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DRAFT TERMS OF REFERENCE FOR WORKING GROUP ON ECONOMICS AND FINANCE

August 21, 1973

The Joint Working Group on Economics and Finance will undertake a technical review of the financial requirements of the Marianas and the implications for future U.S. economic and financial assistance to the Marianas. This joint study will be aimed toward assisting the two delegations in their development of an appropriate future financial relationship between the U.S. and the Marianas following the termination of the Trusteeship Agreement.

Although it is recognized that the group may not be able to reach a complete unanimity of views, it will aim its efforts towards expediting the overall negotiations by identifying the areas of agreement and those to be resolved.

The group will meet in Washington or in the Mariana Islands and may, as necessary, seek expert technical assistance from outside the respective delegations or otherwise seek relevant local data.

The group should report its findings and recommendations to the Marianas Political Status Commission and the President's Personal Representative as soon as possible, but no later than three weeks in advance of the next negotiating session.

Specifically, the group will study:

1. The timing, range, cost and funding of planning activities envisaged in Phase I of the Marianas position paper.
2. The following questions suggested by Phase II of the Marianas position papers:
 - a. The cost of government operations and programs in the Marianas.
 - b. The nature and extent of internal revenues likely to be generated in the Marianas during the period covered by Phase II (1975-1981), including;
 - (1) The impact on anticipated revenues of current United States plans for construction and operation of a military facility in the Marianas.

Next meeting: (Aug 31) -
Friday 10:00 a.m.
at Dept of Interior

Legal Planning -

News release

01-04980

- (2) The impact of projected economic growth in the economy on Marianas Government revenues.
- c. The phasing of expenditures on capital improvements in economic and social infrastructure in line with absorptive capacity and relevance of such improvements to achieving the economic development goals of the Marianas.
 - d. An examination of the institutional and economic policy requirements of a viable economic development strategy in the Marianas.
 - e. The extent to which certain of the Marianas' developmental needs might be met from current U.S. Federal services and programs available to the States and Territories.
 - f. Prospects for private U.S. and other off-shore investments in the Marianas as a possible substitute for some U.S. Government economic development funding.

MINUTES OF THE AUGUST 24 MEETING OF THE WORKING GROUP
ON ECONOMICS AND FINANCE
FOR THE MARIANAS POLITICAL STATUS NEGOTIATIONS

The meeting was attended by James R. Leonard, co-chairman of the Working Group, representing the Marianas Political Status Commission and Sol Silver, co-chairman, representing the U.S. The meeting was also attended by Richard Miller of the Department of Interior; Howard Willens of Wilmer, Cutler and Pickering, legal counsel to the Marianas Political Status Commission (accompanied by three staff members); and William Bozman and Richard Maurice of James R. Leonard Associates, Inc.

Discussions were held to establish the issues to be considered by the working Group. Substantively, these discussions included a review of previous work done on Micronesia focussing on the economy of the Mariana Islands, and work in progress by the Marianas Political Status Commission. The sources of data and information available (economic, social and political), the current census to be taken in September of this year; and the relevancy of existing data were also discussed. Draft terms of reference for the Working Group on Economics and Finance were circulated to all present (copy enclosed).

Other Points of Interest:

(1) Mr. Silver, co-chairman of the Working Group, mentioned that his staff will be expanded by the inclusion of representatives from other Federal Agencies and Departments (e.g. State, Defense, Justice and Interior).

(2) In order to familiarize himself with the current economic and political status of the Marianas, Mr. Silver

plans to visit the Marians for approximately ten days as of September 4. He will also direct his attention to the problems of the cadastral survey at that time.

(3) It was agreed that Phase I activities would be given highest priority by the Working Group. The problems of funding Phase I in the near future were discussed and Mr. Silver agreed to take this matter up with Ambassador Williams.

(4) JRLA will deliver a draft of the MPSC planning proposal (Phase I) to the U.S. delegation early in the week of August 26 for review.

(5) A tentative deadline of October 15, 1973 was set for the completion of work in preparation for the next negotiating session.

(6) The next meeting of the Working Group on Economics and Finance is scheduled for August 31. The agenda of this meeting will be the review and discussion of the draft MPSC proposal for Planning.

Richard O. Maurice

Richard O. Maurice

James R. Leonard Associates, Inc

01-04983

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