

17. Helfer
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MEMORANDUM FOR THE FILE

Subject: Marianas; Meeting of Joint Working Group on
Economics and Finance, August 24, 1973

The first meeting of the Joint Working Group on Economics and Finance was held on Friday morning, August 24, 1973 in the offices of Wilmer, Cutler & Pickering. In attendance for the United States were Sol Silver, Special Consultant to the Office of Micronesian Status Affairs and Richard W. Miller, Economic Development Officer, Territorial Affairs, Department of Interior. In attendance for the Marianas Political Status Commission were James R. Leonard, W. H. Bozman and R. Maurice of James R. Leonard Associates, and Howard P. Willens, Jay F. Lapin, Barry E. Carter and Michael S. Helfer of Wilmer, Cutler & Pickering. The following items were discussed at the meeting:

(1) Mr. Silver explained that he was working under a personal service contract with the Department of Interior. He stated that he will be supported by an inter-agency group, including representatives from the Departments of Interior, Defense, and State.

(2) Mr. Silver announced that he was leaving for Saipan on Saturday, September 1, that he would arrive on Tuesday, September 4, and that he would stay about 10 days. The purpose of his trip is to become familiar with the subject matter that is of interest to the Joint Working Group on Economics and Finance. He intends to talk to Trust Territory and district government officials and others on the general problem of economics and financial requirements for the Marianas. He stated he would also want to talk to private businessmen about the question of an appropriate private development strategy for the Marianas. Mr. Silver stated that he would be meeting with Ambassador Williams in conjunction with his trip, although it was unclear whether he would see the Ambassador before, during or after his stay in Saipan. Mr. Silver also stated that valuable background information would be derived from the census that is to take place in the Trust Territory during the month of September. There was agreement that the results of the census should be secured as soon as possible but that there was probably no reason why the Group should delay its work on Phase I planning.

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(3) Mr. Leonard reported on his work since the last round of negotiations in Saipan. He described the reconnaissance effort leading toward the preparation of a detailed terms of reference for Phase I planning. Mr. Silver expressed interest in this work and it was agreed that Mr. Leonard would provide the written studies to Mr. Silver as early as possible next week and that Leonard would provide a detailed briefing on these studies at a meeting to be held on Friday, August 31, 1973.

(4) Mr. Silver stated that it was his desire and the desire of the Ambassador to concentrate on Phase I in these sessions. Mr. Silver stated that he believed the answers to questions about Phase II financial requirements would depend on the results of the Phase I work. There was agreement around the table to the need for giving Phase I priority.

(5) In connection with Mr. Silver's trip to Saipan, Mr. Leonard asked him if he would try to secure a copy of a Trust Territory study that we believe was prepared to describe the components and costs of a land cadastral survey program. Mr. Silver agreed to try to secure this document and stated his recognition of the importance of the cadastral program to the people of the Marianas. In this connection, Mr. Silver reported the fact that a bill had been introduced in the district legislature (he believed at the request of Senator Pangelinan) proposing to allocate \$500,000 to an office of the Marianas district government that would play some role in conducting a land survey program. Mr. Silver asked whether we saw any reason why at least part of the cadastral survey program could not be staffed and financed in this way. Mr. Leonard stated that we had no objection in principle to this approach but that as a practical matter at least a great part of the necessary funds for such a program would have to come from the United States and that some "expatriates" would probably be required to staff the effort.

(6) In connection with the Phase I presentations that would be provided to Mr. Silver next week, Messrs. Leonard and Willens made the following points: First, although the Marianas Commission had authorized its consultants to prepare and use these studies in connection with the work of the Joint Committee, it should be understood that any agreement reached by the Working Group would be subject to ratification by the Commission. Second, that the written proposals reflected only one way of performing

an integrated planning job for the Marianas. That it would be possible to mix the planning efforts of public and private agencies and accomplish the same result as long as the planning efforts were coordinated and integrated. Third, the proposals for Phase I planning did not include a fully fleshed out "legal plan" since we believe a higher priority should be given to the developmental planning efforts that need to get under way as soon as possible; the components of a legal plan would be prepared and submitted for consideration of the Group at a later date.

(7) Mr. Silver circulated a draft "Terms of Reference" for the Joint Working Group on Economics and Finance. He suggested that the Group might exchange letters in the near future with respect to an agreed-upon agenda for the Working Group. The draft terms of reference (copy attached) reflect a restatement of the directions set forth in the Joint Communique. The first item refers to questions of "timing, range, cost and funding" of Phase I planning. In response to a question from Mr. Carter, Silver stated that he did not know whether anyone had made any arrangements with respect to securing funds for Phase I planning in the budget for fiscal year 1975. Mr. Willens emphasized the importance of the budget issue and Mr. Silver agreed to investigate this matter and to discuss the question of "contingency plans" for funding Phase I early in our meetings.

(8) It was agreed that the Group should submit a report to the respective delegations two or three weeks in advance of the next round of negotiations. Based on current thinking that such a round would be held in early or mid-November, it was agreed to aim for rapping up the work of the Group by October 15. Mr. Silver opined that we would probably be able to finish our assignment with respect to Phase I but would not have time to begin to address the questions listed in the Joint Communique relating to Phase II.

(9) The next meeting of the Joint Working Group will be held on Friday, August 31, 1973, at 10:00 a.m. We will meet initially in James Wilson's office and possibly proceed to a conference room. The purpose of that meeting will be to discuss the studies prepared under Mr. Leonard's supervision which, hopefully, Mr. Silver will have had ample time to review prior to the meeting.

JFL

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