and activities in the Marianas. There are important questions involved here such as the availability of manpower resources, the possible need for alien labor to meet temporary shortages, the economic (and social) fall-out from such a new presence, the ability to provide new technical training and otherwise to develop new skills, the critical matter of maintenance capabilities, etc. etc.

### III. Requirements

#### A. Phase I

With regard to the Commission's request for a figure to be used for planning purposes during Phase I (transition), we will need to explore with you further the nature of these requirements and possible alternative sources of funding to meet them. It may be, for example, that with the requirements agreed the sums necessary to fund these or alternative projects could be included in the regular budgetary requests. In any event we will need to work with you in the Commission and with the district legislature during this period on a joint basis to determine the actual needs.

#### B. Phase II (Build up)

Regarding the list of capital improvement program items included in the Commission's paper, we are by no means clear about the basis on which your

total figure of \$47.7 million was reached. This averages \$6.8 million per year over seven years and is considerably in excess of the \$6.5 million CIP budgeted by the Trust Territory during the entire FY 75-79 period. We will of course be examining this list further.

So far as Program Operations Requirements are concerned, these are items peculiarly susceptible to regular budgetary review. We draw attention to the large increase in government employees over the planning period (50%). We would tend to question the need for application of the Government of Guam pay scale and would be interested in hearing your rationale for this. In this connection we believe that the territorial wage board process utilized in the Virgin Islands and American Samoa would be a useful precedent for your consideration since it provides a handy tool in determining the appropriateness of wages and wage increase and could be readily adapted for the Marianas. There appears to be no clear reason for following Guam, which has a territorial minimum wage substantially above the federal minimum wage.

With respect to Economic Development Requirements we have some difficulty with the specific suggestion for a Marianas Development Corporation if its principal purpose is to stimulate private investment and accelerate growth in the private sector. We need to discuss this with you at length and in particular to examine the prospects for private investment and growth under the new commonwealth without such extra stimulus. We also wonder if sufficient funds might not be available in any event from such things as land rentals and from private capital sources without making special efforts for federal funds for this purpose should this be determined finally to be worthy expenditure. Indeed it is our preliminary feeling that to a certain extent our study may underestimate the amounts of private capital which may find their way into the Marianas Commonwealth and the major effect such an influx could have on your income and sources of revenue.

C. Phase III (Long Term Developments)

With regard to long term prospects and goals there is little that can be added here to what Ambassador Williams has already said. We are not sure that if the approach he has suggested is followed it will be either

necessary or appropriate to schedule a specific review at the end of five years. This in our view should rather be a continuing process. It could be accomplished each year, or more often as part of the regular programming process if this approach is adopted.

#### IV. Revenues

We have been particularly interested in the projections contained in your TABLE III. As Ambassador Williams explained, we believe there are a greater number of potential sources of income and additional revenues available to you than appear on that chart. It is important that we sit down with you and examine these at length.

We believe that as a result of this examination a rather radically different picture is likely to emerge so far as your own potential resources are concerned. When we are able to get a better fix on this we will then be prepared to begin to put the pieces of the equation together and consider the final column indicating the critical shortfalls.

RESPONSE TO COMMENTS OF AMBASSADOR WILLIAMS AND MR. J. WILSON ON THE MPSC  
ECONOMIC AND FINANCIAL POSITION PAPER

Mr. Chairman:

The Commission appreciates both your comments and those of Mr. Wilson in regard to our position paper on economics and finance. We are particularly pleased that you agree with many of the basic principles we have attempted to establish and with the long range goals we would like to attain.

In considering the objectives of these discussions on economic and financial matters, we too believe that our work must be directed toward preliminary understandings on the framework of the future financial relationship of the Marianas with the United States, and on the financial provisions to be included in a draft agreement. But we also believe that to reach these understandings it will be necessary first for us to explore the orders of magnitude of the financial requirements and resources for self government in the Marianas.

The ability or inability of the Marianas to eventually develop a self sufficient economy capable of supporting self government surely will be an important factor in determining the the framework of our future financial relationship, as well as in determining required levels of future U.S. economic assistance.

Because our position paper presents preliminary assessments of our financial requirements and resources, we would like to respond to the questions raised by Mr. Wilson about our paper. Of course, we will appreciate any information or data you can provide, either now or at a later time, which will enable us to further refine our estimates of requirements and resources. We are particularly interested in additional details about planned military activity in the Marianas and its projected impacts.

Turning now to Mr. Wilson's questions, we want to preface our responses by acknowledging your acceptance of our proposed three-phased transition program. We are confident that any differences we may have in regard to the timing and programing of the three phases will be resolved as we obtain a clearer idea

of the time required to accomplish the change in our political status and of your plans for military development.

In reviewing our projections of Marianas income, Mr. Wilson raised questions about the high rates of income growth and the projected decline in growth during the later years of our projection period. First, we want to emphasize that our income projections do not relate to any long term plan for the Marianas. Such a plan must be developed during phase I of our transition program. Our projections, therefore, result from the extrapolation to 1981 of current trends. Second, the high rates of growth are largely explained by our expectations of relatively modest development (in absolute terms) occurring on an exceptionally small economic base. This is clearly indicated in our projections of employment and economic sector growth. These projection are presented in a table which we will distribute to you.

The high level of population growth which we have projected, and which Mr. Wilson has noted, reflects the explicit recognition by the Marianas Political Status Commission that the present small population base can not provide the labor force needed for significant economic development. Controlled immigration into the Marianas will be necessary if we are to attain our economic goal. Given our concerns about the small population of our islands, this requirement for controlled immigration makes essential the development planning which we propose to undertake as soon as possible.

Also, in regard to your concern about our absorptive capacity, we want to emphasize that we feel our growth and income goals can be achieved in the time frame we propose if we do our planning work well. We fully understand the need to coordinate our plans with military plans when they are made available to us.

Our estimates of Capital Improvement and Programs operations in phase II of our proposed transition program are related to the requirements suggested by current development trends and not to an anticipated level of funding, as is the T.T. budget to determine capital projects and programs assigned high

priorities by T.T., we want much further in assessing requirements by reviewing T.T. master plans and other documents to determine the complete requirements to establish a base for the kind of development necessary to support our aspirations for self government. We are prepared to review these needs with you on a project by project and program by program basis. We do, at this point, however, direct your attention to the unique difficulties, in both financial and manpower terms, in providing adequate public facilities and services for a small, relatively isolated population.

In regard to our proposal to raise Marianas Government salaries and wages to the Guam Government salary and wage scale, we feel that any substantial salary and wages differential between the Marianas and Guam would result in outmigration to Guam of most skilled and well trained people in the Marianas. This movement of trained people to the U.S. is already occurring and surely will become more serious when we become part of the American family.

Finally, in regard to Mr. Wilson's question about our need for economic development funds, we see little possibility for true self government if we do not participate in and control our economy after the change in our political status. We are sure that you are aware that Japanese and other outside inventors are already showing interest in the Marianas. Let us assure you that one of the reasons for this interest is the possibility which some inventors see for controlling our economy by making relatively small commitments of capital in the Marianas. The total public and private investment which required in the future is well within the capabilities of single large companies. We do not want the Marianas to be dominated by absentee landlords.

The Commission proposes that we now turn to the Commission's proposal as an agenda for further discussion. As we touch on the relevant issues, we will prepare to elaborate on the answers we have already present to Mr. Wilson's questions, and, of course, we will be prepared to answer any additional questions you may have.

U.S. RESPONSE TO MARIANAS POLITICAL STATUS COMMISSION  
QUESTIONS OF MAY 25, 1973

Question 1: The U.S. Delegation concurs in principle with your Commission's Phase I proposals, subject to further consideration of the exact elements of Phase I timing, funding and procedures. We believe these questions should be addressed initially by the U.S.-Marianas Working Committee on Economics and Finance.

With respect to Phase II, we can agree in principle to the Marianas' projected need for assistance in capital improvement projects and other programs, and shall study your goals further in order to determine how they can best be achieved. However, we are unable at this point to commit ourselves to funding deficits which are presently based on very rough estimates indeed.

We shall certainly want to study, too, at an appropriate time the requirements of the Marianas in Phase III. We would not be surprised if the Marianas were well on the road to self-sufficiency by the beginning of Phase III.

Question 2 & 3: The U.S. suggests that the economic analysis required for full response to these questions be assigned to the joint committee on economics and finance, where questions such as those raised in the working sessions can be addressed in detail.

Question 4: Procedurally, the U.S. suggests the establishment of a joint working committee on economics and finance parallel to the one on the applicability of laws. The working committee on economics and finance would study the proposed Marianas program and the economic elements thereof, with a view to submitting a joint report to the MSC and the President's Personal Representative for Status Negotiations at the next meeting of the full delegations.

Question 5: The U.S. is in complete agreement with the long-range goals of self-sufficiency for the Marianas and wishes to assure the Marianas Political Status Commission that the U.S. will assist the Marianas in the attainment of this objective.

The U.S. will assist the Marianas, financially and otherwise, in

planning and preparing for transition to a commonwealth status and self-government (Phase I). The U.S. will provide financial assistance to the Government of the new commonwealth of the Marianas for start-up costs and governmental operations and programs during Phase II.

The U.S. proposes that this assistance be provided through federal programs and services and by direct grant assistance via the regular annual federal budgetary process. While the U.S. believes the interests of the Marianas might best be served by the normal annual program approach based on mutual agreement on needs, the U.S. is nevertheless prepared to agree to provide the Marianas direct grant assistance during an initial period of years at a certain guaranteed fixed level, subject to the approval of the Congress.

The amount of this guaranteed level should be related to local resources and revenues as well as to needs and requirements. We believe it would be premature to consider what this level should be until we have a more rounded picture of the total Marianas income potential. We would therefore like to defer further discussion of the level of a possible U.S. commitment for direct grant assistance during Phase II until we have reviewed the closely related question of land. That discussion should include the potential income to be derived from the return of public land in the Marianas and the possible revenues to be derived from a satisfaction of U.S. minimum military land requirements and subsequent military base construction and operations in the Marianas.



COMMENTS OF CHAIRMAN PANGELINAN ON THE JOINT PRESS RELEASE ON ECONOMIC  
AND FINANCE

Ambassador Williams:

The Marianas Commission is prepared to accept the joint press release which has been prepared as a result of discussions between the two delegations yesterday and this morning. The Commission wants the United States Delegation to know that the Commission is of the unanimous view that the commitments made by the United States in the area of economic and financial support in this release are not as specific, definite or generous as the Commission believes appropriate. The Commission intends to press its views on this matter vigorously in the future at every possible occasion until the United States is prepared to make the financial commitments necessary for the future growth and development of the Marianas.

May 29, 1973

Senator Edward Pangelinan and Ambassador Haydn Williams, Chairmen respectively of the Marianas and American Delegations to the Marianas status talks, said today their delegations have reached preliminary understandings on certain important financial aspects of the proposed commonwealth arrangement for the Marianas announced last week.

According to the two Chairmen, the delegations have devoted several working sessions to a careful examination of the financial needs of the Marianas under the proposed new self-governing commonwealth arrangement. These informal sessions have concentrated upon identifying broad areas for tentative agreement and further study rather than upon budgetary details and specific dollar figures.

Senator Pangelinan and Ambassador Williams stated that the delegations are generally agreed on the long-term economic objectives set forth by the Marianas Political Status Commission. These objectives are aimed at finding the resources: (1) to facilitate an orderly transition; (2) to build toward an adequate social and economic infrastructure; (3) to provide necessary public services and programs; and (4) to find adequate means to encourage and promote the future economic development of the Marianas.

The two delegations have agreed that the long-ranged economic goal for the New Commonwealth of the Marianas is self-sufficiency. In this connection the Marianas Commission has already recognized that the citizens of the Marianas will be undertaking an increasing share of the financial responsibilities of self-government as they begin to enjoy an improved standard of living and increased income. Under the terms of the final agreement to be negotiated between the Marianas and the United States, the United States will assume certain obligations to provide budgetary support and economic assistance to the Marianas until the people and the government of the Marianas can meet the financial responsibilities of self-government from their own resources.

The Chairmen of the two delegations indicated that much of the discussion in this area centered on the estimated financial needs of the Marianas during an initial planning period and a longer period during which the plans are to be implemented and the Marianas would be expected to make a major jump toward self-sufficiency. By the end of this second phase, it is hoped that the standard of living in Marianas should be at an acceptable level and the base for long-term growth and development should be firmly established.

The two delegations discussed the initial planning stage including such matters as the need for a land cadastral program for the Marianas, preparation of a physical plan, a government reorganization plan, an economic and social development plan, and legal planning in such areas as political education, preparation for a Constitutional Convention, and development of initial legislative programs. The United States will agree in principle to finance this planning effort, subject to the outcome of a joint review of such questions as timing, the range of activities contemplated and funding procedures.

In addition to the normal range of federal programs for which the new Marianas Government might become eligible, the two delegations have agreed that direct grants of financial support from the United States will be necessary. Because of the importance of long-term development planning and controlled growth, the United States is prepared to agree, subject to the approval of the United States Congress, to provide financial support over an initial period of years at guaranteed fixed levels. Although the exact framework of this financial commitment remains to be determined, the two delegations have agreed to explore this further.

(Con't) JOINT PRESS RELEASE

May 29, 1973

The two Chairmen stated that it was not possible at this time to provide any reliable estimates regarding the level of annual financial requirements which might be necessary for the new Commonwealth to achieve self-sufficiency. Before such estimates can be developed, further joint study is required regarding the needs of the Marianas and their anticipated revenues. Although these matters have been preliminarily discussed in the recent working sessions, much more work must be completed before the total extent of Marianas needs as well as anticipated resources can be estimated. In this connection, the proposed military activities for the Marianas, especially in Tinian, could have substantial impact upon the anticipated income and revenues of the new Marianas Government.

The two Chairmen agreed that a joint working committee on economics and finance will review detailed plans and cost estimates regarding the planning phase and the needs and anticipated revenues of the Marianas under the implementation phase to follow. It will also make estimates of the impact on the Marianas of U.S. programs, including military programs. Special attention will be paid to finding means to implement a comprehensive cadastral program in the Marianas as soon as possible. The joint working committee will report to the respective delegations prior to the next session of the negotiations.

Having arrived at these preliminary understandings in the area of economics and finance, the parties are now proceeding to discuss the next major agenda item in these negotiations, the subject of land.

032105

LAND STATEMENT OF AMBASSADOR WILLIAMS

June 3, 1973

I would like to begin my remarks this afternoon by thanking the Marianas Commission for making the arrangements for our joint visit to Tinian. We also appreciated the hospitality that was extended to us by the leaders and the people of Tinian. The marathon long public meeting was certainly in the best traditions of a free and open society and a good example of freedom of speech and democracy in action.

Following our return to Saipan, members of the U.S. Delegation turned for the first time to a consideration of the Marianas Commission's statement on land which was presented at the working session immediately prior to our departure for Tinian. This statement in response to the U.S. proposal on land did not comment on the American position on the public lands, land alienation or eminent domain. It rather concentrated on future U.S. military land requirements. My comments this afternoon will thus be limited to this same subject; summarizing the U.S. position and answering some of the specific questions posed by your paper.

The U.S. welcomed, as it has in the past, a further acknowledgement by the Marianas Commission of the off-stated U.S. need for land in the Marianas for defense purposes. In particular, the American Delegation appreciated the Commission's pledge to negotiate in good faith ways to meet the U.S. land requirements. We approach land negotiations in this same spirit, and such an attitude is wholly consistent with our understanding of your desire and choice regarding your future political status.

The U.S. Delegation, while it believes that a great many social, political and economic benefits will accrue to the people of the Marianas under the proposed commonwealth arrangement, has emphasized from the outset that membership in the American family involves obligations as well. Contributing to the common defense is one of the most fundamental of these obligations. The U.S. land requirements in the Marianas for military purposes, as

already set forth, have been carefully considered by the U.S. Government, in the context of the immediate and possible future need for military facilities in the Pacific to enable the U.S. to carry out its defense responsibilities and obligations. It is on the basis of this careful assessment of military need that the U.S. land requirement in the Marianas is based.

While your Commission is prepared to make land available to the United States, the question of the extent and how land is to be acquired remains to be resolved. First the question of the form of acquisition. I believe the record is clear that the United States Government appreciates the importance which the people of the Marianas attach to their land. This has been brought forcefully home by the United States' insistence that all public land will be returned to the people of the Marianas and by our offer to do whatever is necessary to protect your land from coming under the control of private interests outside of the Marianas.

Nevertheless, it might be helpful to say again that what the U.S. is proposing is the use of land for public purposes. The U.S. Government historically purchases, not leases, land when it acquires land for the public good and for uses involving substantial investment over a long period of years. This is as true in the acquisition of land for the building of dams, hospitals, schools, post offices, etc., as it is with military bases. The U.S. Congress is reluctant to commit large sums to projects with only the protection of a lease. The proposals for land acquisition which have been discussed here certainly fall in this category.

This does not mean, however, that the Commission's concerns on permanency could not be satisfied in some fashion. The U.S. would perhaps be willing to commit itself, if at some time in the future a decision was made to close the Tinian base, to make the land available to the people of the Marianas through some kind of covenant within the purchase arrangement. There is some precedent for such a procedure. However, such a qualification would in turn have a marked effect on the initial purchase price which the U.S. was able to pay.

One other comment is in order regarding the acquisition of land. Your

statement addressed the procedures for determining land values and suggested some rather unconventional criteria. By law and regulation the U.S. cannot employ any other standard than current fair market value. Where the U.S. Government is concerned appraisal procedures are carefully circumscribed and these prohibit the consideration of speculation on future growth in the determination of land values. As previously stated the thorough evaluation of U.S. acquisition costs will be part of the preliminary planning process.

#### Extent of the Land Requirements

##### Farallon de Medinilla

The two delegations appear to agree that the United States requirement for an island for target practice can be met. The U.S. has suggested Farallon de Medinilla. The island is being currently used as a bombing range. While it has been acknowledged that it is uninhabitable and inaccessible, the Marianas Commission seems to have some reservations about its use which the U.S. finds confusing. You have asked for our response in writing on two questions which are provided herewith.

From the U.S. standpoint, its distance from Guam and Tinian are of importance economically. To use one of the more distant Northern Islands for target purposes would not be desirable, either operationally or economically. For example, if one of the more distant islands were used, most fighter aircraft would not have enough fuel remaining when arriving over the target area to permit the multiple bombing passes that are required during practice missions and also to permit a safe return to the base on Tinian or on Guam. In addition, these aircraft would not have enough fuel to practice other required training maneuvers enroute to and from the target area due to the distance involved. These operational considerations are extremely important and the economic advantage of a closer-in target area is obvious.

With regard to your concern over the safety precautions within the target area, the United States has established elaborate safety precautions to insure that there is no hazard to personnel or property outside of the target area. Due to the distance of Farallon from other islands there is no

possibility that injuries could occur to inhabitants of the nearest islands as a result of the target practices. The island will be used for air-to-ground and ship-to-shore target practice only. It will not, I repeat will not, be used as a ground-to-ground missile target area. In this regard, if you desire, the U.S. Delegation will make available a copy of the pertinent unclassified U.S. Air Force safety directives regarding such ranges. In essence, no more risk would exist under the new proposal than exists today. Furthermore the U.S. is not aware of a single complaint regarding the safety of the practice operations that have been conducted intermittently on this target area since 1970.

#### Saipan

The U.S. Delegation was a little puzzled by your general comments regarding the possible future U.S. military land needs on Saipan. I can assure you that this side of the table has no lack of confidence in the ability or desire of the future commonwealth to honor its responsibilities. It has been the U.S. Delegation's impression that you would prefer the United States to arrange for its land requirements as a part of these negotiations rather than to put them forward to some future date when economic development might either preclude or make it difficult to satisfy such land needs. U.S. experience bears out the wisdom of this procedure. The earlier settlement is also in the interest of the U.S. Government since it has no guarantee that uncontrolled, private, permanent improvements around a harbor or airfield will be compatible with subsequent military needs for access to that harbor or airfield. It does not appear therefore unreasonable to us to attempt to be farsighted in projecting possible U.S. future needs. Indeed this would appear to be a wise and prudent course.

In the case of the requirements put forward by the U.S. on Saipan, I refer back to my remarks made at the conclusion of your statement on Friday. The U.S. has some 4,966 acres of retention lands on Saipan. The U.S. military has shown over the past several years a willingness to share the use of this land. For example, the retention land in the vicinity of Tanapag has a number

of private commercial activities on it and the number has increased steadily over the years. Kobler Field, your commercial airport, is in retention land and the U.S. has just within the last few months signed an agreement permitting civilian use of Isley Field which remains military retention land. Moreover, the FAA has just authorized the expenditure of several million dollars for the improvement of Isley, based in part on representations that the field would be jointly used. In the final analysis the U.S. is not requesting permission to use retention land on which it already has rights but is stating that it wishes to retain some 800 acres of the land, while returning the remainder of some 4100 acres to your future government.

Now as to specific parcels:

Isley Field

Your position regarding the 500 acres south of and adjacent to Isley Field, which is currently retention land, does not appear reasonable to us. While no near term development is planned, the U.S. requirement for this acreage is not hypothetical but contingent; that is, it will be needed immediately if we were to move out of some other location or if another location could handle a new requirement. The U.S. planned use of the area for aircraft maintenance and repair facilities as well as limited logistical support would be compatible with any reasonable master plan for the airfield vicinity. Even in the most optimistic view, the U.S. cannot conceive that within the next twenty years airfield-related activities will be developed to a level beyond the capability of the 3700 acres of retention land to be returned.

Tanapag Harbor

The bulk of the current industrial development in the Tanapag Harbor area is in the 320 acres the U.S. is prepared to release. An additional deep water dock could be constructed in this area, but such a project would probably be extremely costly. While it might be some time before local commercial shipping needs could justify another deep water dock, it is recognized that the Marianas may eventually have a legitimate requirement for such an improvement. Consequently, the U.S. Government is willing to consider reducing the size of the area described in its requirements in order to release some of the



land immediately south of Charlie Dock, provided that assurances can be given that no activity will be built adjacent to a new dock which is not directly harbor-oriented. The exact lines of the boundary to accommodate your possible future needs for a new dock should be the subject of direct discussions between the two delegations.

The U.S. will still want to retain the remainder of the 320 acres of the south of Charlie Dock.

Access to this area will be particularly important in the event it becomes necessary to utilize the small parcel of retention land adjacent to Isley Field or if it becomes necessary to locate a ship and small craft repair facility there or a small shore logistic support facility. The U.S. is, of course, prepared to continue the practice of allowing harbor-oriented activities to be placed on this land, such as the Mobil Oil installation and the Micronesian Construction Company yard which is presently using military retention land for private commercial purposes.

#### Tinian

The U.S. Delegation is heartened by the statement in your paper to the effect that the Commission is prepared to negotiate for that portion of Tinian required for military purposes. We view this as an important step forward, one that sharply narrows the issues. The only question in this regard now appears to be whether the U.S. needs for its operational base, all the 18,500 acres it is asking for. While these requirements may appear large to you, let me say they are small compared to comparable facilities elsewhere. We could have asked you for three separate facilities in various parts of the Marianas; an airfield with its own docking facility, a training area with its own air and docking facility, and a supply and logistics facility with its own airfield and dock. We decided to combine them in order to save land among other things and have tailored the size further to meet the special Tinian situation. In this same connection I should also point out that the U.S. Congress would not appropriate funds for land or a base which is not needed. You can rest assured that the U.S. Congress is no more willing to spend money recklessly than you are to relinquish land unnecessarily.

The U.S. Delegation has attempted to describe the planned uses for the proposed base and to satisfy your reservations--not only through formal presentations but in extended question and answer sessions. It is difficult to know exactly what more specific information you are seeking about the base proper. Your specific questions in your paper of June 1 are all we have to work with and these suggest that perhaps we are not too far apart.

I will deal with them briefly:

(a) You have asked for a response in writing about the location and orientation of the proposed airfield. While the exact location of this runway at West Field has not yet been determined, the approximate location was picked after careful consideration of many operational and technical factors. First, prevailing winds determine runway direction since aircraft must take off and land into the wind. Second, the West Field location provides the flattest surrounding terrain which is necessary for safe flight operations in marginal weather. Third, the runway location on Tinian must be planned in consideration of the proposed development of Isley Field to avoid conflicting traffic pattern. North Field is beneath the final approach and departure zones for Isley Field and restricts the development of North Field for safety reasons.

The exact runway location on Tinian will be determined by qualified engineers who will consider safe flight operations as a primary criteria. Other considerations will include the use of existing runway and taxiways to the maximum extent possible. An effort to change the existing terrain will not be undertaken because of the cost and the negative effect on the landscape.

(b) You are likewise concerned about the choice of San Jose Harbor. Preliminary planning for the Tinian port facility has been based on the use of the existing harbor as it is located at the only site on the island reasonably suitable for harbor development. The waterfront property and the anchorages are protected from the prevailing easterly winds. The piers are built within the only protected reef area on the west coast large enough for deep draft ships; moreover, the adjacent offshore anchorages are in the only location where the depths are less than 100 fathoms and where the area is extensive enough to provide an adequate anchorage. Our present information

suggests no other location on the island possess these natural characteristic.

In addition, a preliminary study of the island revealed that a suitable alternative site to construct a harbor is not available. Our studies to date show that to develop another harbor would be technically extremely difficult and as to cost, prohibitive, because of the required construction in deep water and because of the amount of earth to be removed from the shoreline in site development. Also a harbor in a location other than the existing site would very likely be only marginally useable because it would be unprotected, unsheltered, and lacking in suitable depth for an anchorage area.

An in-depth analysis of harbor engineering and a rehabilitation program will be made as soon as our engineers visit the island to complete the initial on-site surveys and refined planning estimates. Certainly, the consideration of alternatives would involve a whole complex of cost factors and is a complicated process. Again, however, I must reemphasize that the U.S. Government must reserve the right to make the judgement whether alternatives/are feasible either operationally or in terms of cost.

(c) Similarly, the U.S. wishes to reassure the Commission that joint use of the harbor is acceptable and compatible with military requirements. Civilian use would include construction of certain harbor-oriented facilities and the normal commercial operation in the port, except when loading and off-loading of ammunition takes place. It is predicted that ammunition handling which would limit harbor activity would occur very infrequently during a typical year, with well over 90 per cent of the time available for normal port operations. In practical terms, areas within the safety are could still be used for agricultural and recreational purposes by the people of Tinian. This would include the use of the present beach site at San Jose Harbor. Warehouses could still be built and of course the necessary equipment and offices for handling and processing civilian cargo. Historical sites would be left untouched. The church would likewise remain undisturbed and could be used. Civilians could work on normal activities in the area, except during periods when safety rules were in effect occasioned by ammunition handling operations, but this should not unduly limit the regular civilian functions of the port.

(d) As to a possible dramatic future growth of the population of Tinian, I should point out that the military requirements were generated independently of this prospect. Using your own projected rates of growth in the Marianas, it hardly appears that the Tinian population will become excessive for many decades unless there is an uncontrolled and massive influx from outside Tinian. Future natural population growth, of course, poses a problem to the Marianas as a whole and to many other areas of the world as well. It is a problem which has serious economic and social overtones irrespective of the land question.

A large portion of your statement was devoted to the U.S. proposal to acquire the southern one-third of Tinian and future civilian-military relationship on Tinian. The United States included in its land requirements the southern one-third of Tinian in order to prevent undesirable conditions and consequences which could possibly result from the presence of a major military base and which would not be in the interests of either the local residents or of the U.S. military. Your statement acknowledged these concerns as legitimate and welcomed the U.S. desire to protect the present character of community life on Tinian. This seeming agreement in principle as to an overall social objective should serve as a good point of departure for our further discussions and negotiations.

The manner in which we achieve these objectives is another matter, of course. You have expressed confidence that your own government would be able to cope with any problems arising as a result of a military presence on Tinian. The general experience of the military has been that despite good intentions, local communities are often vulnerable to the pressures which can be brought to bear by speculators and entrepreneurs who submit to the temptations of quick gains offered with little regard for the long term good of the community as a whole. In the quest for quick profits the rewards of slower paced and more rational development are often overlooked or lost. Our proposal was hopefully structured to strike some kind of rational balance in solving this possible threat.

As the Commission looks to the future, it has rightfully shown an interest in some of the U.S. long-term plans. With respect to Tinian, the U.S. would likewise be very interested in being informed as to what plans you might have for controlling immigration, restricting undesirable businesses, coordinating business development with the needs of the base, and the local people in mind and in generally controlling a possible rush by speculators to cash in on the situation without regard for the local community.

Let me reemphasize that the U.S. Government also has a stake in this matter. Not only is it interested in the welfare of the people of Tinian, but it is also vitally interested in the operational effectiveness of the military base, the well being of men and women who serve on that base, and the efficient expenditure of the large sums of money which the U.S. will expend on Tinian.

In regard to utilities for Tinian, if economical and reliable commercial power is available from civilian sources, the U.S. would normally prefer this method of meeting its military requirements. From a practical standpoint, however, it is difficult to see how a power complex of the size and complexity required could conceivably be constructed locally in the time frame required. It has never been the intention of the U.S. to insist that the residents of Tinian depend upon the military for their essential services. As we have previously stated, separate civilian utilities can be provided when feasible, if desired by the Tinian people. However, it would be up to the people of Tinian to run them, maintain them and expand them if that became necessary.

As to the resettlement the U.S. reaffirms its desire to plan the resettlement of the civilian community of Tinian as a joint military/civilian effort. However, I must emphasize that it is not our intention to integrate this planning directly into Phase I of the Commission's economic program for the Marianas as a whole. The new community planning is part of the USAF Phase I actions in the schedule for base development. Completion of this planning must be time-phased with other military planning actions. While the specific procedures for consultation have yet to be established. I nevertheless wish to assure you that the Commission and the Tinian people will participate in

UNIVERSITY OF MICROFILMS  
SERIALS ACQUISITION  
300 N ZEEB RD  
ANN ARBOR MI 48106  
the planning for the southern one-third of the island. I must point out at the same time that where planning concerns the military base itself the responsibility cannot be shared but must rest solely within the U.S. Government.

The Commission and the residents of Tinian will, of course, desire the maximum flexibility in the overall resettlement process. The size and type of home and the community development which have been presented are to be considered only as illustrative and in no sense final. As I have said again and again, our planning has not progressed to that point. Detailed housing plans will be developed only after preliminary planning is conducted on Tinian and that will involve consultations with the Tinian people. Every consideration will be given to providing safe, decent sanitary homes and a modern viable community that meets prescribed HUD standards. Several different designs can be included from which families can choose. At the same time I should stress that the flexibility of the U.S. Government will be limited by U.S. law which is designed to meet the practical problems of moving large groups and is not necessarily tailored to each individual's desire.

You have asked for a response in writing on integrated housing. The United States notes the Commission's acknowledgement that some of our military personnel must live on the base. Over and above this requirement there may be opportunities for development of suitable housing or apartments within the relocated San Jose Village for military rental purposes. In such an event, the U.S. would welcome the development of private housing to meet this need. However, I can assure you that this kind of a limited land use would not reduce the overall U.S. military land requirements on Tinian.

As to employment and training opportunities, it continues to be the position of the United States that preferential treatment should be given to the residents of Tinian because of the inconvenience they would be put to by the U.S. plans on Tinian. There should be more than enough employment on the base, however, to satisfy the desires of other people of the Marianas, as well, if they desire to commute to Tinian. In this regard, the U.S. anticipates that there will be some type of privately owned and operated rapid transit ferry system established connecting Tinian and Saipan.

Finally, a brief word about the use of local contractors. Military procurement regulations and publications are available to the Commission and can readily be obtained by your advisors in Washington D. C. You have asked for a response on procurement regulations. Specifications and materials lists relating to proposed military construction have not been prepared and will not be available until after Congressional approval of the project. At that time, the Commission will be provided copies of these documents. The U.S. can and will include specific language in its contracts to ensure use of local contractors wherever possible and particularly with respect to small business contracts and on-competitive bid contracts.

Before leaving the subject of Tinian, some general comments are in order about the overall joint planning process. The U.S. proposal was structured to offer and insure that the people of the Marianas and of Tinian in particular have a voice in planning the future development of an ideal civilian/military complex on the island of Tinian. The requirement to acquire the whole island of Tinian was set forth to enhance the prospects of achieving such an objective. The U.S. is of the opinion that by acquiring the southern one-third of Tinian to be reserved for civilian development and the other two thirds for the purposes of a military complex that these objectives can be successfully achieved.

Finally, I must reemphasize that in effecting the various steps such as the prospect of resettling the population, furnishing, utilities, increasing economic opportunities and developing training programs, the U.S. cannot abdicate its responsibility or voice in shaping such programs. While the U.S. Government will be laying out a substantial investment which can be of great economic benefit to all the Marianas, the primary objective must be constantly kept in mind--that is to build a needed installation to meet U.S. defense requirements in the Western Pacific.

I now turn to the last subject--the procedures for facilitating further negotiations and for making the necessary arrangements to carry out our agreements. In this area I believe we have a substantial meeting of the minds.

The United States Government will commence in the very near future onsite surveys and engineering studies within the Marianas which are necessary to make refined estimates, to complete the planning for military construction, and to gather the data to advise the Commission and the people of Tinian on matters concerning any possible resettlement of some of the residents of that island.

Moreover there is agreement that a joint consultative group be set up composed of members of the Marianas Political Status Commission and members of the U.S. Delegation whom I will appoint to continue the process of working on land questions. I would suggest that the details of this arrangement be worked out between Senator Pangelinan and myself within the near future.

Lastly, I believe we are in accord on the formation of a Tinian Civilian/Military Community Relations Committee early in the planning process under the auspices of the Marianas Political Status Commission and the U.S. Delegation. I would suggest that this group be composed of representatives of the U.S. military and the people of Tinian to jointly address questions concerning future relations between the civilian community and the military base.

It is clear from the foregoing that we have come to some meaningful understandings on some rather significant principles although a number of important questions remain to be resolved. I believe we have made progress and the U.S. looks forward to further fruitful exchanges on land in the near future.



PROPOSED  
MILITARY BASING IN THE  
MARIANAS DISTRICT

TINIAN

MILITARY REQUIREMENTS

INSTALLATION PLAN

PHASED DEVELOPMENT

SCOPE OF OPERATION

RELOCATION CONCEPTS

ECONOMIC IMPACTS

TINIAN

BASE

DEVELOPMENT

TINIAN BASE

AIRFIELD

PORT

LOGISTICS COMPLEX

TRAINING AREA

SUPPORT FACILITIES

Map of Tinian  
(Showing Areas 5, 4, 3, 2, 1  
of military land needs.)

PHASED DEVELOPMENT

PHASE

- I PLANNING AND LAND ACQUISITION
- II SITE PREPARATION
- III BARE BASE CAPABILITY
- IV DISPERSAL BASE
- V MAIN BASE
- VI LOGISTICAL SUPPORT BASE
- VII DEPENDENT SUPPORT

PHASE I  
PLANNING AND LAND ACQUISITION  
PLANNING  
LABOR  
ENVIRONMENT

PHASE II  
SITE PREPARATION

- HARBOR
- AIRFIELD
- CONSTRUCTION CAMP



PHASE III  
BARE BASE CAPABILITY

AIRFIELD PAVEMENTS

PORT FACILITIES

FUEL STORAGE AND TRANSFER

UTILITY SYSTEMS

PHASE IV  
DISPERSAL BASE

LIMITED FLIGHT OPERATIONS

COMMUNICATIONS

LIMITED PERSONNEL SUPPORT

PORT WAREHOUSING

MATERIAL STORAGE

PHASE V  
MAIN BASE

MAINTENANCE  
ADMINISTRATION  
PERSONNEL SUPPORT

PHASE VI  
LOGISTICAL SUPPORT BASE

- EQUIPMENT STORAGE
- MATERIAL STORAGE
- VEHICLE MAINTENANCE

PHASE VII  
DEPENDENT SUPPORT

- FAMILY HOUSING
- RECREATION
- SCHOOLS
- EXCHANGE AND COMMISSARY

PRELIMINARY MANPOWER ESTIMATES

	PHASES			
	<u>IV</u>	<u>V</u>	<u>VI</u>	<u>VII</u>
AIR FORCE MISSION	132	211	506	511
NAVY MISSION	62	212	419	419
SUPPORT ELEMENTS	<u>542</u>	<u>1093</u>	<u>1278</u>	<u>1440</u>
	736	1516	2203	2370

CONSTRUCTION LABOR

PHASE II	250
PHASE III	1000
PHASE IV	1000
PHASE V	1000
PHASE VI	600
PHASE VII	1000

CONSTRUCTION COSTS

PHASE II	\$ 6,539,000
PHASE III	30,353,000
PHASE IV	36,785,000
PHASE V	31,322,000
PHASE VI	24,306,000
PHASE VII	15,274,000
TOTAL	\$144,579,000



IMPACT ON TINIAN POPULATION

Conceptual Planning

Map showing area for Tinian Community Relocation

RELOCATION ENTITLEMENTS

NEW HOME CONSTRUCTION

MOVING AND DISLOCATION EXPENSES

RELOCATION ASSISTANCE SERVICES

PUBLIC LAW 91-646

House Plan

Stor

Stor

Bdrm

Bath

Dining

Kitchen

Bdrm

Bdrm

Living

COMMUNITY FACILITIES

ADMINISTRATION BUILDING

FIRE POLICE STATION

DISPENSARY DENTAL CLINIC

COMMUNITY CENTER

SCHOOLS

PLAYING COURTS & FIELDS

TELEPHONE EXCHANGE

POSTAL FACILITY

UTILITIES

ARTIST'S CONCEPTION OF SCHOOL BUILDING

RELOCATION COST ESTIMATE:

FAMILY HOUSING	\$ 3,125,000
COMMUNITY FACILITIES	3,658,500
UTILITIES	6,191,000
SITE DEVELOPMENT	<u>563,000</u>
	\$13,537,500

MAP OF TINIAN

ECONOMIC  
IMPACTS



ECONOMIC IMPACT

U. S. DOLLARS EXPECTED TO FLOW INTO THE  
MARIANAS ECONOMY AS A RESULT OF  
MILITARY BASING ON TINIAN

BASE CONSTRUCTION

BASE OPERATION

RELOCATION IMPACTS NOT INCLUDED

ECONOMIC IMPACT  
CONSTRUCTION

PHASE II	\$ 670,000
PHASE III	12,570,000
PHASE IV	6,930,000
PHASE V	7,320,000
PHASE VI	5,870,000
PHASE VII	6,440,000

ECONOMIC IMPACT  
OPERATION

<u>PHASE I, II, III</u>	<u>NONE</u>
PHASE IV	\$ 2,220,000
PHASE V	5,160,000
PHASE VI	6,620,000
PHASE VII	7,140,000
SUBSEQUENT	\$15,000,000

EACH YEAR

ECONOMIC IMPACT  
SUMMARY

During Construction Years \$10-12 Million Annually

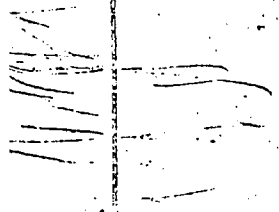
During Subsequent Years \$15 Million Annually

PROPOSED MILITARY BASING IN THE

MARIANAS DISTRICT

Map of Mariana  
Islands

145°35'



15°05'



Farallon de Fuertes

Maug

Asuncion

Agrihan

Pagan

Alamagan

Guguan

Sarigan

Anotahan

Farallon de Medinilla

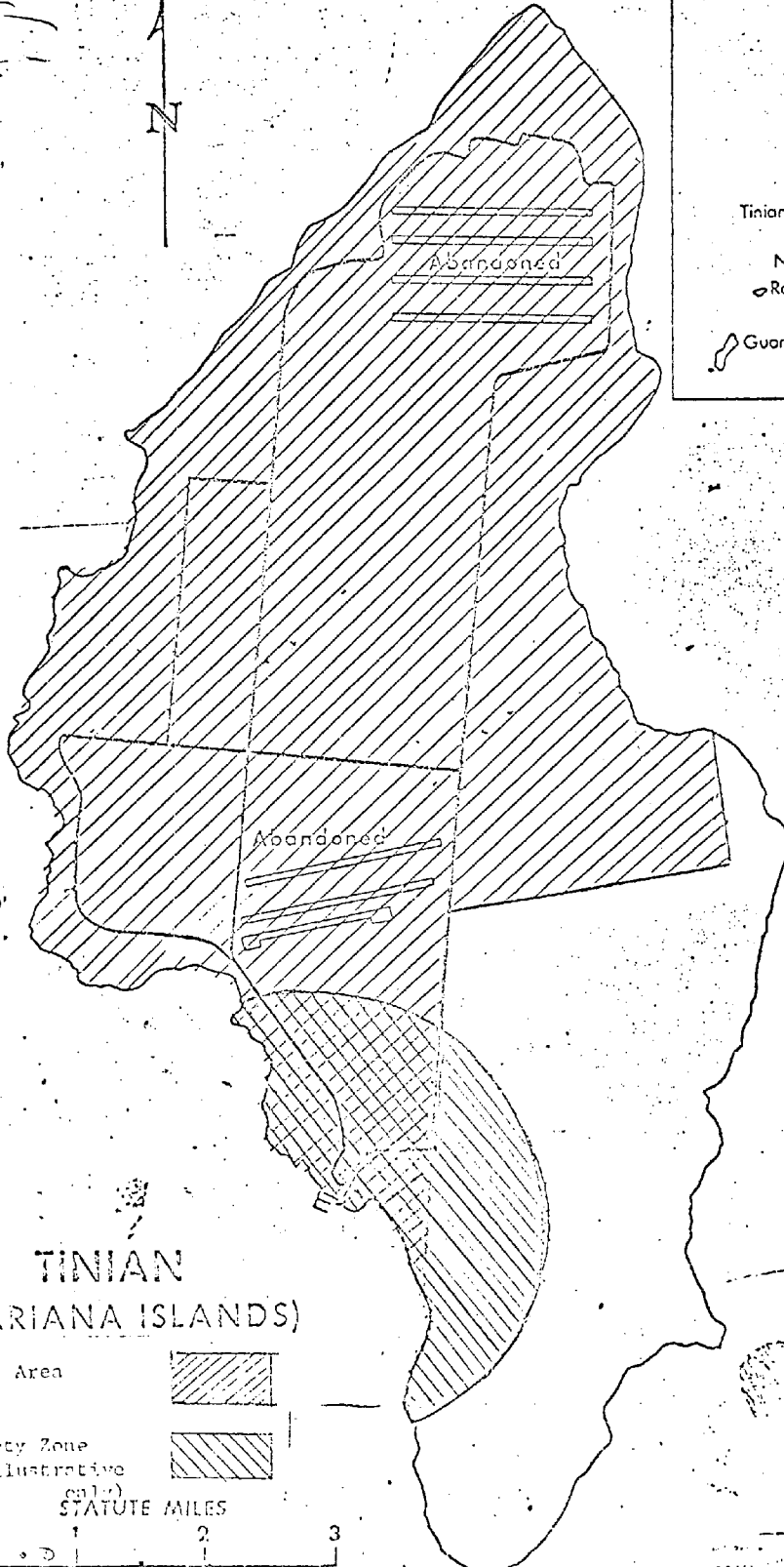
Tinian Saipan

Aguijan

Nafutan Rock

Rota

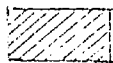
Guam MARIANA ISLANDS

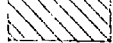


15°00'

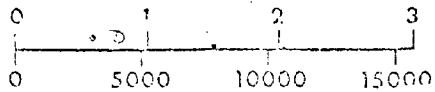
15°00'

TINIAN  
(MARIANA ISLANDS)

Base Area 

Safety Zone  
(Illustrative only) 

STATUTE MILES



14°55'

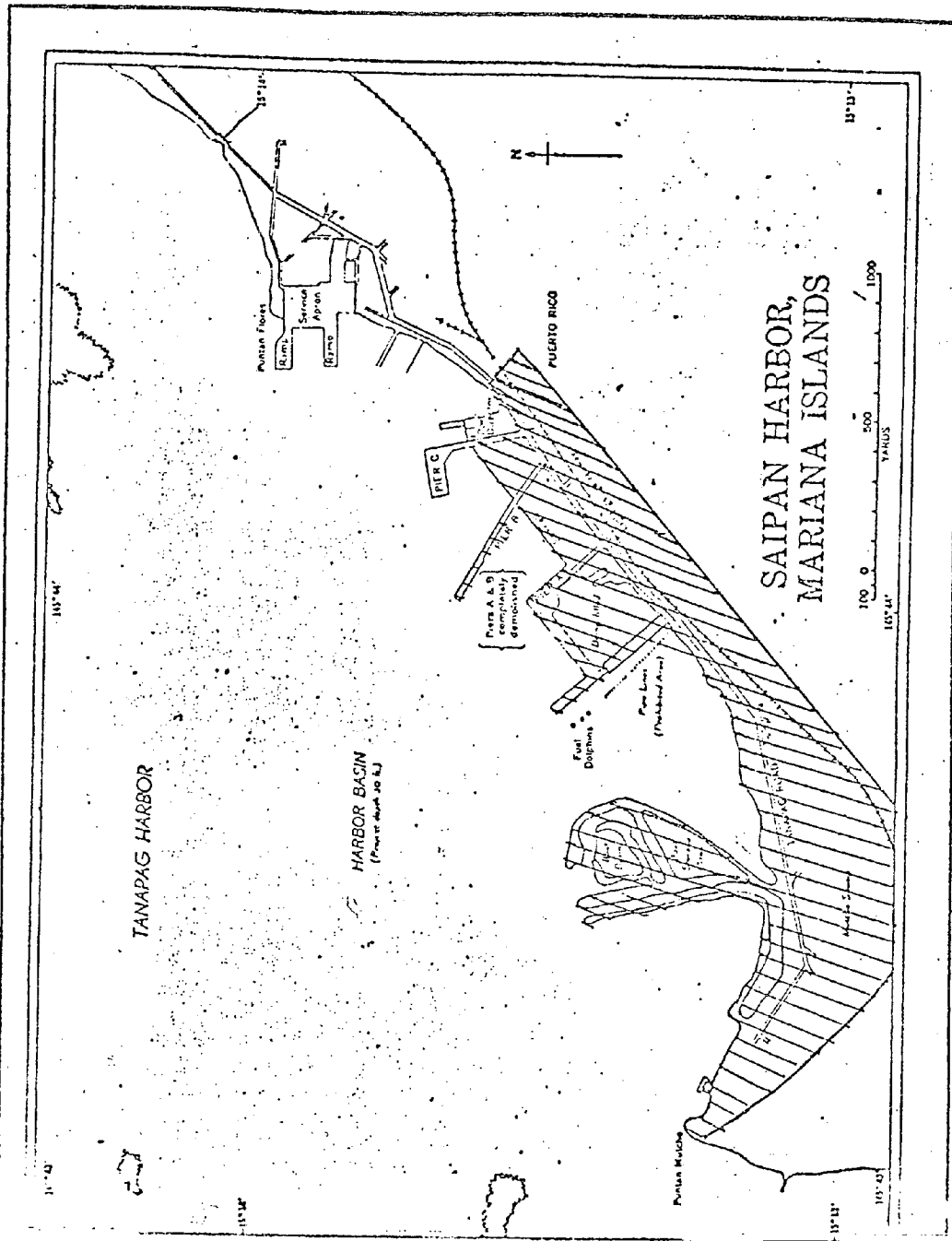
FEET

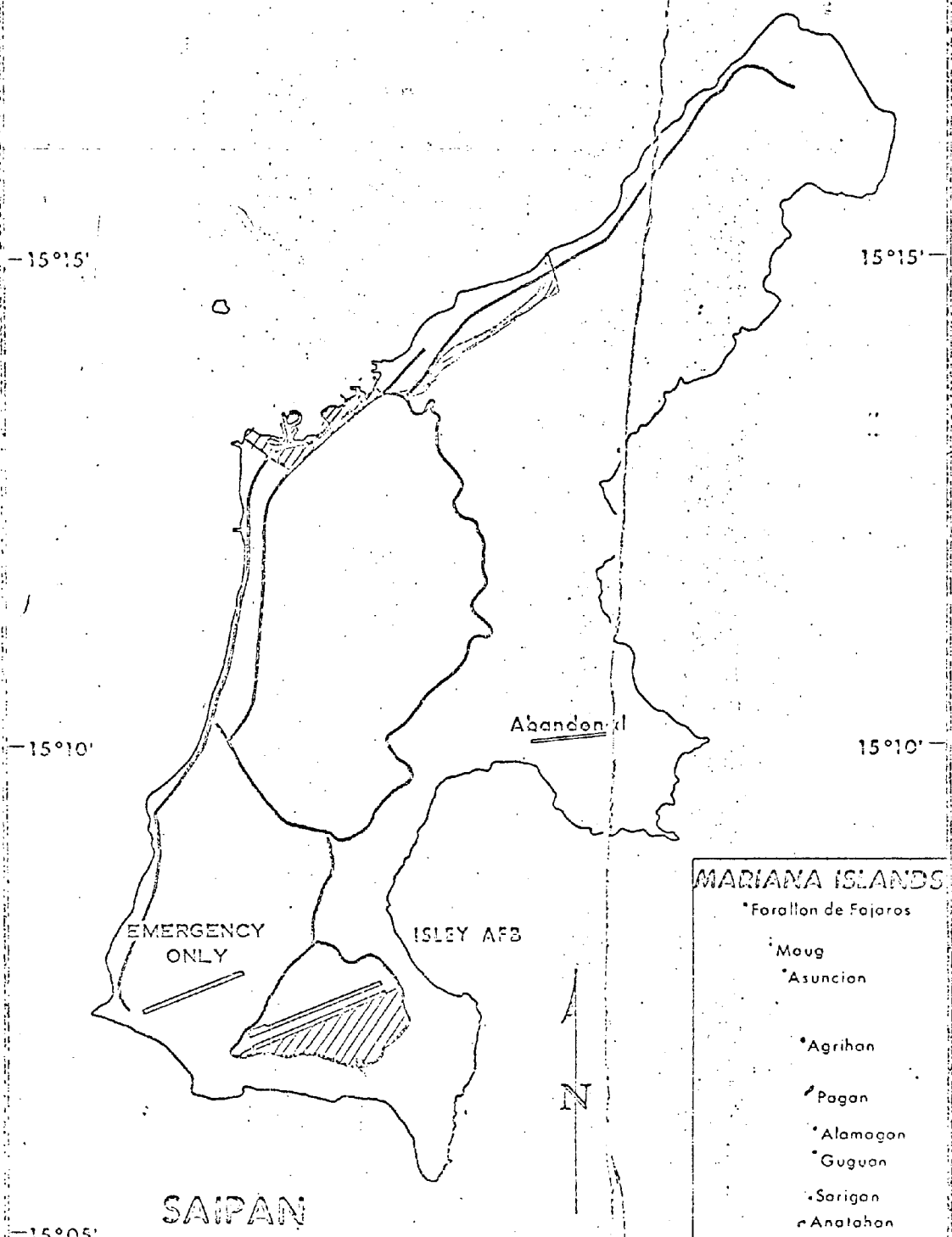
109

Annex II

145°40'

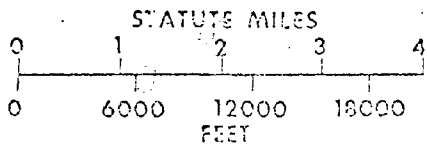
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SAIPAN

*ILLUSTRATIVE ONLY*



145°45'

MARIANA ISLANDS

- \*Forallon de Fajoros
- Moug
- \*Asuncion
- \*Agrihan
- \*Pagan
- \*Alamagon
- \*Guguan
- \*Sarigan
- \*Anatahan
- \*Forallon de  
Medinilla
- Tinian
- Saipan
- Nafutan
- Aguijan
- Rock
- Rota
- Guam



RESPONSE OF MARIANAS POLITICAL STATUS COMMISSION  
TO UNITED STATES POSITION PAPER  
ON  
LAND AND MILITARY REQUIREMENTS

On May 29, 1973, the United States Delegation presented its paper on the subject of land, including Federal requirements for future land use in the Marianas. Following delivery of this paper, the U.S. Delegation made a detailed oral presentation regarding its military requirements on Tinian. During the past three days the Commission has directed numerous questions to the U.S. Delegation regarding these proposals and has discussed the matter in private meetings of the Commission. We appreciate the willingness of the U.S. Delegation to answer all our questions to the fullest extent possible in light of current plans. This memorandum will attempt to summarize the initial reactions of the Commission to the United States proposals.

The Marianas Political Status Commission is sympathetic to the desires of the United States to fulfill certain of its military requirements within the confines of the Mariana Islands. We are not prepared at this time, however, to accept all of the specific proposals advanced by the United States. The Commission believes that three days (or even three weeks) is too short a time within which to make any decisions, tentative or otherwise, on a subject which is so complicated and so profoundly significant to the future of the Marianas. We are prepared, however, to continue discussions with the United States on these important issues before the next session of negotiations and to negotiate in good faith in an attempt to find ways to meet the United States military requirements consistent with the best interests of Marianas citizens.

As a guide to these future discussions and negotiations, the Commission has formulated several general positions which reflect its best current thinking. As more detailed plans are made available to the Commission, obviously, the Commission members will be prepared to contribute additional thoughts or suggestions. The positions set forth below reflect the collective views of

this Commission; individual members obviously have different opinions as to the comparative importance of these points or the most effective way in which these comments can be expressed.

1. Form of Acquisition: The Marianas Political Status Commission will not agree to the sale of land on Tinian for military purposes. The Commission is prepared, however, to make land available on a lease basis for a term of years to be mutually agreed upon. We recognize the United States preference for outright purchase of the required land but are unable to honor it. Prevailing practice in the United States has little relevance to the Mariana Islands, where land is scarce and has a special cultural significance to the people. Regardless of the guarantees which the United States might make, the members of the Commission could not possibly justify or explain to their constituents or families the seemingly permanent transfer of so much of the Marianas limited land to the United States for military purposes.

2. Extent of Acquisition: The Commission has the following comments with respect to the various land requests made by the United States for military purposes:

a. Farallon deMedinilla. The Commission definitely prefers that the United States select one of the more distant Northern Islands for target purposes. In this regard, the Commission desires to be informed of the approximate cost savings which would accrue to the United States if Farallon deMedinilla is eventually selected rather than a more distant island. If the use of Farallon deMedinilla for target practice is finally agreed to by the Commission, we will have to be reassured regarding the safety precautions which will be implemented by the United States. The Commission would like to have this information in written form before the next session of negotiations.

b. Saipan. As a general proposition, the Commission believes that the United States requests for land on Saipan for military purposes are unreasonable. In the first place, these requests are for contingency purposes only and their presentation at this time reflects an apparent lack of confidence in the future Commonwealth of the Marianas to honor its responsibilities as a member of the American political family if a future contingency should

ever arise. Secondly, it is difficult to reconcile the sweeping requests of the United States for land on Tinian for presently contemplated uses with its specific requests on Saipan for more generalized future uses. Before the Commission accedes to any requests for land on Saipan, it will have to be persuaded that these contingency needs could not possibly be met through use of land and facilities to be developed on Tinian. In addition to these general observations, we have some specific objections to each of the two United States requests for land on Saipan.

(1) Tanapag Harbor: The Commission strongly objects to the United States request for 320 acres in Tanapag Harbor for contingency purposes. We believe this request overlooks the vital significance of the harbor area to the future economic development of Saipan. This location is the only industrial area on the island and is heavily stressed in all recent planning efforts for its potential contribution to a strong civilian economy in Saipan. As discussed during our meetings with the United States Delegation, the area sought by the United States is the only area to construct a new dock for large ships. Construction of such a dock north of Charlie Dock is virtually impossible. Yet the need for such a dock in the near future is a definite possibility. Accordingly, the Commission cannot agree to the request. The Commission might be prepared--repeat might--to lease some of this land to the United States provided it undertakes to develop facilities which could be immediately used within the civilian community and at the same time have possible military utility in the event of a future requirement.

(2) Isley Field: After this property is returned to the Marianas, the Commission is confident that the United States will be able to continue joint use rights to this airfield. With regard to the request for 500 acres south of and adjacent to Isley Field, the Commission takes a very strong negative view. This land is much too important for Saipan's future economic development to be burdened by restrictions arising from hypothetical needs of the United States in the future.

The people of Saipan are entitled to have this essential property developed now as part of an integral master plan for the island rather than reserved for possible use by the United States which may or may not be compatible with the overall plan. In addition, the Commission is not persuaded, based on the showing to date, that 500 acres are in fact needed for the purposes. As was the case with Tanapag Harbor, the Commission might be willing to lease some of this land to the United States provided it undertakes to develop it in the near future with facilities that could be used for present civilian, as well as future military, purposes.

(3) Tinian: The requests made by the United States for land on Tinian are so overwhelming that they are difficult to comprehend in only three days. With respect to the extent of these requests, the following points seem most important at this time:

(a) The Commission is not inclined to agree to lease the entire island to the military with a sublease back of one-third for use by the civilian community. We are prepared to negotiate a lease for that portion of the island actually required for military purposes but not for any more than the minimum required.

(b) The Commission needs to be persuaded that the runway location chosen by the United States is the only feasible location on the island of Tinian which would serve the military's purposes. We would appreciate this information in written form.

(c) The Commission understands that other harbor locations were studied but were rejected on cost grounds. We would like to know the approximate savings to the United States of using (and developing) the present harbor facilities rather than using the best alternative location on Tinian which was examined by the military.

(d) The Commission is concerned that the United States request may not have made sufficient allowance for the needs of Tinian's civilian population in the years ahead. We want to study population trends and future economic development on Tinian to see if

the land left for civilian use under the proposed military plan is adequate for the next 40 - 50 years.

(e) The Commission is especially concerned by the dislocation and loss of land resulting from the military's inclusion of the present harbor in the United States request and the accompanying safety requirements. As indicated by the Commission's questions, we desire to be more fully informed about the extent to which civilian use of the harbor and the adjacent area will be curtailed due to safety precautions.

3. Civilian Control: The Commission intends to insist firmly on the principle of civilian control over that portion of Tinian not included in the military base. As indicated above, we believe that the portion of the island not leased to the United States should remain in civilian hands--either private or public. We recognize that the United States has legitimate concerns regarding developments outside the base area--economic, social and otherwise. The Commission welcomes the United States desire to build an ideal civilian/military relationship on Tinian which will fully serve the interests of both the military and civilian communities. We agree with the proposal for a joint military/civilian relations committee, so long as it is made clear that its functions are advisory in nature only. The Commission is confident that the civilian government on Tinian, with appropriate advice from the military, will be fully competent to deal with questions of immigration to Tinian and economic development within the framework of the Constitution and laws of the new Commonwealth.

4. Utilities: The Commission appreciates the United States assurances that the citizens of Tinian who are relocated in a new community will have the necessary infrastructure and services to make it viable. Exactly how best to do this is a matter which must be studied further by planners representing both the Commission and the United States. We want the opportunity, for example, to study seriously whether the military's power needs could be adequately met by a civilian power authority. To be frank, the Commission is concerned about arrangement which will make the citizens of Tinian dependent upon the military

for their essential services. The people of the Marianas, based upon their past experience, are properly fearful of such a situation and its impact upon their ability to administer their own affairs. Subject to further planning and study, of course, the Commission therefore has a general preference for separate facilities from the military, whenever feasible, rather than the sharing of military facilities. We are well aware that both military and civilian authorities must be involved in such planning, not only at the outset but also on a continuing basis.

5. Price of Land: The Commission agrees with the United States that any land sold (or leased) to the United States should be at a fair and just price. The Commission believes that the two delegations should give high priority to an attempt to agree upon the procedures by which the value of land on Tinian is to be determined. We do not believe that the standard procedures followed in the United States by the military are necessarily applicable in the Marianas at this point in time. Before any serious discussion about land value and rental payments can occur, it will be necessary to explore fully the value of comparable land and recent transactions involving the acquisition of land by the military. The experience in Guam will be of special relevance to this inquiry. No price for land on Tinian can be considered fair and just unless it is arrived at after a thorough exploration of all relevant factors, including the future growth potential of the Marianas, the relationship between the amount of developed land and undeveloped land, and similar considerations. This Commission will be unable to defend any agreement involving the lease of massive amounts of land to the United States unless it is fully persuaded that the United States has paid the maximum dollar value for the property.

6. Resettlement of Tinian Residents: The United States proposals for resettlement of Tinian residents appear at first glance to be both flexible and generous. In this area, particularly, the Commission will want to reserve judgment until it has had full opportunity to consult with the people most directly affected. The following are some of our preliminary observations on this subject.

First, this is an area where we believe that the citizens of Tinian

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First, this is an area where we believe that the citizens of Tinian

should have the widest possible range of options. If citizens prefer to move to other islands, we believe that they should receive benefits equivalent to those given to those who elect to remain on Tinian. Given the varying sizes of Tinian families, we believe a choice of houses should be available in order to accommodate large, as well as small, families. With respect to the design of the houses, the Commission's questions and comments have already suggested the need for varying designs, preferably done by local people familiar with local taste and tradition.

Second, we welcome the representations of the United States that planning this new community will be a joint military/civilian project. It is essential that this planning be integrated into Phase I of the Commission's economic program, with which the United States has agreed in principle. If the military intends to undertake preliminary planning along these lines in the near future, it is essential that the Marianas be given the financial support required under Phase I in order to participate meaningfully in the planning on Tinian.

Third, the Commission requests the military to explore the possibility of a substantially integrated housing area for military and civilian personnel in the relocated San Jose Village. We would appreciate a written report on this alternative, which fully analyzes its advantages and disadvantages. The Commission recognizes that some military personnel must live on the base, but we would like to know why integrated communities as commonly found in the United States around military bases are not possible here in the Marianas. In particular, we are interested in knowing whether such an approach would enable the United States to reduce its request for land on Tinian since less would be required for housing and dependent facilities on the military base itself.

7. Employment and Training Opportunities: As indicated by the Commission's questions, the members are very interested in the employment and training opportunities which will arise by virtue of United States military activities on Tinian. We appreciate the fact that the United States has only the most preliminary plans in this area and is interested in soliciting the detailed inputs of this Commission and the people of Tinian before finalizing its



plans. The Commission has the following preliminary observations on this general subject.

First, the Commission would like specific data regarding the military's employment needs on the base so that our Phase I planning can be both complete and accurate. We want the opportunity to make proposals regarding training programs in order to ensure that they have maximum utility and relevance to the needs of the people of the Marianas. As the United States must appreciate, the Commission is of the definite view that these training programs should afford full opportunity to the participants to gain access to the better jobs on the base, assuming that their skills and experience so warrant.

Second, the Commission strongly believes that these opportunities should be available on an equal basis to all citizens of the Marianas.

Third, the Commission is very concerned about the level of wages to be paid on the base by the military. We want to explore jointly with the United States the practical and economic implications of military wage levels to the civilian economy planned in the Marianas.

8. Use of Local Contractors: The Commission welcomes the assurances by the United States Delegation that every effort will be made to use local contractors and suppliers during the construction of the base and its operation. As evidenced by questions from several members, the Commission is sceptical that in fact local contractors or suppliers will stand to profit in any material respect from this military installation. In light of the size of the base, the Commission is apprehensive that the principal contracts will go to large international concerns which will obviously purchase materials from wherever they can be obtained at the lowest cost. We would appreciate a detailed report from the United States regarding the applicable procurement regulations as they are likely to be applied in the Marianas. Such a report might also include detailed information as to the materials required, the kind of specifications which will be imposed, and what specific commitments the United States is prepared to make in this area, especially with respect to smaller contracts or those which are not subject to competitive bidding.

9. Timing: The Commission agrees that detailed planning of the Tinian

installation (Phase I) should await successful conclusion of these negotiations. The Commission recognizes the need for preliminary planning, however, during the next several months, and is agreeable to such planning efforts by the United States. We welcome the assurances of the U.S. Delegation that this Commission be kept fully informed regarding this planning and will be consulted in advance regarding any significant activity undertaken by the United States on Tinian which is related to the proposals being considered in these negotiations. We also want to explore with the United States the inter-relationship between the political status, economic, and military issues which have been discussed between the two delegation so that we can agree on a program which will reflect their inter-dependence and permit their gradual implementation together.

The Commission hopes that these preliminary observations are of some assistance to the U.S. Delegation. We are hopeful that the United States will re-evaluate its military requirements in light of the Commission's concerns before the next session of negotiations. Representatives of the Commission will be available to consult on this subject during the recess, if the United States believes that this would be useful. If the United States re-evaluates its plans and supplies the requested information, the Commission pledges itself, in good faith, to thoroughly consider the United States proposals and attempt to reach agreement with the United States on this important subject.

MARIANAS POLITICAL STATUS COMMISSION

May 25, 1973

PROPOSED LAND CADASTRAL SURVEY PROGRAM

The Marianas Political Status Commission agrees in principle with an early return of the public lands, including military retention land, of the Mariana Islands District of the Trust Territory of the Pacific Islands to the people of the Marianas. This return should be accomplished immediately as to all lands where presently there is no disputes, and the land is properly surveyed, and described. This immediate return should take place upon the adoption of an acceptable organization to receive that land.

The proposed organization may take the form of a public corporation, special committee, a commission, or some other entity; however, whatever entity is used, it is necessary that this entity be under the direction and control of the people of the Marianas. This entity would then set up whatever use or function is to be made in reference to this land--be it homestead, public use, rental, or land bank reserve.

Additional functions of this entity would be to prepare complete surveys for the Marianas, proper mapping, adequate land description, and development of an appropriate recordation and title depository for easy access and reference for the people. Additionally, this entity shall be responsible for the development of and solution to the presently stalled homestead program.

In reference to land disputes, whether involving private parties vs. private parties or private parties vs. government, a function of this entity will be to assign separate investigators to individually analyze and develop factual material on both sides of the issue, and attempt to seek a solution with both parties concerned. In those rare instances where a dispute is still not settled after the investigative procedure just mentioned, the dispute will be referred to a separate commission or court of nine (9) prominent people from the Marianas who, after adequate public hearings, will render a decision which will be binding on both parties and not subject to appeal.

Prior to the development of the above-stated programs, an expert shall be employed to review, analyze, and inventory all work that has been presently completed by the Trust Territory Government and other entities in reference to this land cadastral problem. This expert shall submit a written report within six (6) months time to the Marianas Political Status Commission so that the Commission may more adequately develop further details in reference to these programs. Development of the report of the expert and the implementation of the above-stated programs requires the full support financially and otherwise of the United States and the Trust Territory Government.

As the public land is adequately surveyed, mapped, described, and recorded, it shall be turned over to the new entity for its discretionary use. When this land is turned over to the new entity, if any dispute still exists in reference to that land, the new entity is to be totally informed of this problem. The United States Government, along with the Trust Territory Government, will be responsible for all damages forthcoming in reference to these prior disputes. After the land has been transferred to the new entity, any future disputes which might arise from the new entity's position in reference to any of this land shall then be the responsibility of the new Marianas Government. Finally, in the interim, in reference to land not turned over to the new entity because of lack of survey, mapping or description, the Government of the Trust Territory of the Pacific Islands will not alienate this land beyond a month-to-month tenancy so as to allow no further dissemination of public land without the approval of the new entity. This should create no real burden on the Trust Territory Government because all land that is adequately surveyed, mapped, described, etc. will already have been turned over to the new entity. The only land remaining within the jurisdiction of the Trust Territory Government will be that land incapable of being disseminated beyond a month-to-month tenancy due to the deficiencies involved.

PART III

CLOSING PLENARY SESSION

MONDAY, JUNE 4, 1973

ROYAL TAGA HOTEL

2:00 P.M.

CLOSING STATEMENT BY AMBASSADOR WILLIAMS  
CLOSING PLENARY SESSION - JUNE 4, 1973

Senator Pangelinan, members of the Marianas Political Status Commission, honored guests, ladies and gentlemen:

Three weeks ago our delegations sat down together to begin the serious and important task of laying the foundation for a political union between the Marianas and the United States which the people of the Marianas have repeatedly told the United States and the world they desire. As we recess the talks today, I think we can take great satisfaction from knowing that our time together has been well spent, that we have accomplished the goal we set for ourselves in this round of discussions.

We agreed at the outset that our aim would be to reach preliminary understandings on the fundamentals of the Marianas-U.S. relationship. Through serious and businesslike, but always cordial, discussions we have achieved preliminary agreement in principle on all the major aspects of our future relationship, as the joint communique we are releasing today bears witness.

Both sides entered these talks in a spirit of mutual trust and with common objectives. It is thus not surprising that as each major agenda item was introduced we were able to identify quickly substantial areas of agreement. Our searching discussions, freely participated in by all members of both delegations, illuminated further areas of understanding and, as expected, highlighted specific questions of some technical complexity requiring further detailed joint inquiry by subpanels from our delegations.

It is only in a formal and narrowly technical sense that we are recessing the talks today. Members of the American Delegation are leaving Saipan to be reunited with their families, and those of you sitting opposite me in the Marianas Political Status Commission are looking forward to a well-deserved respite from your intensive labors of almost six weeks. We hope to meet again as soon as possible.

Meanwhile, however, serious discussion and refinement of issues germane to these negotiations will go forward in technical level talks both here and in Washington. The joint communique notes that we have established joint working groups to consider questions relating to the political relationship, economics and finance, and land, and have sketched out their immediate tasks. These working groups will consult intensively in the months ahead to ensure that the next meeting of our full delegations will bring further substantial progress toward final decisions on the formal status agreement which now seems clearly in prospect.

I think there is little that I need add at this time about the nature of our understandings we have achieved in this series of meetings. As the talks progressed our two delegations made a conscientious effort to keep the people of the Marianas abreast of developments through a series of joint press releases. Today's joint communique, a somewhat lengthier and more detailed document than is perhaps usually issued on such occasions, is a further attempt to give an accurate account of where our discussions are leading--a matter of prime importance to all the people of these islands. In the final analysis, it is the people of the Marianas who will endorse or reject the fruits of our negotiating efforts.

Throughout these deliberations both delegations recognized that we were discussing matters which could affect to one degree or another the lives and future prospects of not only the present but indeed the future generations of the Marianas. If we have been sobered by the responsibility this lays upon us, we have also been inspired by the belief that through thoughtful and wise

endeavor we can build an enduring structure which the people of the Marianas will enjoy in common with other members of the American political family. We do this in the belief that while man may not be the measure of all things under the universe, on earth he and his aspirations for liberty, justice, and equal opportunity are the legitimate concerns of government authority of which we form a part.

When I return to Washington I shall brief key leaders in the Federal Government's executive and legislative branches on the nature of our discussion here and on the understandings we have reached. I expect to tell them that during this visit to the Marianas, the American Delegation was impressed anew by indications on every hand that the people and leaders of these islands are inspired and motivated by the same human values that move and direct the American family. I expect to tell them, too, that the people of the Marianas look forward to taking their place in the American family, conscious of the responsibilities which will devolve upon them, but confident of the contribution which their ancient culture and yet youthful population will make to the larger family. In Washington there is, as you know, abundant good will for the Marianas. There is no doubt that our successful labors will be widely welcomed there.

I wish to pay grateful tribute, on behalf of myself and the entire American Delegation, to the warm friendship and gracious hospitality which members of the Marianas Political Status Commission and private citizens of these islands have extended to us the past three weeks. We remembered the largeness of your hearts from previous visits here. We greatly appreciate the renewed evidence of your kindness and consideration for visitors in your midst.

Senator Pangelinan, in closing I pledge my delegation to continue to work conscientiously with the members of the Marianas Political Status Commission to complete expeditiously the historic work which has so well begun here in Saipan these last three weeks. Our final goal is clear. Let us continue to move steadfastly toward its full realization.

CLOSING STATEMENT BY SENATOR PANGELINAN

On the occasion of this closing plenary session, I would like to thank the members of the Marianas Political Status Commission for their total dedication to the work of this Commission. I said in my opening remarks on May 15 that each member of this Commission approaches this assignment with a full sense of personal responsibility and I believe that our achievements to date bear this out.

The members have worked for more than five weeks on a full time basis (including many weekend meetings) during this session; they have read mountains of papers; they have discussed difficult subjects thoroughly and wisely, and through all this they have kept their sense of humor. I feel it is a great personal honor to be the Chairman of such a Commission--and I want each of them to know publicly of my appreciation for their work and loyalty.

On behalf of the Commission, I would like also to thank the U.S. Delegation for the spirit with which they approached these negotiations.

These discussions have been marked by both thorough preparation and free discussion, and I hope that we can continue to conduct our business in the future along these same lines. The Commission has especially welcomed the opportunity to explore these important subjects in informal working sessions, where both delegations have felt free to express themselves fully.

The Commission shares your views, Mr. Ambassador, that this session of negotiations has been very successful. The Joint Communique, we believe, shows how far we have come in the last three weeks. The Commission recognizes, as does the U.S. Delegation, that we have a long and difficult job ahead before our mutual objective is attained. Because of our work to date, however, the members of this Commission are optimistic about the future and look forward eagerly to our next session of negotiations.

As you are about to leave Saipan to join your families and loved ones, we wish you a safe and enjoyable trip back home.



PART IV

JOINT COMMUNIQUE

JOINT COMMUNIQUE

From May 15 to June 4, 1973, the Marianas Political Status Commission and the President's Personal Representative met in Saipan for negotiations aimed at achieving political union between the Mariana Islands and the United States of America.

The meeting consisted of public plenary opening and closing sessions, several working sessions, and meetings of subpanels of advisers on technical matters. The two sides recognize that any final agreement emerging from these and future sessions of negotiations will have to be approved by the Marianas District Legislature, the people of the Marianas in a plebiscite, and the United States Congress. The delegations attempted during those discussions to arrive at preliminary agreements where possible and to identify technical questions requiring further study by smaller panels of experts. There was no attempt to agree on precise language for formal agreement. However, both delegations believe their working sessions have resulted in substantial progress in that preliminary agreements were reached in broad areas.

The discussions dealt with the nature of the future political relationship, United States economic and financial assistance, and land matters including United States land requirements. The tentative agreements are set forth below:

1. The future political relationship between the Marianas and the United States would take the form of a commonwealth arrangement, as defined by a formal political status agreement. Under this agreement, the future Marianas Government would exercise a maximum amount of self-government consistent with relevant portions of the United States Constitution and federal law. Sovereignty over the Marianas would be vested in the United States.
2. Fundamental provisions of the formal agreement established the commonwealth relationship would be subject to modification only by mutual consent. The parties have agreed to explore alternative methods to implement this mutual consent requirement.
3. Article IV, section 3, clause 2 of the United States Constitution would apply to the future political relationship between the Marianas and the United States, subject to the two delegations arriving at an acceptable arrangement under which modification of fundamental provisions of the formal agreement establishing the commonwealth relationship is made only by mutual consent and subject further to the reservation of the Marianas Political Status Commission that it will explore means to reconcile the plenary powers of Congress under Article IV, section 3, clause 2 with the exercise by the Commonwealth of the Marianas of maximum self-government with respect to internal affairs.
4. The future Marianas Government would be established under a constitution of the Marianas. This constitution would be drafted by a local constitutional convention and would be subject to the approval of the people of the Marianas. The Marianas Constitution would include a bill of rights and provide for the separation of powers and a popularly elected chief executive. The Marianas Constitution, as initially drafted and approved by the people of the Marianas, would be subject to approval by the United States Congress for consistency with the relevant provisions of the United States Constitution, legislation establishing the commonwealth arrangement, and any other relevant federal legislation. Constitutional amendments would not require approval by the United States Government, although federal courts would be competent to pass on the consistency of such amendments with relevant provisions of the United States Constitution and of federal law.

5. The United States would have responsibility for and complete authority in the fields of defense and foreign affairs. In this regard, the advice of the future commonwealth government on international matters directly affecting the islands would be considered by the United States Government and the United States would support the membership of the Marianas in regional or other international organizations concerned with economic, cultural, or comparable matters of concern to the Marianas to the extent such organizations permit such representation. The Marianas would also be able to establish offices abroad to promote local tourism or other economic or cultural interests.

6. With respect to judicial matters, the new Marianas Commonwealth would have the right to establish local courts to handle cases arising under local law. The operation of these courts, if established, would be compatible with the federal court system and consistent with applicable federal law. The jurisdiction of the United States District Court in the Marianas would be at least the same in the Marianas as it would in a state.

7. Recognizing that the question of Marianas representation in the United States Congress is ultimately a matter for decision by that body, the United States delegation has agreed to support a request by the Marianas for its own non-voting delegate in Congress. The parties have agreed to explore a common approach to the United States Congress on this subject.

8. Article IV, section 2, clause 1 of the United States Constitution relating to "privileges and immunities" would apply in the Marianas, subject to appropriate limitation in the formal status agreement to assure that the ability of the future Marianas Government to preserve control of the land of the Marianas in the hands of Marianas citizens will not be compromised. Citizens of the Marianas would be entitled to all privileges and immunities of citizens in the several states. Article IV, section 1 of the United States Constitution relating to "full faith and credit" would apply with respect to the Marianas as if it were a state. The requirements in the United States Constitution of indictment by grand jury and of a jury trial in civil cases need not be made applicable in the Marianas. The Marianas Political Status Commission will study further which additional provisions of the United States Constitution should be made expressly applicable in the Marianas.

9. Marianas residents would have the opportunity of becoming United States citizens. The parties have agreed to study further, through a joint working group of lawyers, the status to be accorded those residents of the Marianas who might not wish to become American citizens.

10. There would be continuing dialogue after establishment of the commonwealth, on the needs and interests of the Marianas. The parties have agreed to discuss, at a later stage in the negotiations, whether to provide for formal periodic review of all aspects of the relationship between the Marianas and the United States.

11. The question of whether certain major areas of federal legislation will apply in the Marianas may be dealt with explicitly in the formal agreement establishing the future political status of the Marianas. These areas include taxes, immigration, customs, banking, social security, maritime laws, labor standards, and the postal service. The parties have agreed that the joint working group of lawyers will study federal laws in these and other areas to determine whether and how their application in the Marianas should be circumscribed by the formal status agreement and whether that agreement might provide generally for resolving questions as to the applicability of future federal laws in the Marianas.

12. At some future date a joint commission would be established to study and make recommendations on the applicability in the Marianas of the large body of federal legislation and regulations which will not be specifically addressed in the formal status agreement.

## Economic and Finance

1. The objectives of a long-term economic development program for the Marianas should be:

- a. to facilitate an orderly transition to the new political status;
- b. to build toward an adequate social and economic infrastructure;
- c. to provide necessary public services and programs; and
- d. to encourage and to promote the future economic development of the Marianas.

The United States is agreed in principle to assist the Marianas in the attainment of these objectives in order to achieve the ultimate goals of raising significantly the per capita income of the people of the Marianas and moving the Marianas progressively toward economic self-sufficiency.

2. The accomplishment of the above objectives will require systematic long-range planning to identify specific economic priorities and evaluate financial needs and potential local sources of revenue (particularly as they may be substantially affected by proposed military activities in the Marianas) in order to develop estimates of the quantum of financial support from the United States which might be necessary for the new Commonwealth to achieve self-sufficiency.

3. The two delegations discussed such a preliminary planning effort including such matters as land cadastral program for the Marianas, preparation of a physical plan, a government reorganization plan, an economic and social development plan, and legal planning in such areas as political education, preparation for a Constitutional Convention, and development of initial legislative programs. The United States will agree in principle to finance this planning effort, subject to the outcome of a review of such questions as timing, the range of activities contemplated and funding procedures, to be undertaken by a joint working group on economics and finance.

4. The parties have agreed that special attention will be paid to finding means to implement a land cadastral survey program in the Marianas as soon as possible.

5. The parties are agreed in principle on the need for United States financial assistance for capital improvement programs, for start-up costs associated with the new Commonwealth and for government operations and programs until the people and the government of the Marianas can meet the financial responsibilities of self-government from their own resources. Although the United States believes that long-term support for the Marianas can best be assured by the extension of appropriate federal programs and services to the Marianas and by direct grants approved annually through the normal federal budgetary process, the United States is prepared to agree, subject to the approval of the United States Congress, to provide financial support over an initial period of years at guaranteed fixed levels, in addition to the normal range of federal programs for which the new Marianas Government might become eligible. The parties have agreed to explore the exact framework through which such a commitment can be implemented.

6. Reliable estimates of the levels of required United States financial assistance cannot be determined until after further study of the needs of the Marianas and their anticipated revenues. Although the extensive preliminary planning efforts discussed above will address these subjects in greater detail, the parties have agreed that the joint working group on economics and finance referred to above, will study specific questions relating to the long-term financial requirements of the Marianas, including the following:

- a. the likely nature and extent of internal revenues in the Marianas;

- b. the impact on anticipated revenues of current United States plans for construction and operation of military facilities in the Marianas;
- c. the impact on anticipated revenues of foreseeable growth in the economy of the Marianas;
- d. the capital improvement needs and economic development goals of the Marianas;
- e. the costs of government operations and programs in the Marianas; and
- f. the amount of federal funds that could be made available to the Marianas through certain current federal programs available to the states and territories.

#### Future Uses of Land in the Marianas

1. The two delegations devoted several meetings to discussion of the question of land and concluded that a firm basis for further progress in this important substantive area had been established. Both sides agreed that it has been possible to develop meaningful understanding as to the significant principles involved although a number of important questions still remain to be resolved in future discussions.

2. With regard to public land, the United States reiterated its prior commitment to return to the people of the Marianas the land now held in public trust just as soon as questions of a legal, technical, administrative and timing nature can be resolved. These are now being examined as part of a larger study of the early return of public land in all the districts of Micronesia. If that study is delayed, priority attention will be given to the Marianas.

3. The United States agreed to work with the Marianas Political Status Commission to establish an effective means for preventing land in the Marianas from being alienated to persons not of Marianas ancestry.

4. With regard to United States military land requirements, the Marianas Political Status Commission again acknowledged the off-stated United States need for land in the Marianas for defense purposes and agreed to negotiate with the United States in good faith on meeting that need. The United States agreed to approach the matter in the same spirit. The Marianas Political Status Commission agreed in principle to make land available to the United States, with the question of the extent of such land and the terms under which it is to be made available still to be negotiated.

5. The Marianas Political Status Commission agreed in principle that a small, uninhabited and inaccessible island could be made available as a United States target area, as Farallon de Medinilla is now being used. The United States would continue its joint use of Isley Field on Saipan. Other needs are still under discussion.

6. It was the understanding of both delegations that the Marianas Political Status Commission would be prepared to negotiate with respect to that portion of Tinian required by the United States for military purposes. In this connection, means would have to be found to assure that social and economic conditions evolve in a manner compatible with the mutual interests of both the civilian and military communities.

7. During the forthcoming recess in formal talks between the two delegations, further discussions will be held at a technical level to clarify and refine the United States proposals in detail. In this connection, the United States has agreed to further examine its proposals for military land requirements in the light of the comments of the Marianas Political Status Commission. Similarly the Marianas Political Status Commission has agreed to give further consideration to the United States military land proposals.

8. The United States will send a small group of engineers to the Marianas to make necessary preliminary on-the-spot surveys. These actions are necessary in order to facilitate the planning process. In this regard, the United States offered assurances that it has no intention of taking further action to implement its military land proposals so long as this matter is still under negotiation with the Marianas Political Status Commission.

9. The parties agreed to establish a consultative group to discuss the detailed plans for military and related land use in the Marianas as they are developed and to consult with the people directly affected by those plans. The people of Tinian will be represented in such a group.

#### Future Meetings

The Chairman of the Marianas Political Status Commission and the President's Personal Representative agreed that the two delegations would meet again to pursue all of these matters further as soon as possible, probably in the late summer or early fall. Meanwhile talks will continue at the technical level on the subjects indicated above.

Date: June 4, 1973

/s/ Edward DLG. Pangelinan  
Chairman, Marianas Political  
Status Commission

/s/ Franklin Haydn Williams  
The President's Personal  
Representative for Marianas  
Status Negotiations

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Mr. Vicente N. Santos, Vice-Chairman  
Mr. Olympio T. Borja  
Mr. Vicente T. Camacho  
Mr. Herman Q. Guerrero  
Mr. Francisco A. Hocog  
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PART V

APPENDIX

STATEMENT OF JOAQUIN I. PANGELINAN AND BENJAMIN T. MANGLONA BEFORE THE UNITED NATIONS TRUSTEESHIP COUNCIL, JUNE 1973.

Mr. Pangelinan:

Mr. Pangelinan, I am Joaquin I. Pangelinan, a member of the Marianas Political Status Commission. With me is Benjamin T. Manglona, also a member of the Marianas Political Status Commission. On behalf of our Commission and the people of the Mariana Islands, I wish to extend to you and the members of the Trusteeship Council our appreciation for the opportunity to appear before the Council as petitioners.

As representatives of all the people of the Mariana Islands District of the Trust Territory of the Pacific Islands, we are here to speak to the Council on the subject of our future political status.

Last year, representatives from the Marianas spoke to the Council about the deeply-felt desires of our people for a close political relationship with the United States of America. Since then, the people of the Marianas, freely and through their elected representatives in the Mariana Islands District Legislature, have created the Marianas Political Status Commission. The Commission has studied and is continuing to study important issues relating to our future status. At the request of the people of the Marianas, the United States Government has opened separate negotiations with our Commission aimed at achieving a close political relationship between the Marianas and the United States of America. During the past year, we have concluded two rounds of negotiations. We appear before the Trusteeship Council to report on the progress of those negotiations and to solicit understanding and support from this body for the position of the people of the Mariana Islands District.

My remarks will address the position of the Marianas with regard to our future political status. Mr. Manglona's statement will report on the progress to date of the negotiations between the Marianas Political Status Commission and the United States.



It is the desire of the people of the Mariana Islands District for a close political relationship with the United States. This sentiment has been acknowledged by your most recent Visiting Mission and by other United Nations observers over the past several years. Our desire for close associations with the United States is not a recent development however. These feelings have been consistently expressed over an extended period. They have been expressed directly by the people in village town-hall type meetings and informal plebiscites. They have also been expressed through their elected representatives in Municipal Councils and the District Legislature.

The movement for close association with the United States originated in the form of requests for reintegration with Guam, a United States territory. As you may know, the Marianas District has historical, economic, cultural, religious and common language ties with Guam. The basis for this movement, however, runs deeper than (and is no longer linked to) a desire for reintegration with Guam. The people of the Marianas wish to become a self-governing political entity in the American political family because we desire the rights, freedoms and benefits which flow from such an association with the United States.

There are several reasons for our belief that a close political relationship with the United States will assure the realization of these goals. First, the people of the Marianas have too long a history of rule by autocratic powers not to appreciate the degree of personal and political freedom which United States administration of the Trust Territory has brought us. We need only look to our close neighbor Guam or to any other members of the American political family to observe that the United States has promoted and preserved these values which we cherish so highly.

Second, the people of the Marianas believe that human rights and political freedom can best be assured when there is economic development that is designed to raise the standard of living and to promote economic self-sufficiency. A study of the possessions, territories and other members of the American political family makes it very clear that a close political relationship with the United States will assure the level of economic development which

our people desire.

Finally, our people believe, and the work of the Marianas Political Status Commission confirms, that a close political association with the United States can take the form of a relationship that would fulfill the desires of our people for internal self-government. Such a relationship would be consistent with the United Nations principles of self-determination for all peoples.

These worthy goals of the people of the Marianas are the basis of our desire for a close political relationship with the United States. As this Council is aware, the Joint Committee on the Future Political Status of Micronesia has rejected close relationship with the United States and appears determined to pursue free association and independence as the alternatives for the future political status of all of Micronesia. We respect the right of the Joint Committee, the Congress of Micronesia and the people of the other Districts of Micronesia to freely choose their own political future. We cannot accept, however, their right to deny the freely-expressed wishes of the people of the Marianas in this regard. It is for this reason that our people formed their own Commission on Future Political Status and requested the United States to open separate negotiations with that Commission.

The people of the Marianas recognize that the course we are pursuing may lead to our ultimate separation from the rest of Micronesia. In part, this course was thrust upon us by the Joint Committee's rejection of close association with the United States for Micronesia as a whole. It is fair to say, however, that sentiment in the Marianas for separation from the rest of the Trust Territory has deeper roots. The unity of Micronesia has been the product of our domination by outside powers--not of the freely-expressed wishes of the peoples concerned. We share no cultural or language ties with any other District of Micronesia. As stated earlier, our traditional ties are with Guam, which is a part of the United States and from whom we were separated by the historical accident of the Treaty of Paris ending the Spanish-American War. It has been said that the word "Micronesia" is only a geographical term. One can fairly question even this description when that term is used to describe distinct island groups separated by thousands of miles of ocean.

We do not believe that, when the United Nations created the Trust Territory of the Pacific Islands in 1947, it intended to determine forever the political unity of the inhabitants of these diverse islands--regardless of the freely-expressed wishes of the peoples concerned. And yet, the recent report of the Visiting Mission implies that separation of the Marianas from the rest of the Trust Territory would be contrary to the United Nations policy favoring national unity and territorial integrity.

With all due respect, we cannot accept any such restrictive view of United Nations policy. Division of Trust Territory to reflect the freely-expressed wishes of the peoples concerned is fully consistent with the principles of self-determination. In addition, such division has already occurred in the British Cameroons with United Nations approval.

The United Nations policy of opposition to disruption of national unity and territorial integrity (set forth in General Assembly Resolution 1514 (XV)) applies explicitly to existing countries. This policy has not, so far as we are aware, been applied to decisions freely made by the peoples concerned on the future political status of dependent territories. We believe that it should not be applied to those territories whose boundaries were originally drawn for administrative convenience and not with regard to the differing conditions or wishes of the inhabitants.

We recognize the legitimate concern of the United Nations for the well-being of all of the peoples of Micronesia. We are sensitive to the concern that separation of the Marianas from the rest of the Trust Territory could temporarily disrupt the administration of the remaining districts. Whatever our choice of future political status, we recognize our obligation to accommodate these concerns. However, abstract notions regarding the unity of Micronesia must not be allowed to frustrate the ability of the people of the Marianas to freely choose their own future political status.

In closing this portion of our statement, I convey the hopes of my people that the United Nations will understand our political aspirations and will support our right to choose our own political destiny. We ask no more nor less than the rights which are assured all peoples by the United

Nations Charter.

Thank you, Mr. President. Mr. Manglona will now report to the Council on the work of the Marianas Political Status Commission and the progress of its negotiations with the United States.

Mr. Manglona:

Mr. President, I would like to join Mr. Pangelinan in expressing my gratitude for this opportunity to appear before the Council and speak on a subject of vital concern to the people of the Marianas.

As Mr. Pangelinan has told you, the people of the Marianas, freely and through their elected representatives, have created the Marianas Political Status Commission in order to pursue their goal of a close political affiliation between the Marianas and the United States of America. The Commission is broadly representative of the people of the Marianas, including representatives from the Congress of Micronesia, from the District Legislature, from the Municipal Councils, from both political parties, from the local business community, and from the major ethnic and cultural groups in the islands.

Pursuant to its mandate, the Marianas Political Status Commission has been guided by the expressed wishes of the people regarding their choice of future political status. The Commission is continuing its dialogue with the people of the Marianas so that it will be better able to represent their views in future negotiations with the United States. We have employed qualified consultants to survey technical and legal questions in the areas of political status alternatives, economic development and land policy.

With the benefit of these consultations and studies, we have opened negotiations with representatives of the United States Government. These negotiations were opened at the request of the people of the Marianas and not, as some have suggested in the past, at the instigation of the United States. After a ceremonial opening session last December, the two delegations met in Saipan during May to begin working sessions which lasted until June 4. It is my privilege to report to the Council on the progress of these negotiations.

In seeking a future political status that is consistent with the desire of our people for a close political association with the United States,

the Commission has adopted the goals of maximum internal self-government for the Marianas and economic development that is designed to increase the standard of living of our people and to move the Marianas progressively toward economic self-sufficiency. We believe these goals are consistent with United Nations principles of self-determination. Also consistent with United Nations principles, the mandate of our District Legislature requires that any agreements reached between the Commission and the United States must be approved by the people of the Mariana Islands District through a plebiscite or referendum.

In moving toward agreement on the issues relating to our future political status, the Commission is proceeding cautiously and deliberately. We are determined to consult with our people at every stage to determine their wishes. Our consultants are advising us on the complex technical and legal issues involved. This Council can be assured that our negotiations with the United States are not one-sided or unequal. Although we have made much progress, we are far from formal agreement. Many outstanding issues remain to be studied and worked out. Nevertheless, in the recent working sessions, a number of important preliminary understandings were reached.

In the area of future political status, the parties reached tentative agreement that the future political relationship between the Marianas and the United States would take the form of a commonwealth arrangement, as defined by a formal political status agreement. The Marianas government would exercise maximum self-government with respect to internal affairs, while the United States would have sovereignty over the Marianas and exercise authority in the fields of defense and foreign affairs. The new government of the Marianas would be established under a locally drafted and locally approved constitution which would provide for the institutions of local government. The fundamental terms of this relationship, as spelled out in the political status agreement, would be subject to modification only by mutual consent.

In the area of economics and finance, the United States would provide assistance to move the Marianas progressively toward economic self-sufficiency, which we believe is fully consistent not only with political stability and freedom but with true self-government. The people of the Marianas are concerned

that the future of the Marianas should belong to our children. We intend to strive toward control of our own economy, as well as of our institutions of government. In this connection, land is our most precious resource both because of its relative scarcity and because of its cultural significance to our people. The United States has agreed in principle that, under our future relationship, land would remain in the hands of persons of Marianas ancestry.

We are also negotiating for the return of public lands, now held in trust by the Administering Authority, to the future government of the Marianas and ultimately to the people of the Marianas. The United States has committed itself to an early return of land now held in public trust.

We recognize that under international agreements the United States has responsibilities for the maintenance of peace and security in the western Pacific. We recognize further that, as a member of the American political family, the Marianas will have certain obligations to assist the United States in meeting its defense requirements. We are, therefore, negotiating with the United States with respect to specific military land requirements in the Marianas.

The subject of United States military land requirements is a matter for negotiation because we believe that no land should be made available for this purpose without the agreement of the people concerned. The Marianas Political Status Commission is aware of reservations by the residents of Tinian to the use of certain areas of Tinian by the United States military. We would like to assure this Council that any decision reached on these matters will be made only after full consultation with the people of Tinian. In addition, any agreement reached by the Commission in this area will be submitted for approval to the people of the Marianas along with the agreements reached in the areas of political status and economics and finance.

We have agreed in principle to negotiate in good faith on meeting the acknowledged United States need for land in the Marianas for defense purposes. However, the Marianas Political Status Commission has reached no agreement with respect to meeting specific land requirements. The Marianas Political Status Commission is consulting closely with the people who might be directly affected by a decision to make land available to the United States for military purposes. In light of the scarcity of land in the Marianas, we believe that the land requirements of the United States must be reconciled with the best interests of the people of the Marianas.

These are the areas of preliminary understanding that have been reached in our negotiations with the United States. It is apparent that much work remains to be done before we could be ready to submit a formal agreement to the people. We believe our efforts to date have been fully consistent with the wishes of our people that we explore a close political relationship with the United States. Despite the clear mandate from our people in this regard, however, we have been criticized in the Congress of Micronesia and by certain segments of opinion within the United Nations. I would like to say a few words about this criticism.

The people of the Marianas and its Political Status Commission fully respect the right of the people of Micronesia collectively to pursue their own future political status. We recognize the right of the Joint Committee to explore political status alternatives for Micronesia as a whole. The two members of the Joint Committee, who are also members of the Marianas Political Status Commission, continue to participate in the work of the Joint Committee.

While respecting the rights of the Joint Committee, the people of the Marianas cannot allow that Committee or the Congress of Micronesia to dictate the terms of a future political status for the Marianas which is contrary to the freely-expressed wishes of its people. Therefore, we cannot accept the nonbinding resolution of the Congress of Micronesia (S.J.R. No. 38) which holds that our Commission has no authority to seek a separate political status for the Marianas. We agree that the Joint Committee is presently the only organization with authority to negotiate with the United States on the future political

status of Micronesia as a whole, but we respectfully do not agree that the Joint Committee has the right to deny the freely-expressed wishes of any of the Districts of Micronesia for a separate political status.

When the Joint Committee rejected close association with the United States as a future political status alternative for Micronesia, it threatened to deny the right of our people to choose that alternative upon termination of the Trusteeship. We agree in principle with the sentiment of the recent Visiting Mission Report that the people of Micronesia must be given the option of choosing among different alternatives in deciding their future political status. The mandate of the Marianas Political Status Commission is to give the people of the Marianas the option of close association with the United States--an option which the Joint Committee apparently has foreclosed.

Despite our differences with the Joint Committee, we hope that its negotiations with the United States will proceed rapidly toward a tentative agreement. We believe all the citizens of Micronesia look forward to termination of the Trusteeship and the right to freely choose their future political status, consistent with the principles of self-determination. Our separate negotiations with the United States are not inconsistent with the work of the Joint Committee. Both of us look forward to termination of the Trusteeship. The results of our efforts will enable the people to freely choose their political future.

In its recent report, the Visiting Mission stated that the people of Micronesia should have the right to explore the option of independence at the same time they are exploring the option of free association. We do not understand how the Visiting Mission can argue that the people of the Marianas should be denied the right to explore the option of close political association with the United States. With all respect to this body and its Visiting Mission we believe that the Visiting Mission's recommendation to suspend the talks between the Marianas Political Status Commission and the United States is contrary to the principles of self-determination. Unless the people of the Marianas are presented with a fully developed alternative reflecting close association with the United States, they will be denied the right to freely



choose their political destiny:

The people of the Marianas have expressed their desire for close association with the United States for many years. In order to determine the wishes of the people, a district-wide plebiscite was held in 1969. The Marianas Political Status Commission is the vehicle to implement the expressed wishes of the peoples concerned. We ask this body to support the right of our people to pursue their choice through the negotiations now under way between the Commission and the United States. We pray that you will not deny us that right. Thank you.