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REVIEW OF MICRONESIAN STATUS NEGOTIATIONS

I. BACKGROUND

A. Description of Trust Territory of the Pacific Islands  
(TTPI-Micronesia)

Micronesia embraces some 3,000,000 square miles of the Western Pacific Ocean, including more than 2,000 islands and islets, but has less than 745 square miles of land area, and a population of only 114,000. These islands are grouped into three major archipelagoes; the Carolines, the Marshalls and the Marianas. Geographically the latter archipelago includes Guam. However, Guam is an unincorporated territory of the U.S. and is not a part of the Trust Territory.

The Micronesian Islands were initially discovered by the Spanish in the 16th century. Micronesia then succumbed to 400 years of varying degrees of foreign domination: first the Spanish, then the Germans followed by the Japanese, and finally the U.S. (The U.S. entered the Micronesian picture at the time of the Spanish-American War with the acquisition of Guam.)

The U.S. administration of the TTPI began in 1944 during the island campaign against Japan, and was formalized by the United Nations in 1947 under the present trusteeship agreement (see below).

Although Micronesia has been administered more or less as a common political unit since the early 1900's, it has only recently been thought of as a nation, and then only by a few U.S.-educated Micronesians. Ethnic, cultural, and linguistic variations among the Micronesians are major and important -- there are at least nine distinctly different languages. There are also major differences in adaptation to western influences depending upon the character and intensity of contact with the Spanish, German, Japanese, and U.S. administrations. The six different administrative districts in the TTPI generally correspond to the basic ethnic, cultural, and linguistic divisions of the Territory and represent the political and social horizons of the average Micronesian. There are also conflicting economic and cultural interests and goals between several of the districts which produce schisms of significant dimensions.

The most significant unifying political force today appears to be the U.S. administration, a bureaucracy which the Micronesians view with some ambivalence. There are basic factors which tend to unify the Micronesians, except for the Marianas, in their dealings with the U.S.; a common desire to preserve and strengthen their respective cultures; an attachment to land which has no parallel in the United States; an increasing desire for control of their affairs; a desire for social and

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economic development which is sometimes in basic conflict with cultural concerns; dissatisfaction with many of the programs and policies of the U.S. administration; and a fear that any additional and significant military presence could result in their lands becoming once again a major battleground. This is not to imply, however, that there is any consensus on these issues among the districts. Indeed, some of these issues are likely to create problems of disunity for any future Micronesian Government.

Economic life centers principally on employment afforded by the heavily U.S. subsidized Trust Territory Government. However, tourism, the small construction and service industries, agriculture, and fishing and its related small marine industry (construction and repair), afford increasing employment opportunities. Given foreign investment, there is scope for considerable expansion in these areas. Prospects for Micronesia, with one of the world's highest population growth rates, to rise above a subsistence level, without a large continuing budget subsidy or massive private foreign capital investment, are minimal.

#### B. Origins of the Trusteeship

During World War II, these islands came under United States authority in accordance with the international law of belligerent occupation. There was strong sentiment at that time, particularly within the U.S. Defense establishment, for annexation. However, such a course would have been politically embarrassing to the U.S. which was encouraging its colonialist allies to grant self-government to their possessions and encouraging nations which had occupied foreign territories during the war not to retain them.

A decision was taken to place the area under the U.N. Trusteeship system, as a "strategic" trust. On April 2, 1947, the United States concluded a Trusteeship Agreement with the Security Council of the United Nations (as distinct from the General Assembly in the case of non-strategic trusts) establishing the Trust Territory of the Pacific Islands and designating the United States as Administering Authority. A Joint Resolution of the U.S. Congress authorized the President to undertake this arrangement with the U.N.

The "strategic" nature of the Trusteeship involves two unique features: First, the U.S. has the power to veto, through both the terms of the Trusteeship Agreement with the Security Council and U.S. membership on the Security Council, and termination or amendment of the Trusteeship. Second, the Agreement permits the U.S. to close off any of the islands for security purposes. As with all Trusteeships, the U.S. is allowed to fortify the islands. At the same time, however, the U.S. Government is obliged to develop Micronesia "toward self-government or

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independence as may be appropriate to the particular circumstances of the trust territory and its peoples and the freely expressed wishes of the peoples concerned". The Trusteeship placed Micronesia under full U.S. administration and legislative control, although it did not provide for U.S. sovereignty.

In the last decade pressures have begun to build within the United Nations and within Micronesia itself which have reduced U.S. freedom of action in Micronesia and argue for an early termination of the trusteeship. These pressures have been reinforced by the gradual disappearance of the Trusteeship system. Nine of the original eleven U.N. trusteeships have been terminated. Only New Guinea and the TTPI remain. Australia, the administering authority for New Guinea, has announced its intention to grant independence to that territory in the near future.

### C. Negotiations, 1969 - 1972

The U.S. Government began in the 1960's to consider means of terminating the Trusteeship and extending U.S. sovereignty over Micronesia. Formal discussions were opened with the Micronesians in October, 1969, toward that end. On that occasion, the Micronesians emphasized their attachment to their land, and said that the U.S. Government's desire for options on its future use presented serious problems. In January, 1970, the Micronesian Political Status Delegation (MPSD) rejected an offer of unincorporated territory status. The MPSD was particularly concerned that such status would have given the U.S. unlimited eminent domain authority, and that it made no provision for a local constitution. According to the MPSD spokesman, there could be no negotiations unless the U.S. Government was willing to grant Micronesia the right to draft and approve its own constitution.

At the Second Round of talks on Saipan in May, 1970, the U.S. presented a "Commonwealth Proposal" to the MPSD providing for internal Micronesian self-government under a locally drafted constitution and granting the U.S. circumscribed eminent domain authority. The Micronesian Delegation was unwilling to concede to the U.S. even qualified eminent domain authority, balked at the extension of federal supremacy to the islands, and rejected the principle of permanent association. The MPSD pressed for "free association" with the U.S., based on four "non-negotiable principles". The principles provided, inter alia, that Micronesia would be recognized as a sovereign entity possessing the right to choose between independence and free association, and the right to terminate unilaterally any compact of free association it might conclude with the U.S. The two sides agreed to recess the talks to study further each other's proposals. In July, 1970, the MPSD reported to the Congress of Micronesia that it was unable to accept the "Commonwealth Proposal". It proposed instead a self-governing state of

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Micronesia in free association with the United States through a "Compact of Free Association" revocable unilaterally by either party. In August, 1970, the Congress of Micronesia confirmed, in a resolution, its commitment to "free association" and the four "non-negotiable principles".

Following the President's appointment in March, 1971, of Dr. Franklin Haydn Williams as his Personal Representative for Micronesian Status Negotiations and subsequent White House issuance of negotiating instructions, the Third Round of talks on future status was held at Hana, Hawaii, in October, 1971, with what had become the Congress of Micronesia's Joint Committee on Future Status (JCFS). Finding the situation unpropitious for any further discussion of commonwealth status, the U.S. delegation joined in preliminary exploration of the elements of a "Compact of Free Association", as desired by the JCFS. The Hana talks resulted in considerable progress toward the resolution of basic issues of concern to both parties.

At the Fourth Round of talks in Koror, Palau in April, 1972, the two sides reached agreement in principle on a "Compact of Free Association", under which the U.S. would have full authority for the foreign affairs and defense of Micronesia, while full authority for internal affairs would be vested in a Micronesian government. They further agreed that unilateral termination of the compact would be possible after an initial moratorium period. U.S. defense authority and responsibilities, as well as land leases and options, would survive any Micronesian termination of the compact.

The Fifth Round of discussions in Washington in July, 1972, resulted in mutually agreed draft language for the preamble and those titles of the Compact pertaining to internal affairs, foreign affairs, and defense responsibilities. It was decided that later in the year the two sides would work toward resolution of other major aspects of an agreement, including finance, and termination and transition procedures.

A few weeks before negotiations resumed at Barbers Point, Hawaii in October, 1972, the Micronesian Congress, in a special session, adopted a resolution instructing the JCFS also to negotiate with the U.S. an independence option which the Micronesian people and their leaders could examine alongside the Compact of Free Association still under negotiation.

The majority vote in the Congress for the "independence resolution" did not necessarily reflect majority sentiment for independence. All indications are that only a minority of the Congress favors that course. But almost all members of the Congress have consistently maintained that for Micronesia's act of self-determination to be meaningful, the Congress and the Micronesian people must be able to choose between free association and independence.

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When the Sixth Round of talks opened in Hawaii, the U.S. Delegation closely queried the Micronesians on their negotiating objectives, pointing out that it had been the U.S. understanding (after the Hana and Palau talks) that the two sides would seek through negotiations to arrive at an agreement on a free association compact which would then be endorsed by both the U.S. and Micronesian Delegations.

The JCFS, after extensive deliberation, said that it interpreted the Congress' "independence resolution" to mean that eventually an independence option might have to be negotiated and that the JCFS was authorized, if necessary, to conduct such negotiations. When the U.S. Delegation asked the JCFS to indicate what it considered the appropriate elements of an independence option, the JCFS retreated somewhat and parried by declaring such discussion would be "premature and diversionary". According to the JCFS, the major goal was to complete the draft Compact of Free Association, a task with which the JCFS wished to proceed.

Given the uncertainties beclouding the negotiations, including obvious divisions within the Micronesian Delegation, the President's Personal Representative decided it would be unwise to continue drafting a compact and fully reveal U.S. terms of free association until the U.S. Government had had an opportunity to reassess carefully the entire Micronesian situation, including particularly the appropriate U.S. response regarding an independence option. The JCFS likewise believed a pause in the negotiations appropriate so that both sides could undertake necessary internal consultations. Although the two sides tentatively agreed to resume negotiations in December, the JCFS subsequently asked that the talks be further postponed because elections to the Congress of Micronesia in November had necessitated some revamping of the JCFS.

In February of this year, Senator Salii informed Ambassador Williams that until the public lands in the Palau District were returned to the traditional chiefs of those islands and assurances were given that the next negotiating round would concentrate on the issues of finance, transition and termination, there could be no further progress toward an overall agreement.

Ambassador Williams, Senator Salii and other representatives of the JCFS met in Hawaii in early May of this year for informal discussions relating to the resumption of work by their full delegations. It was tentatively agreed that the next round of formal talks would be held in the early autumn and that certain intermediate steps would be taken in the meantime. First, the question of the early return of public lands to the districts would be studied by the U.S. in consultation with interested authorities and individuals in the TTPI Administration, the Congress of Micronesia and the districts. Second, while the land question was being examined, the two chairmen would hold a series of regular informal meetings in preparation for a resumption of the joint effort to complete the draft Compact of Free Association.

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#### D. The Mariana Islands District

The Mariana Islands District is on record favoring a close and permanent relationship with the U.S., including the establishment of American bases, and has already opened negotiations with the United States toward that end. It is hoped that the U.S. will be able to conclude in the relatively near future an acceptable status agreement with the Northern Marianas. (A separate study forwarded to the NSC Under Secretaries Committee on March 19, 1973, deals with these separate negotiations.) In the U.S.-Marianas negotiating round held on Saipan May 15 to June 4 of this year it was tentatively agreed that the Northern Marianas will become a commonwealth of the United States, with sovereignty over the islands vested in the U.S. However, many important details of the relationship remain to be negotiated before a final status is achieved. The progress of negotiations toward final agreement could conceivably depend in part on the pace and direction of U.S. negotiations with the rest of Micronesia. The Northern Marianas could seek advantages from the latter by identifying targets of opportunity (particularly in the financial field) for exploitation in their own negotiations. However, the Northern Marianas' expressed intention of establishing at an early date a relationship clearly differentiating them from the rest of Micronesia suggest they will wish to press expeditiously toward an accord on their future status regardless of what happens in the Micronesian negotiations.

A more likely interplay between the two sets of negotiations lies in the other direction, with the Northern Marianas talks forcing the pace of U.S. discussions with the JCFS. As the immediate and long-term benefits to the Marianas of the relationship they are negotiating with the U.S. become apparent publicly, there could develop internally within the JCFS and from within Micronesia pressures on the JCFS to find a formula for settlement which would be similarly advantageous to the remainder of Micronesia.

Once agreement is reached with the Northern Marianas, implementation will be simplified if U.S. negotiations with the remainder of Micronesia are also sufficiently near a satisfactory conclusion to warrant U.S. moves to terminate the Trusteeship Agreement. However, if, as is likely, the Marianas negotiations are concluded considerably earlier than those with the Micronesians, the U.S. Government must be prepared to implement a status agreement in the Marianas with interim administrative arrangements. This could have the effect of further forcing the pace of the U.S.-Micronesian negotiations (if the JCFS begins to feel the pressure alluded to above), or conversely (and more remotely), of bringing negotiations with the Micronesians to a complete impasse. The latter possibility could occur if the Micronesian Congress chooses to press in the U.N. or in U.S. courts its charge that the U.S. is "illegally" conducting separate status talks with the Marianas.

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E. Next Action Steps (Action) Required

The Micronesian negotiations have reached a critical stage. Political pressures in Micronesia have significantly changed the negotiating milieu in the past nine to twelve months and introduced uncertainties which make it necessary for the U.S. to reassess its negotiating position.

The President's Personal Representative is currently operating under two year old instructions (see Annex A), which were based on assumptions that are in some cases no longer applicable or valid. The fundamental needs at this point thus are: (a) a reexamination of the issues which flow from the current state of the negotiations; (b) an assessment of U.S. options; (c) recommendation on courses of action; and (d) an updated set of negotiating instructions tailored to present circumstances.

The primary issues to be addressed are:

1. The character of U.S. interests and requirements in Micronesia.
2. U.S. negotiating objectives.
3. The basic U.S. approach -- including an assessment of status options and the U.S. position on an independence option for Micronesia.
4. U.S. land requirements and related issues.
5. The character of U.S. financial and other assistance.
6. Trusteeship termination issues and U.N. problems.
7. Conditions relating to unilateral termination.

A number of other questions related to the negotiations will also be addressed in the course of this study.

## II. U.S. INTERESTS, REQUIREMENTS, AND NEGOTIATING OBJECTIVES

U.S. objectives in Micronesia are determined by the character of U.S. interests and requirements in that area. These are essentially strategic and political. When the following discussion uses the term "Micronesia" it will refer to the Trust Territory less the Mariana Islands District.

### A. Strategic Defense Interests and Requirements

1. U.S. national interests require the continuing ability to deny access to Micronesia by foreign powers for military purposes. In unfriendly hands the islands of Micronesia could serve as missile, air and naval bases and constitute a grave potential threat to U.S. control of sea and air routes, and communications in the central Pacific, as well as to U.S. territory -- including in particular Hawaii, Guam, the Marianas, Wake Island, Midway Island and Johnston Island.

2. A more general national security requirement, unrelated to Micronesia per se, dictates continuing access to the military facilities on Kwajalein Atoll. The Kwajalein Missile Range complex is a vital element of the ABM and other missile development programs.

3. The United States' interests and policies elsewhere in East Asia and the Pacific require an ability to project and support its military power throughout the Western Pacific: The geographic scope and location of Micronesia could affect that ability. The United States' present basing structure in the Western Pacific could become subject to unforeseen political and other pressures which might deprive the U.S. of operating flexibility and therefore produce a need for alternate base sites. Likewise, population and developmental pressures in both Guam and Micronesia will continue to diminish land available there for military purposes. Once the Trusteeship Agreement is terminated the U.S. ability to obtain land for basing purposes in Micronesia will severely diminish or become non-existent. In these circumstances, the Defense Department believes it is important to obtain for contingency purposes the right of military access to certain lands in the Palau District of Micronesia. Any such basing options must be protected by political arrangements covering a sufficient period of time to justify any future construction of facilities and the operational cost incurred. (There are differing views among the departments and agencies on the relative strategic and tactical importance of military access to Palau. These views are discussed in Chapter IV and in Annexes B and C.)

B. Political. U.S. political interests are diverse and possibly not fully compatible.

1. As in other strategically important areas, the U.S. Government has a vested interest in a stable, friendly, and peaceful Micronesia. The Trusteeship Agreement acknowledges this overriding fact of life. Moreover, the central Pacific location of Micronesia is such that its "strategic" character will remain no matter what form its new political status may take.



2. A continuing close and amicable relationship with these islands could serve and protect U.S. interests elsewhere in the Pacific, while also promoting stability within the Micronesian area. On the other hand, loss of existing key U.S. bases in the Western Pacific, coupled with loss of effective U.S. influence over Micronesia and the presence in authority of hostile local elements, could seriously reduce the ability of the U.S. to serve its broader interests in the Western Pacific, and might lead to conditions which could result in foreign military access to Micronesia. While not necessarily governing for the future, the past history of these islands suggests that a political vacuum, coupled with local political instability, might possibly tempt adventurism from some quarter.

3. Under both the U.N. Charter and the Trusteeship Agreement the U.S. has a definite obligation to the Micronesians and the the United Nations to develop the TTPI toward self-government or independence. Any failure to discharge that obligation could have a highly adverse political impact not only in the U.N. and wherever else strict adherence to international agreements is in the U.S. interest, but also throughout Micronesia and possibly on the U.S. ability to protect its strategic interests in the area. Further, America's attitudes toward colonialism and its traditional active support for the exercise of self-determination by others are significant facets of the U.S. international position and image. For example, the President of the U.S. and the Prime Minister of the United Kingdom stated, inter alia, in the Atlantic Charter in August, 1941:

*"First, their countries seek no aggrandizement, territorial or others;  
Second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned;  
Third, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;"*

The Trusteeship Agreement was framed in that spirit. Thus, in dealing with Micronesia it is in the national interest to act consistently with this tradition unless overriding national security considerations preclude such action.

### C. Economic

The Trust Territory is, and will be for the foreseeable future, an economic burden to the United States Government. The U.S. has no significant economic interests in the area. Continuing association with the U.S. could automatically lead to some increase in U.S. investment, particularly with respect to tourism and marine resources. Moreover, it would appear

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to be consistent with the U.S. interest in establishing a stable, enduring relationship with Micronesia for the U.S. Government to attempt to stimulate private American investment in the islands. Stated another way, there is no American economic interest justifying continuing U.S. political involvement in Micronesia, but there are significant political reasons for the U.S. to try to forge economic ties. The fact that Micronesia expects considerable economic benefit from any future association with the United States provides a possible lever to achieve other U.S. negotiating objectives.

#### D. Other Considerations

While not necessarily interests of themselves, certain requirements do flow from the United States' basic interest in having a continuing close and harmonious relationship with Micronesia. These requirements include the following:

-- Simple and flexible administrative and political relationships between the U.S. and Micronesia with a minimum of built-in "friction points".

-- Levels of U.S. financial assistance sufficient to induce and maintain the desired relationship, but low enough to demonstrate that the decision of the Marianas to seek a closer association with the U.S. than that sought by the rest of Micronesia will result in a significantly higher level of financial benefits for the Marianas.

-- Since the Marianas and Micronesian negotiations are being conducted simultaneously, every effort should be made to assure that each set of negotiations impacts favorably on the other. The Marianas negotiators must remain convinced that they have, in opting for close association, acted in their best interests. The Micronesian negotiators must readily perceive the sacrifices which flow from loose or no association.

#### E. Negotiating Objectives

It is preferable to obtain a status settlement which protects and serves essential U.S. interests and requirements, meets Micronesian aspirations, and satisfies U.S. international obligations in a manner which will not harm the U.S. political image or important interests elsewhere not related to Micronesia and the Pacific. Should these objectives prove to be incompatible, and a painful choice among them become necessary, primary emphasis would have to be given to those requirements considered necessary to the security of the United States.

The foregoing discussion of U.S. interests and requirements in Micronesia can be translated into the following optimum objectives.

PRIMARY NEGOTIATING OBJECTIVES

The fashioning on a priority basis of a new political relationship with Micronesia permitting early termination of the trusteeship in a manner which will protect and serve U.S. strategic and political interests through the following elements.

- Denial of the area for military use by third parties.
- Establishment of a stable and friendly self-governing Micronesian political entity through reasonable satisfaction of the political and economic aspirations of its peoples.
- U.S. responsibility for and authority over all matters which relate to the foreign affairs of Micronesia and to defense in Micronesia.
- The right for the U.S. to maintain certain U.S. Government facilities and to obtain land options that will guarantee use of training areas and the right to establish bases in Micronesia.
- Satisfaction of U.S. obligations relating to termination of the Trusteeship Agreement.

SECONDARY NEGOTIATING OBJECTIVES

- To keep U.S. financial obligations to Micronesia within reasonable bounds and relevant to the character of the future relationship.
- To structure the status arrangements with Micronesia in such a manner as to have maximum favorable impact on the negotiations with the Mariana Islands District of the TTPI.
- To keep U.S. administrative and other relationships with Micronesia as simple as possible while accomplishing the above objectives.
- To establish a relationship with Micronesia which will (in addition to meeting U.S. obligations under the Trusteeship Agreement) obtain United Nations approval, or at least that of a majority of the Security Council and of the Trusteeship Council.

### III. NATURE OF RELATIONSHIP

#### A. Political Pressures in the TTPI

The majority of Micronesia's people are politically unsophisticated and have only a hazy idea of the issues involved in the current negotiations on their future political status. There is in each of the TTPI's districts, however, a small but growing and highly influential elite composed of elected politicians, businessmen, civil servants in the TTPI Administration, and those who have been exposed to higher education outside the Territory. This elite has manifested a steadily increasing interest in the status question. With the onset of negotiations, this interest has spread to other key elements of Micronesian society, and especially to the traditional leadership.

Among educated elite and traditional leaders alike there are widely differing views on future status -- often formed impressionistically and emotionally, with little examination or understanding of the political/economic/security implications of alternative post-Trusteeship arrangements. Some differences reflect regional biases and antipathies; illustratively, the leadership of the Marshall Islands District sometimes appears more suspicious of the other Micronesian districts than of the U.S. and thus may be inclined toward a separate relationship with the U.S., as the Marshall District Legislature's recent creation of a political status commission to study the status question would suggest. Other differences relate to age and education levels. For example, many of the younger Micronesians (particularly those educated outside the Territory) are more vociferous in demanding independence than are their elders. And, finally, of course, it should be noted that to date there has been available in the public domain little factual information in adequately comprehensible form about the consequences of various solutions to the status question on which to base a fully informed debate.

While competent observers are unanimous in believing that supporters of a relationship of free association with the United States predominate in Micronesia, with the advocates of Micronesian independence still in a small minority, it is evident that the latter's numbers, stridency, and influence have steadily increased since independence sentiment first manifested itself in the 1960's. Contributing to the spread of this sentiment have been: (a) contagious examples of other territories (including island groups in the Pacific) recently making their way to independence with U.S. approbation and encouragement; (b) a reluctance to becoming irrevocably locked into big-power defense arrangements, with its corollary an instinctive fear (flowing from World War II experience) that such defense ties and the establishment of U.S. military bases could lead to Micronesian involvement in a major war; (c) a fear that any close relationship with the U.S. will continue the erosion of the Micronesian cultures and "identity"; and (d) a budding sense of Micronesian nationalism whose most pronounced manifestation is a desire to establish full Micronesian control over the

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islands' destiny. All of these sentiments and fears are encouraged and fueled by a chorus of advice from some Americans in Micronesia, including missionaries, school teachers, some OEO lawyers and a few Peace Corps volunteers, and from a scattering of American academics associated with Micronesia in one way or another.

However, even among the independence advocates there is no consistency of purpose or goal. A very few probably proceed from a spirit of contrariness: it is assumed that the U.S. for its ulterior purposes does not wish Micronesia to become independent; therefore independence is the obvious course for Micronesia. Many advocate independence only as a useful bargaining tactic or lever to assure the best possible free association arrangement. Still others, when pressed to a definition of independence, describe an arrangement which would be different from free association mainly in that the relationship would be established and defined in a treaty rather than a compact. Only a relatively small proportion of independence advocates appear to favor on its own merits total independence with no links to the U.S.

The TTPI's geographic setting, and the repeated emphasis the U.S. and others have placed on its strategic importance have inflated some Micronesian expectations of the financial and other costs the U.S. -- or third countries, for that matter -- would be willing to bear to sustain a long-term relationship with the islands. Thus, as indicated above, some independence advocates have taken their stand as a bargaining counter: if the U.S. seems firmly opposed to independence, perhaps it can be pressed into extensive concessions to obtain a relationship of free association. Other supporters of independence argue that, because of the importance of American strategic interests, Micronesia will, as an independent nation, be able to extract more financial support from the U.S. over time in return for a defense treaty relationship than under an arrangement granting the U.S. responsibility for Micronesia's defense and foreign affairs.

Those advocating independence have to date been more articulate and forceful than most of those favoring another status. The concept they are urging more readily lends itself to over-simplification, and can more easily be used to pluck at primordial yearnings (e.g., it is easy to play on the Micronesians' attachment to the land by arguing that only under independence will they have unrestricted control of it) than do more esoteric concepts like commonwealth and free association. The substance of these latter alternatives has not yet been refined to the point where they can be presented to the public for serious discussion of their immediate and long-run implications. Many Micronesians inclined against or fearful of independence, are thus reluctant to commit themselves one way or another in the absence of a fuller understanding of the available options and their consequences. The independence issue is further complicated by the fact that, whatever their individual views on the future status of Micronesia, many in the political elite -- some observers say a majority -- support

the principle that Micronesia has an inherent right to choose between association and independence, and that the status question will not be settled until such a formal choice is made. This conviction has been reinforced by the stated views of most members of the U.N. Trusteeship Council.

It is impossible to estimate the precise strength of these various points of view, but the independence issue has gained sufficient prominence that it appears difficult and probably even risky to attempt to ignore it. Until this issue is put to rest in some fashion the prospects of reaching a viable status agreement appear uncertain\*, although it should be noted that the U.S. has within the past year received contradictory signals from Micronesian leaders regarding the likelihood of their forcing the independence question in the near future. On the one hand, in its special Ponape session in September, 1972, the Congress of Micronesia passed a resolution instructing the JCFS to negotiate an independence option as well as a compact of free associations so that both choices could be placed on a plebiscite. On the other, the JCFS Chairman has recently suggested that free association be tested in a plebiscite before the independence question is frontally addressed by U.S. and Micronesian negotiators\*\*. Moreover, in its tour of the districts in July of this year the JCFS described free association as the most realistic present option for Micronesia. It is too soon to judge whether the JCFS' parent body, the Congress of Micronesia, will in fact agree to have the independence issue set aside. In any case, the prevailing uncertainties argue that the U.S. should have available for use at the next round of negotiations, if need be, a position on Micronesia's independence.

Aside from the above specific pressures relating to independence the U.S. political position in the Trust Territory appears to be deteriorating in a manner which could adversely affect the status negotiations. The atmosphere surrounding the talks and attitudes on status related matters throughout Micronesia are being soured by: (a) increasing confrontation between the TTPI administration and Micronesian leaders, especially in the Congress of Micronesia, over demands for more authority than the U.S. Government has thus far been prepared to grant (Micronesian leaders are aware that today Micronesia has in fact less self-government than any other major island territory in the Pacific); and (b) growing dissatisfaction with some of the U.S. programs, e.g., policies on public lands, foreign investment, and economic development.

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\*The Department of State believes the prospects for reaching and implementing a viable status agreement are nearly non-existent in the absence of a satisfactory resolution of the independence issue.

\*\*The Department of State notes that Chairman Sali on other occasions has publicly stated that an act of self-determination must include an independence option, and that the latter position is the official position of the Congress of Micronesia. This position was, of course, taken prior to the recent district survey of the JCFS.

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Another factor now operating against the U.S. is a changing perception of Micronesia's dependence on the United States. The majority of Micronesians, at least at the "taro-root" level, still appear to accept as a given and as a way of life Micronesian dependence on the U.S. -- for financial support, technical and some administrative skills, and perhaps for defense. But the views of many in the political elite are rapidly changing. High expectations of the potential contributions of Japanese investment to Micronesian economic viability, resources and development potential, and romantic ideas of returning to the simple life are all contributing to a growing belief that Micronesian dependence on the U.S. need not be so great as assumed in the past.

All the foregoing considerations suggest that the longer the delay in resolving Micronesia's future status, the more difficult it will be to arrive at a mutually satisfactory relationship between Micronesia and the U.S. On the other hand, it should be noted that while the passage of time may not enhance the prospects of the U.S. being able to arrive expeditiously at a final status agreement which will protect satisfactorily U.S. interests throughout Micronesia, time no longer appears to be as obviously on the side of the Congress of Micronesia and its Joint Committee on Future Status as appeared to be the case six to nine months ago. Divisions within the COM and the JCFS, born of both geographical and personal rivalries, have recently become more pronounced. Tensions between the COM and the Districts of Micronesia were most recently manifested in the passage of a law by the Marshall's Legislature creating a district political status commission and by the Palau Legislature's creation of a sub-committee to study the future status issue, possible warnings that if the JCFS negotiations with the U.S. One member of the Joint Committee has interpreted these latter actions to mean that in the negotiating context time now appears to be on the side of the U.S., should the U.S. decide to fragment Micronesia for its own purposes.

It is by no means clear that time necessarily favors either the U.S. or the JCFS at this point. Indeed, it is conceivable that it favors neither: time could work to widen the fissures within the COM and the JCFS thus making it difficult for the latter to conclude with the U.S. and endorse to the people of Micronesia any status agreement whatever. The U.S. would then be faced with the uncertain prospect of having to undertake a series of negotiations with the various districts of Micronesia to attempt to protect essential U.S. interests in the region. It would thus appear that as they approach the next round of negotiations the U.S. and the JCFS may have a joint interest in expediting work on a compact of free association which can be put to the Micronesian people for early endorsement. (An interagency study now in preparation which will be submitted to the White House through the Under Secretaries Committee addresses the question of what the U.S. should do in Micronesia if negotiations with the JCFS prove fruitless. One aspect of the question which will be considered is an appropriate U.S. negotiating response to possible fragmentation of the TTPI.)

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## B. Free Association is the Current Course

In preparing for the resumption of status talks, the U.S. should agree to continue negotiations on the language of a draft compact of free association because: (a) such a compact will satisfy the U.S. objectives described in Section III; (b) despite the present pause in negotiations, the negotiations to date have built up a certain momentum toward free association; (c) the Micronesian Congress remains on record as favoring free association over independence or commonwealth status, and the COM's Joint Committee on Future Status took that position during its tour of the districts of Micronesia in July; and (d) when all the political and financial aspects (particularly the latter) of free association and possible alternatives status arrangements are finally available for comparison, free association is the solution most likely to be accepted by a majority of the Micronesians.

The President's Personal Representative has used the authority granted him in a White House memorandum of July 20, 1971, containing his basic negotiating instructions and terms of reference, and subsequent memoranda covering specific points which have arisen in the course of the Micronesian negotiations (see Annex A), to arrive at an agreement in principle with the Micronesians that the future U.S.-Micronesian relationship should be one of free association defined in a negotiated compact, and unilaterally terminable after a moratorium of yet undetermined duration. As previously noted, draft compact language has been negotiated which provides for U.S. control over foreign affairs and defense, as called for in the basic instructions. Existing negotiating authority provides discretion to discuss further with the Micronesians the U.S. position on: (a) unilateral termination (a fifteen year moratorium with base rights surviving for an additional fifty years); and (b) finance (support in the range of \$25-50 million annually). Moreover, the instructions authorize the President's Personal Representative to state, in response to Micronesians queries about a U.S. position on independence, that "the U.S. has not ruled out the alternative of independence for Micronesia, which is provided for in the terms of our Trusteeship Agreement". (The independence, finance, and termination questions will be considered at greater length in subsequent sections.)

Although all concerned departments agree that the U.S. should continue to negotiate toward a free association relationship and a related status of forces agreement, it is recognized that there remain major hurdles in the negotiations. These issues and recommendations relating to them are discussed in following sections.

## C. U.S. Position on an Independence Option\*

### 1. Previous U.S. Government Consideration of an Independence Option

*\*See State Department Annex D on the need for an independence option.*



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Given the implications for U.S. interests in the Pacific of an independence option for Micronesia, it is understandable that during the many discussions of that option within the Executive Branch since independence sentiment first manifested itself in Micronesia in the 1960's, there have been considerable ambivalence and outright divergence of views about whether the U.S. should in fact make an independence offer. The Kennedy Administration, recognizing that U.S.-Micronesian relations should be put on a more permanent footing than that posited under the trusteeship, concluded that U.S. security interests required that the islands be brought under U.S. sovereignty. In NSSM 145 of April 18, 1962, the President directed the interested departments to undertake an urgent program aimed at achieving that objective.

When, during the Johnson Administration the merits of independence began to be discussed in Micronesia with increasing frequency, the Executive Branch undertook a wide-ranging study of status choices which might be made available to the Micronesians. All departments and agencies acknowledged, although in varying degrees, that U.S. long-term interests in the Pacific could best be safeguarded by an enduring relationship between Micronesia and the U.S. However, there were differing views as to whether U.S. responsibilities toward the Micronesian people and the U.N. required the U.S. to offer an independence option, and as to whether doing so might enhance the prospects for achieving a type of relationship the U.S. desired. While the Johnson Administration wished to find an acceptable formula for extending U.S. sovereignty over Micronesia, it was troubled by, and uncertain how to react to, the apparently growing expectation in Micronesia that independence was one of the choices the Micronesians would ultimately be asked to weigh in a plebiscite. In transmitting to the U.S. Congress in August, 1967, a draft joint resolution which, had the Congress acted upon it, would have created a joint commission from the Executive and Legislative Branches to make recommendations to the President on Micronesia's future, President Johnson included a letter from Secretary of the Interior Udall which noted that while there were many people in Micronesia espousing close association with the United States, "We anticipate that among the options available to the Micronesians when they are asked to participate in a plebiscite, would be sovereign independence".

In the early months of the present administration (April, 1969) an interagency group prepared for the Under Secretaries Committee and the White House a study and recommendations relating to the U.S.-Micronesian future status negotiations which would finally begin that October. Once again there were conflicting agency views regarding the desirability of offering Micronesia an independence option, with the study concluding that this was a question which should be put to the President for resolution. However, in its memorandum to the President of April 28, 1969, transmitting recommendations for the forthcoming status negotiations based on the interagency study, the Under Secretaries did not ask the President to weigh an independence option.

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The only relevant correspondence with the White House on the independence question since Ambassador Williams became the President's Personal Representative for the status talks in April, 1971, is General Haig's memorandum to the Ambassador of March 27, 1972, (mentioned in Section B of this chapter) authorizing him "...in your discretion (to) confront the Micronesian negotiators with the position that the U.S. has not ruled out the alternative of independence for Micronesia, which is provided for in our trusteeship agreement".

## 2. Advisability of Formulating a Current Position

As noted in Chapter I, uncertainties which had arisen as a result of the Congress of Micronesia's "independence resolution" in September, 1972, and the JCFS' disinclination to discuss fully the implications of that resolution with the negotiations resumed at Barbers Point in October, caused the U.S. Delegation to suggest a recess in the talks so that both sides could reevaluate their negotiating positions. It is possible but not probable that the Micronesian Delegation will raise the independence question in some form at the next round, since the Chairman of the JCFS has recently told the chief U.S. negotiator that he does not intend to do so and will object if the U.S. does. The Joint Committee continues to place priority on completion of the draft compact of free association and has said it does not wish to complicate that endeavor by pressing the U.S. on independence at this stage in the negotiations. Other reasons the JCFS might not press the issue in the immediate future include Micronesian disarray over the content of an independence option, and probable belief that the threat of an undefined independence is a useful lever in the free association negotiations.

If the independence issue is raised, however, U.S. silence or ambivalence will work to the combined advantage of those Micronesians advocating independence and those using it as a negotiating lever. Refusal to address the question substantively will be interpreted as a mixture of irresolution and fear -- U.S. doubt that it can win the relationship it is thought to favor over an independence option and fear of the repercussions in Micronesia if it should make known its distaste for an independence option. Both the true believers among independence advocates and those using the issue as a bargaining counter will continue to press the propaganda/negotiating advantage.

The manner in which independence is broached, if at all, may largely determine the nature if not the final content of the U.S. approach. For example, if the issue is touched on only lightly, the U.S. Delegation could ignore it or to attempt to deflect it temporarily. However, the matter could be raised in such a way that avoidance of a direct reply would prove difficult or even undesirable. Moreover, circumstances could arise in which it would be to the U.S. advantage to force the issue. It

is evident from earlier negotiating rounds that some member of the JCFS see the independence issue as a "threat" which they can use against the U.S. to extract concessions in the negotiations on free association or during the period between the conclusion of a compact and a plebiscite on the compact. These considerations argue the necessity of the U.S. Government's determining its definitive position on independence now. Indeed, for the purposes of internal U.S. planning for the next round of negotiations such a decision is imperative.

### 3. The U.S. Position on an Independence Option

In responding to possible JCFS questions, or in taking the initiative to counter other possibly more subtle JCFS and COM pressures relating to an independence option, the U.S. has the following choices: to refuse an independence option, to attempt to defer the independence issue, to offer unqualified independence, or to offer one of several qualified independence alternatives.

#### a. To refuse an independence option

The U.S. would decline to negotiate or place on a plebiscite any future status looser than free association. The refusal, conveyed at a time and in a manner determined by the President's Personal Representative, would clearly indicate that the U.S. does not plan to discuss the independence question further and might or might not be accompanied by some explicit reference to the fact that the Micronesians will in any case have the independence option at the end of the compact's moratorium period\*.

#### PRO

-- Avoids, at least for the short term, the risks to U.S. security interests associated with any immediate independence offer.

-- Since the U.S. refusal would carry a tone of finality, some Micronesian leaders might, after strong initial recriminations, focus their thoughts and aspirations more narrowly on free association.

#### CON

-- Would be inconsistent with the traditional U.S. position on self-determination for dependent peoples and in conflict with U.S. obligations under the U.N. Trusteeship Agreement.

-- Would be resented by a great many Micronesians, who have reasons to expect an independence option, regardless of whether they support such a status. As a result the Micronesians could focus the future status debates on their presumed right to be permitted to consider independence rather than on the merits of free association.

\*See Annex E for Department of State position on the risks of withholding an independence option.

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-- Would strengthen the position of the independence advocates, since quite naturally the Micronesians are drawn toward forbidden fruit.

-- Would prompt the independence advocates to try to negotiate a very short moratorium on unilateral termination of the free association relationship and to increase their efforts to win the Micronesian people to termination at the earliest possible date, thus creating a source of instability for the relationship from the outset.

-- Would enhance the possibility of U.S.-Micronesian confrontation on a broad range of issues once the new relationship is established.

-- Might cause anti-U.S. elements in Micronesia to intensify their efforts against free association during the negotiating and transition periods.

-- Might provoke strong reaction among the JCFS and the Micronesian Congress likely to lead to prolonged disruption of the negotiations.

-- Would probably eliminate chances for U.N. approval of termination of the trusteeship agreement.

-- Could bring new and continuing pressures against U.S. interests in the General Assembly and other U.N. organs across a wide spectrum of unrelated issues.

-- Would probably increase the financial cost of free association and require U.S. concessions in other areas which might be avoided if an independence option were available as a negotiating lever.

b. To defer the independence question until after a plebiscite on free association

The U.S. would attempt to deflect the independence issue for the present, and hopefully for the longer term, by declining to negotiate or place on an immediate plebiscite any future status looser than free association. Without prejudging its future stand on an independence option, the U.S. could insist that it and the JCFS not discuss independence until after free association is tested in a plebiscite, while noting that independence is among the alternatives it might be willing to consider should free association be rejected. The U.S. might add that there is no necessity to discuss independence at this time since under the compact of free association being negotiated Micronesia would, after an initial moratorium period, have the opportunity to terminate the political relationship if it desired. The advantages and disadvantages of this approach are as follows:

PRO

-- Could give the U.S. and such free association advocates within the JCFS as Chairman Salii additional time in which to try to win broad public support for a compact of free association.

-- Appears to be the present position of JCFS Chairman Salii, as indicated by his public and private comments\*.

-- In leaving the independence issue open, the U.S. position might be considered by some Micronesians to be less negative than an outright refusal to discuss independence.

-- Would provide some basis, as compared with refusal, for continuing to maintain in the U.N. that the independence option is still open.

-- As compared with a definitive refusal to discuss independence, it would be in less obvious conflict with traditional U.S. support for the principle of self-determination.

CON

-- Would be seen by many Micronesians as a disguised refusal of independence, thereby focusing debate on the right to independence rather than on the merits of free association.

-- Would not remove the independence lever from the hands of independence advocates within and outside the JCFS. Might encourage these people to redouble their efforts to defeat free association in a plebiscite.

-- Would probably prompt the independence advocates to try to negotiate as short a moratorium on termination of free association as possible and to increase their efforts to terminate free association at the earliest opportunity, thus creating a source of instability for the relationship from the outset.

-- Might cause anti-U.S. elements in Micronesia to intensify their efforts against free association during the negotiating and transition periods.

-- Would enhance the possibility of U.S.-Micronesian confrontation on a broad range of issues once the new free association relationship is established.

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\*The Department of State notes that Chairman Salii on other occasions has publicly stated that an act of self-determination must include an independence option, and that the latter position is the official position of the Congress of Micronesia. This position was, of course, taken prior to the recent survey of the JCFS.

-- Would probably increase the financial cost of free association and require U.S. concessions in other areas which might be avoided if an unattractive independence option were available as a negotiating lever.

-- Might encourage the fence sitters and even some supporters of free association to vote against the latter in order to see what benefits for Micronesia might emerge from further negotiations between the U.S. and Micronesians leaders.

-- Would probably preclude U.N. agreement to termination of the trusteeship.

c. To grant an independence option

The four independence options discussed below are not presented as U.S. objectives or negotiating goals, but rather in relation to the advantages and disadvantages which could flow from presenting an independence option. The independence alternatives vary in their value with relation to U.S. negotiating goals. Discussion under each option is directed at three concerns: (a) protection of U.S. interests in the event of Micronesian acceptance; (b) the political advantages and disadvantages of the option; and (c) the risk of Micronesian acceptance. In weighing the desirability of granting an independence option, the central question posed is whether it is to the net advantage of the United States to offer independence in the face of the risks involved.

(i) Unqualified Independence Option

This option would be designed to provide a stark contrast advantageous to free association. It would, without major qualification, meet U.S. political and legal responsibilities to the people of Micronesia and to the U.N. regarding the manner of terminating the trusteeship agreement, thus reducing the importance of the independence bargaining chip or eliminating it entirely from the Micronesian leaderships' negotiating hand both during the present negotiations and for subsequent U.S.-Micronesian relations under the compact of free association. It would be presented as the only independence option available to the Micronesians at the present time, although it would also be pointed out that they would, of course, be free to opt for independence later when the compact of free association became unilaterally terminable. Its essential elements are:

(a) It would be a unilaterally offered, essentially non-negotiable package.

(b) A sovereign Micronesia would have unrestricted responsibility for its internal and external affairs.

(c) There would be no points of leverage which the Micronesians might use to ensure substantial U.S. financial support.

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(d) No U.S. domestic programs or services would be available to an independent Micronesia. This includes the Postal Service, disaster relief, educational programs, etc.

(e) Micronesia would be eligible to apply for U.S. foreign assistance like any independent country and would have to meet the same eligibility criteria. However, U.S. foreign aid resources are slim and dwindling, and under no circumstances could assurances be given that total program assistance would approximate Micronesia's requests.

(f) The U.S. would state that since the utility of the Palau options and other U.S. security requirements mentioned in the compact of free association flows partly from an assumption of Micronesia's political association with the United States, an independent Micronesia would offer no particular political advantages over present or other potential basing sites. Therefore, such options would not be sought at this time, with the corollary removal of any obligation to compensate Micronesia for these options.

(g) Only if pressed, the U.S. negotiator should state that the U.S. regards the Kwajalein leases now current as valid and assumes that the new Government of Micronesia will honor them. With regard to denial, the U.S. would make it clear that if Micronesia rejects association with the U.S., the U.S. assumes Micronesia would not facilitate military access by any other foreign power.

PRO

-- Would, assuming rejection, best protect U.S. long-term interests, since the Micronesians would feel they had chosen freely among genuine alternatives.

-- Would be consistent with traditional U.S. position on right of self-determination for all people and would satisfy U.S. political and legal obligations.

-- Would offer a very good chance of U.N. Security Council approval of termination of the trusteeship even should the Micronesians reject that option in favor of a free association relationship.

-- Would best support tactically the U.S. objective of gaining Micronesian acquiescence to free association; among the independence options, the financial aspects of unqualified independence stand in sharp contrast to those of free association.

-- Would convince the fence-sitters and even some independence advocates of the non-viability of independence.

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-- Would strengthen the U.S. case before the Security Council for separate arrangements with the Marianas.

-- Would provide highly effective lever to resist Micronesian pressures for unreasonable concessions in the free association negotiations -- e.g., U.S. financial obligations under free association could more easily be held to reasonable levels.

-- Would provide minimum probability of Micronesian acceptance, as compared with other independence options.

-- Retention of Kwajalein could probably be ensured.

-- Would carry no new financial obligations for U.S. except with respect to the Kwajalein leases.

CON

There is no way to eliminate completely the possibility that the Micronesians might unexpectedly defy the odds and elect for independence. In that event the United States would have renounced any special relationship with Micronesia and would have no legal authority vis-a-vis Micronesian. This arrangement:

-- Would permit the Micronesians to elect a political relationship with no links whatsoever to the United States. This would, in turn, erode the United States' ability to maintain influence and political stability in the area.

-- Would free the Micronesians to make defense arrangements with any country.

-- Would not guarantee denial of access.

-- In order to achieve any of its security objectives the United States would have only the same inducements that can be employed in dealing with any independent underdeveloped country\*.

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\* *The chances that Micronesia would adopt unqualified independence, the option least protective of U.S. security interests, are probably minimal. On the other hand, predictions of these complicated islanders' behavior are based on imperfect knowledge of their innermost thoughts and aspirations. In an era which has among its predominant themes the questioning and even outright defiance of arrangements imposed by a predominant authority, the people making up Micronesia could conceivably prove the prognosticators wrong. Thus, while the probability of acceptance of an unqualified independence option is considered very small, before deciding to offer such an option the Department of Defense believes the U.S. Government must be aware of the risks involved. The following is a DOD review of these risks:*



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Independence for Micronesia would be inconsistent with guaranteeing any meaningful agreement on denial, defense powers, and basing options. The very nature of Micronesia with its sparse, separated population enclaves leads to areas of localized opinion and development of self-serving concepts. Micronesia is economically underdeveloped and politically immature. A newly independent nation can easily resort to early abrogation of treaties and agreements for near-term gains. Agreements with Micronesians not supported by a U.S./Micronesian political association or a U.S. presence protecting its prerogatives are unlikely to survive the commercial and military exploitation by nations and organizations whose interests may not coincide with those of Micronesia and the United States. Events in Cuba, Panama, and Philippines demonstrate that agreements made after these nations were established as independents by the United States are often modified to the detriment of the United States.

Because of Micronesia's strategic location, under any future status arrangement the Department of Defense believes the United States requires unequivocal guarantees of denial of military presence to all other nations and U.S. military basing rights, free access and use rights, and termination procedures as specified below:

a. Denial of a foreign military presence is a requirement for the indefinite future and must be absolutely guaranteed.

b. The rights and powers tentatively agreed to in Title III of the Draft Compact of Free Association with respect to military land requirements and their uninhibited use are considered mandatory. These include such provisions as free access to Micronesian lands, airfields, and harbors and freedom of navigation and overflight throughout all areas.

c. The Micronesians must be prohibited from specifying or implying any preconditions of type, quantity, or category of weapon systems or weapons carried, used, stored in or on aircraft, ships, or facilities in the area. In addition, there must not be limitations on the numbers or mix of U.S. personnel or the tactical employment of weapons systems or personnel.

d. Termination procedures that would protect U.S. interests and ensure that defense interests and military basing rights would survive any future changes in the relationship between the United States and Micronesia must be ensured.

Once independent, Micronesia would be a "sovereign state". Under such circumstances Micronesia would have the same powers, competence, authority, rights -- self serving duties -- as any other state. In spite of any other treaty arrangements made, Micronesia might seek to deny the U.S. access to and use of military facilities, land areas, ocean areas, and the air space above, or attempt to prevent the U.S. from denying other states military access

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to the area. Actual examples which document the foregoing statement are listed in Annex E.

The Department of State notes that the risk described above has already been accepted with U.S. agreement to the unilateral termination provision in a free association compact. The issue in fact is whether it is to the U.S. advantage to force an earlier test and resolution of the independence issue.

In presenting this non-negotiable offer the U.S. would not evince any interest in a treaty relationship. There is a real possibility, however, that an independent Micronesia would seek to negotiate toward one of the forms of qualified independence described below. Many independence advocates favor a treaty relationship with the U.S. which would ensure financial support. Any efforts to achieve U.S. security objectives subsequent to independence:

-- Would be subject to the risks and negative pressures similar to those experienced elsewhere in the world. (See Annex E for DOD examples of these risks.)

-- Would not be buttressed by the more solid political foundation envisaged under a "free association" arrangement. The lack of a variety of interlocking relationships would probably make it more difficult to achieve a close, stable, and enduring defense arrangement.

-- The retention of Kwajalein would almost certainly require the renegotiation of present leases, thus providing to the Micronesians a significant financial lever.

(ii) Kwajalein-Denial Independence Option

To better protect U.S. security interests, and perhaps to render the independence option more credible to the Micronesians, who know from previous discussions of free association that the U.S. has some interests in the TTPI it considers irreducible, the U.S. might condition the unqualified independence option described above by:

(a) Stating its intention to retain Kwajalein, with termination and compensation as contracted under the current leases. As current leases expire they would be renegotiated individually.

(b) Stating that the strategic character of Micronesia will not change with independence, the U.S. would note that it would view as a potentially hostile act any military access to Micronesia by a third country and would act as necessary to protect its interests. The U.S. would note that it does not intend to compensate Micronesia financially for this U.S. imposed denial of military access by other countries\*.

With the exception of the two foregoing conditions, this option would be the same as the wholly unqualified version of independence.

PRO

-- Would meet two of the primary U.S. security objectives.

*\*Interior believes that refusal to provide any compensation for denial is not practical and may well foreclose this option.*

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-- Would probably satisfy the Micronesian desire for genuine status alternatives, thus creating a promising atmosphere for long-term U.S.-Micronesian relations. However, a very small minority espousing absolute independence would insist that a qualified option cannot be considered a real independence alternative.

-- Would have a good probability, but marginally less than the unqualified independence option, of winning U.N. Security Council support for termination of the trusteeship, even should the Micronesians reject this option and elect in favor of a free association relationship.

-- Would provide a sufficient contrast to free association to prove very unattractive to most Micronesians, and provide sufficient leverage to resist concessions in free association negotiations, might, in fact, provide lesser financial leverage than an unqualified independence option in that retention of Kwajalein would be non-negotiable.

#### CON

-- Unilateral U.S. declaration of its intention to enforce denial, if necessary, would present a potential issue which Micronesian radicals might rally around and could provoke a test of U.S. resolve.

-- Denial would depend on the U.S. ability and willingness to enforce this condition under circumstances that could be dangerous, or politically undesirable.

-- Would probably be seen by diehard independence advocates as not a true independence option.

-- Would carry the same political and security risks as the unqualified independence option (see page 23), except the U.S. would have protected (retained) to some degree denial and base rights in Kwajalein.

#### (iii) Independence; Prenegotiated Defense Treaty

This option includes two interdependent parts: (a) Micronesian independence with Micronesia legally responsible for its defense, external and domestic affairs; and (b) simultaneous entry into force of a pre-negotiated U.S.-Micronesian mutual security treaty of specified duration covering denial and U.S. basing and operations rights. (The U.S. would have no authority over Micronesia's foreign affairs.) This option would be similar to the relationship which would probably exist with Micronesia following any termination of a compact of free association, with survivability of U.S. defense rights. U.S. financial payments, reflecting the nature of the political relationship, would be less than under a compact of free association or under option (iv), below.

PRO

-- Would provide some guarantee of legal protection for U.S. strategic interests - probably firmer than previous independence options.

-- Could satisfy for some Micronesians espousing independence the requirement for an independence option since it would presume Micronesian sovereignty in negotiations with the U.S.

-- Would provide some recognition of the right to self-determination for all peoples.

CON

-- Would provide Micronesians with financial levers similar to those for free association, coupled with the advantages to Micronesia of independence.

-- Could divert support from free association and increase the chance of Micronesian acceptance of independence -- a probability far greater than for preceding independence options.

-- While the United States would seek to include its fundamental defense objectives in the treaty, this arrangement would be subject to risks and negative pressures similar to those experienced with independent countries elsewhere in the world (see Annex B for DOD examples of these risks).

-- While the United States would be provided with more direct ties and leverage points than under the preceding options, it would have fewer than under free association. Thus, it would be more difficult than under free association to fashion a close, stable and permanent relationship which could buttress any political and security arrangements.

-- Would probably preclude endorsement of termination of the trusteeship by the U.N. Security Council.

(iv) Independence; Prenegotiated U.S. Control over Foreign and Defense Affairs

This alternative would clearly designate Micronesia a sovereign independent country. It would note full Micronesian authority over internal affairs but would entail some formula (probably a U.S.-Micronesian treaty) giving the U.S. effective authority over Micronesia defense and external relations, though probably not as expressly as in a compact of free association. Language similar to that in the India-Bhutan Treaty of 1949, under which Bhutan "agrees to be guided by the advice of India in foreign affairs" might be appropriate. While U.S. financial support would not be so generous as under a compact granting it unlimited authority in foreign affairs, U.S.-

Micronesian ties would be sufficiently close that the U.S. would consider it its responsibility to provide Micronesia substantial economic assistance. Unlike a compact relationship, it would be difficult if not impossible to extend most U.S. domestic programs and services to Micronesia.

PRO

-- Provides of the four independence options, the only U.S. authority over both Micronesia's defense and foreign affairs.

-- Gives the U.S. the flexibility to negotiate a status arrangement most nearly meeting U.S. security requirements if it proves impossible to achieve the preferred compact of free association.

-- Provides some basis for maintaining in the U.N. that the objectives of the trusteeship agreement have been met, though U.N. approval of termination of the trusteeship would be unlikely.

CON

-- Could provide less stable U.S. authority over Micronesia's foreign affairs and defense than under a compact of free association, even though the treaty purported to guarantee identical U.S. interests.

-- Would provide maximum bargaining leverage to Congress of Micronesia which would seize upon this as the main focus of the negotiations, and endorse it to the Micronesian electorate.

-- Would run high risk of acceptance in a plebiscite in absence of stark contrast to free association compact.

-- Would not satisfy those in Micronesia who demand free choice between free association and full independence; extreme independence advocates might attempt to disrupt the resulting close U.S.-Micronesian relationship. -- To the extent that there is a lack of clear definition of authority in defense and foreign affairs, there would exist grounds for continuing friction.

-- Would increase significantly chances of a Soviet or PRC veto in the U.N. Security Council of termination of the trusteeship agreement, and almost certainly would remove any possibility of endorsement of termination by a majority of the Security Council.

-- While the United States would seek to include its fundamental defense objectives in the treaty, the Micronesians would be equal partners under the treaty and this arrangement would be subject to risks and negative pressures similar to those experienced elsewhere in the world (see annex E for DOD examples of these risks)\*.

\*The Departments of State and Interior note that a basic assumption throughout this study is that a compact relationship will provide a firmer foundation for

long-term protection of U.S. interests in Micronesia than would a treaty. This is based on experience with other treaty relationships, and on the belief that a compact relationship (with a less than sovereign Micronesia) would be less susceptible to inimical foreign influences or to unilateral efforts directed at denunciation or revision. Moreover, the closer the political relationships and numerous links envisaged under a free association compact could over a period of time create a fabric of ties which would become increasingly difficult to sever.

Nevertheless, in considering the various independence options, State and Interior believe it is important to note that under certain circumstances there could be little practical difference between the durability of a compact and a treaty relationship. It is conceivable that a relationship could be structured in such a manner as to ensure that most or nearly all of the political, defense, and other links now envisaged for the compact of free association are included under a treaty. The advantages and disadvantages as between a treaty of free association and a compact of free association (the present negotiating course) would then relate mainly to any difference in the U.S. ability to enforce compliance. Legally, a compact of free association would still be the sounder relationship. For example, a legal case could be made that any U.S. effort to enforce the terms of that agreement by armed force or other coercion would be a matter of U.S. internal affairs rather than an action taken by one nation against another. As a practical matter, should U.S. relationships with Micronesia deteriorate to a point where a Micronesian Government renounced or ignored provisions of a compact of free association, there might be little difference between a treaty and a compact in terms of the U.S. political ability to enforce compliance. The principal inducement to Micronesian compliance might then be the same under either relationship -- the character and level of U.S. financial levers.

In the opinion of State and Interior the foregoing points up the fact that in the long-term our interests will be protected not so much by the form of our relationship, but rather by its substance, and by the degree to which both parties continue to perceive that the relationship provides more advantages than disadvantages.

Taking all these considerations into account, a compact relationship, in the State-Interior view, should remain the preferred course, but only if that relationship can be achieved under amicable conditions. If the latter condition cannot be satisfied, then a treaty relationship with strong delegation of foreign affairs and defense powers to the U.S. might in fact provide for a more amicable and therefore more enduring relationship.

DOD continues to support the basic assumption that an "amicable and enduring" relationship can best be fostered through the achievement of a mutually satisfactory and beneficial compact of free association, vice a treaty relationship between two sovereign, self-serving independent nations.

#### 4. Comparative Discussion of the Independence Option

In arriving at conclusions regarding the type of independence option, if any, which should be offered to Micronesia, it is necessary to examine each of the independence options from several perspectives: The potential U.S.-Micronesia political relationship, U.S. security interests, the traditional U.S. position on self-determination, probable United Nations and U.S. Congressional reactions and, most importantly the effect of presenting these options on the attainment of our main negotiating objective -- a compact of free association designed to protect these interests.

##### a. Durability of the Political Relationship

The U.S. has reasoned from the outset that the interlocking web of political, financial, and military ties posited under free association will, if managed properly, result eventually in a close, stable, and lasting relationship best serving U.S. interests in Micronesia. This judgment assumes that free association is achieved amicably and is acceptable to a healthy majority of Micronesians. Given the expectation among many in the Micronesian elite that they will be faced with genuine, clearly-delineated status alternatives, it can be argued that the long-term U.S.-Micronesian electorate has had an opportunity to weigh free association alongside either unqualified independence or the only marginally qualified Kwajalein-Denial independence option. On the other hand, should the Micronesians unexpectedly choose an independence option, the U.S.-Micronesian relationship established under it would, in varying degrees depending upon the independence option offered, present fewer opportunities than would free association for establishing a myriad of beneficial ties giving the Micronesians a vested interest in prolonging the relationship. Clearly, the independence options, beginning with unqualified independence and running through U.S. control of foreign and defense affairs, represent a continuum of progressively closer relationships. As one proceeds along the spectrum, each option reduces Micronesian autonomy and increases the number of bonds with the United States. None of the independence options offers the same opportunity for establishing the desired interlocking relationships that free association does, although a tight treaty relationship might approach that goal.

##### b. U.S. Security

The independence options set forth above provide a scale of decreasing risks to U.S. security interests, assuming the Micronesians opt for a proffered independence option. Unqualified independence presents the greatest security risks; the closer the options approach free association the more nearly do they tend to meet the United States' security objectives. Unqualified independence takes all security matters out of the hands of the United States and vests Micronesia with full and absolute discretion to deal with any country and to fashion any defense arrangements it may desire.



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Although it is unlikely that the Micronesians would select such an independence alternative, even remote odds pose a genuine and serious threat to the security interests of the United States. If Micronesia were to choose this form of independence it could conceivably -- given Micronesia's strategic importance and its fairly considerable need for economic support -- fall prey over time to the machinations or blandishments of any of several powerful countries with interests in the area. Recent history illustrates that should Micronesia be controlled by a power unfriendly to the U.S., the security interests of the U.S. in the Pacific would be compromised\*.\$

The "Kwajalein-denial" option and pre-negotiated defense treaty and modified free association options exact more benefits from the Micronesians to the U.S. and provide stronger ties to the U.S. in several fields. (In turn, these options progressively present a smaller security risk but concomitantly a greater risk of acceptance.) Finally, all independence options, even Option IV, suffer the risk of providing Micronesia the perquisites, self-confidence, and legal rights enjoyed by independent nations. As emphasized in the discussion of the options, there are definite risks involved in a treaty relationship with an independent country\*\*.

United States security objectives, except those which may be shared by Micronesians, will in any case be difficult to achieve and protect if the political environment in Micronesia is extremely hostile. Since many Micronesians who are against a U.S. military presence favor independence and will presumably continue to be anti-military and to support independence under most circumstances, it is not possible at this point to draw with certainty any specific connection between the United States' willingness to make an independence offer and subsequent Micronesian receptivity to U.S. military activity, assuming the offer is turned down.

In summary, from the security standpoint unqualified independence is the least desirable option. While the remaining options do not offer all the advantages of free association, they do offer some protection for our security interests.

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*\*The Department of State notes that it is highly improbable Micronesia would reject U.S. military installations and their financial advantages and then solicit or accept third power military facilities. It is also noted that the risks of offering even unqualified independence would be less (in terms of U.S. long-term relationships with Micronesia and the U.S. ability to conclude a satisfactory free association relationship) than the risks which flow from withholding an independence option. See Annex C for detailed State position on an independence option.*

*The DOD believes (as history substantiates) that it is indeed conceivable that an emerging developing nation can and will seek and be influenced by financial aid from any number of sources as time progresses and the nation's viability is challenged.*

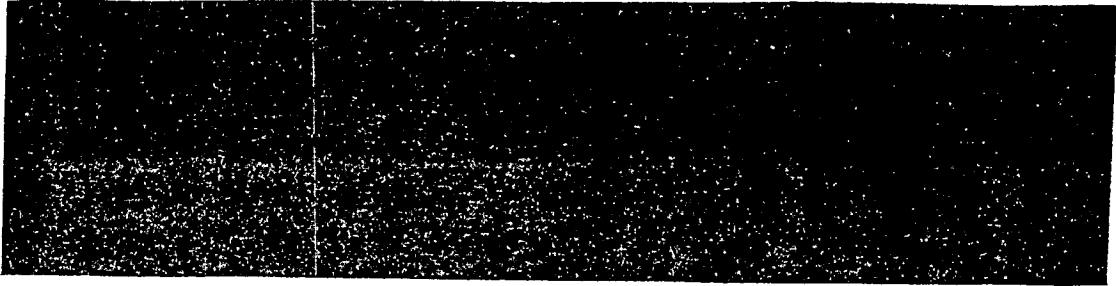
c. The U.S. in the International Arena(i) The Traditional U.S. Position on Self-Determination

U.S. history as a former colony which has chosen to enunciate forcefully and support broadly throughout the world the principle of self-determination and independence where desired by the local people is a highly significant component of the overall U.S. world position. This U.S. stand in behalf of dependent people has been emphasized and reiterated throughout our history, and it is in our national interest to continue to act consistently with that tradition to the extent that essential U.S. security interests allow. Were the U.S., particularly in the face of strong Micronesians pressure, to refuse the Micronesians the full exercise of the right of self-determination, our position with a large part of the international community would be damaged, with the probable result that it would be more difficult thereafter for the U.S. to sustain a position favoring self-determination in areas where it suited our interest to do so. The less qualified any U.S. offer of independence to Micronesia, the greater the consistency with the traditional U.S. stand on self-determination.

(ii) The U.N. and an Independence Option

There is a strong presumption held by members of the U.N. Security Council, with whom the United States will have to deal in terminating the trusteeship, that Micronesia will have the opportunity to choose independence in a final plebiscite. This presumption rests on the language of Article 6 of the Trusteeship Agreement, which parallels similar sections of the ten individual agreements covering other trust territories, and Article 76 of the U.N. charter which states that a basic objective of the trusteeship system is to promote the development of territories towards "self-government or independence". Nine of the original trust territories have now achieved independence and the tenth, New Guinea, is soon to follow. A clear pattern has been established that trust territories have the right to choose independence if they so desire.

The U.S. Representative in the Security Council in 1947 agreed to the amendment of Article 6 to include independence as a goal for political development but declared that he did not think independence "could be possibly achieved in the foreseeable future in this case". In the intervening years, however, the U.S. delegation has never indicated before the United Nations that Micronesia would not be given an independence option, and has, indeed, informed the Trusteeship Council as recently as June, 1973, that the U.S. has not refused to discuss independence with the JCFS. Since 1947 two other trust territories in the Pacific, Nauru and Western Samoa, have become sovereign states, and there has been a growing sentiment among a majority of U.N. members that small size, lack of economic development and scanty population should not block independence. These facts do not compel adoption of the independence alternative, but they do weigh in favor of offering that option.



The weight of legal opinion, past U.S. statements before the Security Council, opinions of the International Court of Justice, and the precedent of past trusteeship terminations strongly support the view that the U.S. should seek U.N. Security Council approval for termination of the trusteeship\*. The likelihood of obtaining Security Council approval will depend largely on the terms of the plebiscite offered and the nature of the agreement reached. If the U.S. Government should decide to seek Security Council approval and then fail, the President might wish, for reasons of overriding U.S. national interests and regardless of the views of the Security Council, to adopt the position that U.S. obligations under the Trusteeship Agreement have been fulfilled. The U.S. ability to withstand the criticism in the U.N. and elsewhere which will likely follow should this latter approach prove necessary, will be enhanced to the extent that the U.S. has made a genuine effort to ensure that the Micronesians have been permitted a reasonable exercise of their right to self-determination.

Of the various options presented in this section, the unqualified independence alternative and, to a slightly lesser degree, the "Kwajalein-denial" independence option would probably enable the U.S. to obtain Security Council approval of termination. Major conditions placed on an independence option either unilaterally by the United States or through negotiation with the Micronesians would prove to be a focus for opposition in the U.N. to a free association relationship. Whether the United States will be able to avoid PRC or Soviet vetoes if a "Kwajalein-denial" independence alternative is offered to the Micronesians will depend at least in part on the state of bilateral relations with those powers at the time. If the plebiscite includes such an option, and the present detente with both countries continues, the PRC and the Soviets would probably abstain in voting in the Security Council on a termination proposal. The chances of obtaining majority approval will similarly depend on the nature of the non-permanent Council membership. The present membership would have difficulty accepting less than unqualified independence or the "Kwajalein-denial" variant as a satisfactory option in a plebiscite leading to a free association relationship.

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\*The Department of Defense considers it advisable for the U.S. to inform the U.N. of its intention to terminate the trusteeship but does not think it necessary to seek U.N. consent to termination.

d. U.S. Congress

It is difficult to estimate with any certainty Congressional attitudes on the question of an independence option. Undoubtedly there is strong sentiment in both Houses for reaching an agreement which brings Micronesia into association with the U.S. and unquestionably there is a sizeable body of members who, if the question were put to them, would refuse to entertain any suggestion that Micronesia separate from the United States. At the other end of the political spectrum there is a smaller group that is sympathetic to Micronesian desires, whatever they might be. Although it is difficult to assess the latter group's overall influence within the Congress, it does exercise a strong voice within the relevant House subcommittee.

Any reasonable agreement which brings Micronesia into association with the U.S. and receives decisive Micronesian approval will probably be acceptable to the Congress. Thus, the majority of Congress might not oppose an independence option designed to achieve such a result if the risks are considered acceptable and necessary. It is this study's estimate that to the extent Congress is interested in or becomes interested in these tactical considerations as a result of the leadership's briefings by the President's Personal Representative, majority Congressional sentiment will be seen to be against the offer of unqualified independence, with the other three independence options, starting with the "Kwajalein-denial" alternative, being progressively more palatable.

e. Negotiating Purposes

Since many in the Micronesian elite, for markedly varying reasons, believe Micronesia should have the opportunity to choose between independence and other status options, the U.S. will probably have trouble achieving amicably a stable, enduring relationship of free association until the independence question is laid to rest in some manner. An outright U.S. refusal to discuss an independence option, or even obvious attempts to defer the issue, would probably strengthen the independence movement and also might necessitate major U.S. concessions in the free association negotiations. In reaction to a U.S. refusal, some Micronesians now favoring free association might well move from support of that status to defense of the principle that Micronesia deserves a choice among real status alternatives, or even to advocacy of independence.

If an independence option is to be used by the U.S. to achieve the objective of free association, it should ideally: (a) satisfy the Micronesian desire for a genuine independence offer, and (b) more importantly, provide a contrast to free association sufficiently stark and advantageous to the latter to create little or no risk of acceptance of the former, while also providing to the U.S. bargaining leverage in the free association negotiations. The various independence options described above are not equally useful from these two standpoints. For example, Option IV

would not fully satisfy the Micronesian requirement for a meaningful independence option. At the same time, the political and financial aspects of this option would be such as to make it more attractive to many Micronesians than Free Association. For similar reasons there would be a moderate likelihood (though somewhat less than with modified free association) of Micronesian acceptance of an independence option providing for a mandatory mutual defense treaty.

By providing the starkest contrast to free association and satisfying the Micronesian requirement for a clearcut independence option, the wholly unqualified alternative best suits the considerations described above. The "Kwajalein-denial" variant is only marginally less useful as a means of moving the Micronesians toward acceptance of free association. Those Micronesians using independence for bargaining purposes will argue that denial and Kwajalein are rights which must be paid for and that it is Micronesia's privilege to set the price. However, the U.S. could resist such attempts to drive up the price for Kwajalein and denial of access, thus making the financial aspects of this option sufficiently austere to create the desired disadvantages contrast with free association. The more extreme independence advocates could contend that this option infringes on Micronesia's sovereignty and is not a true independence offer. But it would satisfy the fence sitters who want a plebiscite to contain some reasonably unqualified independence option, and who believe that the concept of wholly unfettered independence for Micronesia is unrealistic.

Another relevant consideration in weighing the usefulness of the "Kwajalein-denial" option is that it may be more credible to the Micronesians than the wholly unqualified version. The Micronesians are aware of U.S. security interests in the area and might be more inclined to take seriously the U.S. intention to have only minimal financial and other ties with an independent Micronesia if the U.S. offered the "Kwajalein-denial" variant of independence rather than an unqualified option which could be seen as a bluff.

#### CONCLUSIONS AND RECOMMENDATIONS

Conclusions and recommendations regarding the advisability of authorizing an independence option are incorporated in the summary for Chapter III which appears immediately following the next sub-section of the Chapter.

#### D. Should the Commonwealth Approach be Revived?

The future status options for the TTPI are generally assumed by most Micronesians to be three: commonwealth, free association and independence. The Micronesian Congress, most district legislatures, and the majority of other individual leaders who have publicly expressed views on the status question since the Micronesian Political Status Delegation rejected the U.S. commonwealth proposal in mid-1970, have taken positions in favor of a status looser than commonwealth -- usually free association

or, in a few individual cases, some form of independence. During its tour of the districts of Micronesia in July of this year the JCFS discussed with its audiences commonwealth, free association and independence, but promoted free association as the status alternative best meeting Micronesia's current circumstances. While most of the Micronesian leadership thus seems to be committed against commonwealth, it should be noted that commonwealth has never been tested through broad-based sampling of the Micronesian electorate.

Some Micronesians have recently questioned whether the Trust Territory has the requisite resources to manage its own affairs in a free association relationship or under independence. They have criticized the Joint Committee on Future Status for not discussing the U.S. commonwealth proposal with the Micronesian people before rejecting it and have observed that a commonwealth relationship might still be desirable and possible. They have suggested that many Micronesians, particularly the more conservative ones living outside the district centers, would prefer a continuation of the trusteeship or some other arrangement providing for closer association with the United States than that envisaged by the independence and free association advocates. Such comments have been particularly common in the Marshall Islands and in the Yap and Ponape Districts. Many of these islanders are suspicious of the aggressive Palauans and Trukese and fear domination in a Micronesia independent or enjoying full internal autonomy.

It is possible that under the most propitious circumstances a commonwealth proposal could gain majority support in one or two districts (e.g., perhaps in Yap, which is of least strategic interest to the U.S., although it should be noted that in discussions with the JCFS in July Yap's traditional leaders reportedly endorsed free association; it is also conceivable that the Marshalls District, which is important strategically might accept commonwealth). However, there is no present evidence to suggest that a commonwealth proposal could win the support of Micronesia as a whole. In these circumstances there would seem to be little advantage in reintroducing the commonwealth issue into negotiations with the JCFS at this time -- i.e., at least until the American Delegation has had an opportunity to explore again with the JCFS in depth the possibility of reaching early agreement on a compact of free association and the likelihood of firm JCFS support for the compact with the Micronesian electorate. To resurface the commonwealth option with the JCFS prematurely would probably antagonize the majority of those Micronesian leaders with whom we must deal on the status question, would stimulate suspicions regarding U.S. intentions on the further fragmentation of Micronesia, and might cause some key Micronesians to move, as a matter of principle, from support of free association to advocacy of independence. On the other hand, the possibility of again testing the commonwealth proposal in one manner or another, which the President's Personal Representative can do at his discretion under existing instructions, should not be foreclosed. The following lists illustratively, but not exhaustively, circumstances under which it might suit the U.S. interest to reopen the commonwealth question. These circumstances, which might arise separately or in some combination, are:

a. The successful conclusion of negotiations granting commonwealth status to the Mariana Islands creates a widespread groundswell of pro-commonwealth sentiment in Micronesia;

b. Free association is defeated in a plebiscite and the U.S. considers it desirable to provide several alternatives in a new plebiscite;

c. While negotiating a compact of free association the U.S. decides to include an independence option in a plebiscite, but desires to "balance" the latter by inclusion of commonwealth as well;

d. The five districts of Micronesia fragment and the U.S. is forced to consider separate negotiations with the various districts (this and other ramifications of the fragmentation question are being addressed in a separate interagency study now under preparation).

#### E. Summary Conclusions and Recommendations

1. Free Association: This study concludes that the U.S. should be prepared at the next round of negotiations with the JCFS to continue work toward completion of the draft compact of free association. Free association will protect U.S. interests in Micronesia, and it appears to be the course toward which most Micronesian leaders are committed.

2. Commonwealth: The study concludes that the U.S. should not reintroduce its commonwealth proposal into negotiations with the JCFS at this time, but notes that it is appropriate to keep the commonwealth option open against future negotiating contingencies.

3. Independence: The study concludes that for the U.S. to refuse to make any type of independence offer immediately available to the Micronesians (i.e., either by outright refusal or through attempts to defer the issue) if contrary to present indications it is pressed to do so, might add impetus to the independence movement, would make the achievement of a free association relationship more difficult and more costly to the U.S.\*, and would render that relationship if achieved less stable and less protective of U.S. interests than is desirable. The study concludes, moreover, that circumstances could arise during the negotiations in which it would be to the U.S. advantage to take the initiative in proposing an independence option.

Each independence option carries with it definite liabilities. The more unfettered the independence offer, the starker the contrast with free association and the more effective it should be in putting to rest the independence issue. At the same time, the more unfettered the option the greater the security risks to the United States. Conversely, options which more adequately protect U.S. security interests may appear more attractive to many Micronesians than free association.

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\*See State footnote on page 30 of this chapter.

There is, however, a division of opinion on the question of whether the President's Personal Representative should in fact be authorized to offer an independence option to the Micronesians:

a. The representatives of the Department of State, Interior, Justice, and OMSN recommend that the President's Personal Representative be given the authority to make an independence offer any time he believes it advisable in order to dispose of the independence issue, and to render more stable and viable a negotiated free association relationship between the U.S. and Micronesia. Once so armed, he can assume any of a number of postures ranging from a relaxed attitude in the face of Micronesian pressure to assuming the offensive on the independence issue.

This group rejects the unqualified independence option because it would not adequately protect U.S. security interests if unexpectedly chosen by the Micronesians. It believes that the "Kwajalein-denial" option offers the best prospects for satisfying the conflicting U.S. objectives. It does not offer quite as stark a comparison with free association as does the unqualified option. Some Micronesian independence advocates will attack it as less than genuine independence. Nevertheless, this group is of the opinion that such an offer should adequately deflate independence pressures, would offer sufficient contrast to make free association attractive, and would protect a sufficient portion of the U.S. defense objectives to justify risking the offer.

b. The representative of the Department of Defense, fearing that the U.S. ability to protect its interests and project its influence in the Western Pacific would be seriously diminished if Micronesia should obtain any form of independence, believes that even the most minimal risk that it might do so is unacceptable and that no independence option should be authorized at this time\*.

c. The representatives of the Departments of State, Justice, Interior and OMSN recommend that if, contrary to their foregoing recommendation, no independence offer is authorized, the President's Personal Representative be instructed to attempt to defer further discussion of the independence question until after a plebiscite on free association rather than definitively refuse an independence alternative to Micronesia. The Department of Defense, considering deferral largely a matter of tactics, does not object to this recommendation.

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\*The State Department notes that the U.S. has already accepted this risk by agreeing to a unilateral termination provision in the draft compact of free association.



#### IV. U.S. LAND REQUIREMENTS AND RELATED ISSUES

Land has been one of the most sensitive questions in the Micronesian Status Negotiations to date and promises to be equally significant in the future. The overall land question involves five issues. They are: (1) the extent of U.S. land requirements, (2) the conditions of land agreements (lease details/arrangements and survivability), (3) continuation of existing leases, (4) methodology for arranging acquisition (with whom and how to deal for land), and (5) the return to the people of Micronesia of public lands now held in trust by the TTPI. The first two issues are discussed at some length in this chapter, while the last three are mentioned more briefly.

##### A. United States Land Requirements

##### 1. Non-Military Land Requirements

The National Weather Service, Postal Service, and Coast Guard have current land holdings and known requirements as described below.

<u>District</u>	<u>National Weather Service</u>	<u>Post Office</u>	<u>Coast Guard</u>
Palau, Koror	1.577 acres	0.193 hectares	14.17 acres (Angaur)
Yap	5.739 acres	0.097 hectares	205 acres
Truk, Moen	0.281 acres	0.140 hectares	-
Ponape, Kolonia	0.59 acres	0.158 hectares	-
Marshall Islands (Danlap)	4.872 acres	0.025 hectares	30 acres (Kwajalein) 9.516 acres (Eniwetok)

Other minor federal agency requirements are likely to emerge with time.

No major problem in negotiating satisfactory leases for these requirements is anticipated, since they relate to services being provided to Micronesia.

##### 2. U.S. Military Land Requirements

The U.S. Delegation first set forth in very general fashion the extent of U.S. military requirements during the Third Round of status talks in October, 1971. In July 1972, during the Fifth Round of talks, the U.S. tabled a more specific description of its land requirements. This description was included in Annex B of the partial draft compact tentatively agreed to by the JCFS. That annex remains the official U.S. description of its military land requirements in Micronesia and represents the current U.S. negotiating position. The land requirements, as set forth in Annex B of the draft compact follows:

a. Marshall Islands (For map see Annex D)

(1) Within the Kwajalein Atoll, continuing rights for the use of those lands and waters associated with and currently controlled as part of the Kwajalein Missile Range; the land portion of which encompasses approximately 1,320 acres.

(2) In the Bikini Atoll, continuing rights for use of 1.91 acres of Ourukaen and Eniman islets, and to use the pier, airfield, and boat landing on Eneu Island.

(3) In the Eniwetok Atoll, retention of such rights as may be negotiated upon return of the atoll.

b. Palau Islands (For map see Annex D)

(1) Access and anchorage rights in Malakal Harbor and adjacent waters, together with rights to acquire forty acres for use within the Malakal harbor area, composed of submerged land to be filled and adjacent fact land.

(2) Rights for the joint use of an airfield capable of support of military jet aircraft (Babelthuap airfield/Airai site), the right to improve that airfield to meet military requirements and specification, and the right to develop an exclusive use of area for aircraft parking, maintenance and operational support facilities.

(3) On the island of Babelthuap the right to acquire 2,000 acres for exclusive use, along with the right for non-exclusive use of an adjacent area encompassing 30,000 acres, for intermittent ground force training and maneuvers.

c. Continuing rights to occasional or emergency use of all harbors, waters and airfields throughout Micronesia.

d. Continuing rights to use of existing Coast Guard facilities.

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The fact that the above land needs are incorporated in the partial draft compact and agreed to by the JCFS should not be interpreted to mean that they are guaranteed. There are several issues that must be resolved prior to reaching the final status agreement. The following sections discuss the more prominent remaining problems.

B. Extent of U.S. Land Requirements

1. Marshall Islands

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As described in paragraph A, above, the Department of Defense seeks to retain control of the lands presently being leased in the Marshalls. The current U.S. military investment in the missile range facilities and equipment at Kwajalein Atoll is approximately \$750 million. There is no available relocation site which offers the geographical advantages of Kwajalein; the cost of relocation would in any event be prohibitive. U.S. requirements for missile testing in Kwajalein are expected to continue for at least another decade. From a military perspective the United States cannot afford at this time to withdraw from its Kwajalein facilities and every effort should be made to insure that the future political arrangements preserve U.S. use of the land currently included in the Pacific Missile Range.

Kwajalein land is private and for the most part already under various leases. Employment on Kwajalein and rents for Kwajalein lands are the "bread and butter" of the Marshall Islands. The main negotiating issue is not whether U.S. requirements will be met, but rather lease terms and costs. Marshallese leaders have indicated they are prepared to meet these requirements, but they may also wish to renegotiate all existing leases, with new leases to take effect upon termination of the trusteeship. Undoubtedly they anticipate much increased rentals.

Anti-military sentiment in the Marshalls is limited to a few relatively unimportant leaders. Key Marshallese leaders, with few exception, will ignore the anti-military sentiments of leaders and groups centered in other districts.

## 2. Palau

The Department of Defense considers the military land requirement in the Palau District, as contained in Title III, Annex B of the Draft Compact, essential to the future security of the United States. The Defense Department's purpose is not to provide for current requirements, but to insure the United States some minimum flexibility in the event that the basing picture in the Western Pacific deteriorates and it becomes necessary to develop an alternative to some of the current bases - particularly those in the Philippines. The Department of State, on the other hand, contends that while options in Palau would be desirable, they are not critical to the defense posture of the United States\*. Thus, State argues that the Palau options should not be pursued to the point of jeopardizing the overall negotiations, or if the political or financial cost for their satisfaction proves too high.

At this point in time the dispute between State and Defense on this question is more academic than directly relevant to immediate next steps in the negotiations. It is therefore neither necessary nor advisable to resolve this particular difference on the essentiality of

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\*See Annexes B and C for Defense and State positions on the Palau options.

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the Palau options until evidence arises that these options might become the sticking point in the negotiations. There is sufficient consensus within the U.S. Government to chart a viable negotiating course for the foreseeable future. There is general agreement that:

a. The options for land in Palau are sufficiently important to the United States to justify a determined effort to obtain these lands at reasonable cost and under conditions which would provide a politically secure atmosphere for any future bases.

b. Although the Palauan political environment is difficult to fathom the prospects for obtaining the desired options presently appear to be fair to good. This is suggested by the very fact that the JCFS agreed to the Palau land options in the partial draft compact and the traditional chiefs have found no objection to them in principle and have agreed to negotiate in good faith.

c. There are a number of issues which are potentially more likely to disrupt or halt the negotiations than the Palauan land options, e.g., termination of the compact, survivability of defense rights, financial arrangements.

d. If the Palau options do become an issue critical to the success of the negotiations it will not be in the near future and will take place under conditions which are impossible to predict with accuracy. It is not only the extent of the land requirements which might frustrate agreement on Palauan land. Any one of a number of issues could conceivably produce an impasse - cost of land, conditions of use, nature and amount of U.S. economic assistance, length of leases. Any meaningful decision on the essentiality of Palauan land requirements would have to be taken in the light of circumstances precipitating an impasse. In this regard, it should be noted that the United States proposal for "free association" has been integrally tied to the military land requirement included in the partial draft compact. Any refusal on the part of the JCFS or the Palauan leaders to honor the land commitments already made would possibly be sufficient cause for the U.S. Government to reexamine its whole proposal in the light of the new conditions -- e.g., if in fact the U.S. cannot obtain the use of land in Palau, some status other than free association might be more appropriate. In these circumstances, moreover, the U.S. should attempt to link to the land issues what leverage it has on any of the other negotiating issues -- e.g., a "free association" package which includes Palau land would involve far more U.S. financial assistance than an agreement without Palau options.

e. The United States should be extremely reluctant to reduce or concede the Palau land requirement prior to agreement on other issues of importance to the U.S. Throughout the negotiations the JCFS has at various time taken positions, only to escalate its demands at a later date.

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For the U.S. to set aside the Palau options at the wrong time, regardless of the nature of Palauan resistance to those options, would encourage the Micronesians to reopen other issues which appear to be resolved. At the least, other U.S. "minimums" which remain to be negotiated would be exposed to even stronger pressures than at present.

The same threat exists with respect to the separate Marianas negotiations. If the Marianas Delegation concludes, because of a change in the U.S. position on the Palau options, that the minimum Marianas land requirements are in fact not essential or minimal, those land negotiations, and the parallel Marianas status negotiations could become far more difficult and more costly.

f. The President's Personal Representative should coordinate any adjustments of U.S. land requirements with the concerned department or agency. Should it prove impossible to reach agreement with the department or agency concerned, or should it become apparent at any time that it will not be possible to satisfy through negotiations the general U.S. land requirements, the President's Personal Representative should seek further instructions.

### C. Conditions Regarding Military Land Use

Early in the negotiations the Micronesian Delegation made an issue of possible future uses to which land leased to the U.S. military might be put. The U.S. position from the outset has been that the use of these lands could not be restricted in any manner which would hamper military functions. From the U.S. perspective there are two eminently practical reasons for not discussing possible uses with the Micronesian Delegation. First, it is difficult and often impossible to predict or to be precise when describing future contingency requirements. The U.S. must preserve flexibility with regard to the possible future uses of its Micronesian bases. Second, any discussion of all possible contingencies would surface the issue of nuclear weapons. A U.S. admission of the possibility of nuclear storage could be an extremely effective propaganda weapon in the hands of those who oppose a U.S. presence or those who wish to extract more money for Micronesian lands.

The partial draft Compact tentatively agreed to in July, 1972 did not restrict the use of these lands in any manner and the U.S. Delegation contends that this document governs any subsequent and subsidiary negotiations concerning lands leases. The following is the specific compact language (Paragraph 303(d)):

*"The agreements for the lands and waters listed in Annex-B shall conform with the provisions of this Compact and such agreements shall not contain any limitations on the use of such lands and waters which conflict with the basic authorities and responsibilities of the United States under Sections 301, 302, and 303 of this Title."*

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Nevertheless, this subject may be revived during negotiations on land leases.

The military value of land could be severely reduced by restrictions on its use. The lands being sought in Palau are intended only as contingency options and it is impossible to predict at this point what their eventual use might be. If these options are to meet the full range of possible contingencies, the U.S. must be permitted unfettered use. Among other things this means that the U.S. should have the unconditional right to store nuclear weapons. This subject, however, cannot be discussed with the Micronesians except within the context of standard U.S. policy - the presence of nuclear weapons is "neither confirmed nor denied".

On the other hand, the President's Personal Representative can state that no biological weapons will be stored in Palau since all U.S. stockpiles have been destroyed. Likewise, he can point out that there is no current or anticipated national authority to store chemical weapons in Micronesia. These statements will not, of course, put to rest Micronesian concerns regarding nuclear weapons.

The President's Personal Representative can assure the Micronesians that, as far as environmental protection is concerned, all U.S. forces and operations will be subject to the same standards as apply in the United States. These standards are publicly available and are normally much higher than those applied by other countries. It is U.S. policy overseas to discuss environmental protection measures with host countries and to make every effort to meet their desires. No blanket assurance can be given that the U.S. will automatically meet any standards which might be arbitrarily established by a host country, however.

This issue could become troublesome, but unfortunately compromises might very well generate additional problems, and at the least could severely reduce the usefulness of the desired lands. There appears to be no reason at this time to alter the present approach.

#### D. Length of Leases

The question of the length of leases arises in three different ways: (1) the current leases in the Marshalls, (2) the desired options in Palau, and (3) the survivability of U.S. land rights in the event of termination of the Compact. Section 303(e) of the draft compact speaks to the problem:

*"The right and uses specified in this compact, and in agreements existing upon the entry into force of this compact, shall at the option of the United States extend in full force and effect for the period specified in this compact, unless a particular agreement provides for a longer term. Whenever agreements are extended, the terms of such agreements relating to payment shall continue, unless amended by mutual agreement."*

## 1. Marshalls

In the Marshalls the U.S. operates its extensive missile test facilities under rights secured by two sets of leases: one between traditional land owners and the TTPI Government and the second set between the TTPI and the U.S. Government. There is a total of some seven leases. The above leases were negotiated beginning in 1960, but in some cases have been backdated to the time of original U.S. occupation during World War II. The master land settlement agreement covering Kwajalein, for example, runs for 99 years beginning in February 1944. However, it was concluded in 1964, and is subject to review every five years.

The final leases in many cases recite only nominal consideration, but the actual price was established at \$1,000/acre except for the basic Kwajalein land settlement, for which a total of \$750,000 was paid. Historically the rentals paid for the use of lands in the TTPI have been negotiated with land owners and the amounts paid were considered fair and reasonable by both sides at the time.

An unusual situation exists with respect to Kwajalein Atoll's island of Roi-Namur where the title of the former Japanese administration was ruled invalid by the TTPI Claims Administrator in 1964. No appeals were made to higher U.S. or International Courts. Since then, DOD has been negotiating with the traditional landowners, who have asked \$7,000 an acre compared to the U.S. offer of \$1,000 an acre, plus interest. While these negotiations are in progress, the U.S. continues to use its facilities on Roi Namur.

It is apparent that any change in traditional methods and levels of payment would generate increased pressures to renegotiate all existing leases. This pressure would increase proportionately with any increase in the level of payments for Roi-Namur. Such renegotiations could result in exorbitant Marshallese demands which would impact on values throughout Micronesia, and especially in Palau and the Marianas.

For this reason the U.S. has consistently taken the position that, upon a change in status, the successor government should honor the current leases. The language of the draft Compact, cited above, was in part designed to achieve this objective. The fact remains that the Micronesians may attempt to revive this issue. The U.S. position is still valid and Micronesian pressure to alter this position should be strongly resisted.

However, if this issue becomes critical to a successful conclusion of the negotiations, the U.S. should consider renegotiation, but only on terms which would not unduly distort Micronesian land values or result in the U.S. Government's paying inflated sums. The President's Personal Representative should coordinate closely with the Departments of Interior and Defense on any questions regarding the continuation of present leases.

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## 2. Palau and Survival

The Micronesian Delegation has tentatively agreed that any leases which are negotiated in conjunction with or in support of the compact will run for the term specified in the lease without relations to the compact. This arrangement will satisfy U.S. concerns regarding the term of base rights on Palau and the survival of any base rights in the event of termination of the political relationship.

The length of these leases may very well become a major issue. The Department of Defense believes that, to justify a sizeable investment, its access to land and ability to use the land should be protected for at least 50 years and preferably 99 years. The President has previously determined that, in order to protect U.S. interests in the event the Micronesians unilaterally terminate their association with the U.S., arrangements must be included in the compact for denial and defense rights to survive termination by at least 50 years. Presumably this includes military land arrangements also. The relevant point is that land leases will have to be related to the survival arrangements of the United States' overall defense rights to insure both that the U.S. is guaranteed sufficient tenure to justify the building of facilities, if that becomes necessary, and that U.S. land interests will survive termination in such a manner as to support overall defense interests in Micronesia.

The question of the survival of defense rights is discussed below in Chapter VI. Suffice it to say here that the President's Personal Representative should have the flexibility to negotiate whatever term leases are necessary to support defense rights. Additionally, the President's Personal Representative should be authorized to agree to provisions which would permit renegotiation of compensation at reasonable intervals.

Within these broad guidelines and with close coordination with the DOD, the President's Personal Representative should have full discretion to negotiate the necessary land tenure issues.

### E. Firm Land Agreements and Acquisition

From the outset of the Micronesian negotiations there has been doubt regarding the authority of the JCFS to negotiate U.S. land requirements on behalf of the concerned districts and land owners. At the sixth round of talks the JCFS was asked how it intended to resolve this problem. The reply was not totally satisfactory. The JCFS insisted that it will eventually work out some arrangement with the districts and land owners whereby it can act for them in negotiating land arrangements with the U.S. Government, but admitted that it had not achieved such an arrangement as of that date. In private conversations with Ambassador Williams, Chairman Salii has admitted that this may be a particularly difficult problem, and that in the end the United States may have to deal directly



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with local district entities on the specifics of U.S. land requirements. This conclusion has certainly been reinforced by developments in Palau. The Palauan leaders have stated publicly and privately that they will not allow the JCFS to speak for them regarding land, and Salii has stated that the U.S. should expect to negotiate its Palau requirements with local leaders, with the JCFS playing a facilitative role in the discussions.

The President's Personal Representative should work with the Micronesians to clarify at the earliest the question of who has the authority to negotiate with the U.S. on land and insist that the U.S. be allowed to deal with that body or bodies which can authoritatively commit the lands in which the U.S. is interested.

#### F. Public Lands

As mentioned above, the traditional chiefs of Palau and, in turn, the JCFS have insisted that negotiations for Palauan land cannot go forward until the Palauan public land which is currently held in trust by the TTPI administration is returned to the traditional chiefs of Palau. There is little question but that this is a serious demand and that the United States' military land needs in Palau will probably not be satisfied until this problem is resolved in some fashion.

From the outset the United States has made it clear that all public lands would be returned to the Government of Micronesia when the trusteeship was terminated. Now the JCFS is insisting on an early return of the Palauan public lands to Palauan leaders even before a new status is negotiated. In essence, the question has become one of timing rather than principle.

This is, however, a complex issue which concerns all the districts rather than just Palau. Because of the urgency of this problem and the fact that the Secretary of the Interior presently has the authority to effect such a transfer, the President's Personal Representative, the Department of Interior and the High Commissioner are currently studying the matter from a number of perspectives. If it appears to be politically advisable and mechanically feasible, an early return of the public lands will be set in motion. Hopefully, this will facilitate the negotiations for the desired Palau options.

It is highly desirable (the Department of Defense believes it essential) that any return of the Palauan public lands be accompanied by some type of commitment from Palau leaders and the JCFS to negotiate simultaneously or subsequently the U.S. land needs in Palau. Undoubtedly, such a qualification will complicate the process, but appears justified in order to protect the U.S. position.

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G. Conclusions

The present negotiating instructions do not speak to specific land requirements nor do they offer the President's Personal Representative any detailed guidance regarding the land negotiations. On the basis of the above discussion it is recommended that the negotiating instructions:

1. Confirm the U.S. negotiating goals regarding land as those presently expressed in the partial draft compact.
2. Direct that, the President's Personal Representative coordinate any adjustments of U.S. land requirements with the concerned department or agency, and further direct that should it prove impossible to reach agreement with the department or agency concerned, or should it become apparent at any time that it will not be possible to satisfy through negotiations the general U.S. land requirements, the President's Personal Representative seek further instructions
3. Reaffirm that the U.S. Government stands on the position expressed in Paragraph 303(d) of the partial draft compact regarding limitations on the use of the desired lands and waters in Micronesia and on the position expressed in paragraph 303(e) of the partial draft compact regarding the length of leases for the desired lands.

## V. U.S. FINANCIAL ASSISTANCE

The essence of the financial question is the amount and the manner in which the U.S. will be willing to pay in cash and services for an arrangement safeguarding its security interests. Because of the implications for U.S. defense relationships elsewhere, the U.S. public and negotiating position with the Micronesians will continue to be that the U.S. does not pay for base rights and denial of access as such. From their viewpoint, the Micronesians must decide what combination of elements will assure a scale of economic activity they consider adequate, and satisfy their desires for full internal autonomy. When considering the financial dimensions of alternative future status options the manner of payment may be nearly as basic to perceived Micronesian needs as the dollar amount. The U.S. must, of course, in negotiations with the Micronesians make it clear that any U.S. financial commitments have to be approved by the U.S. Congress.

### A. History of Financial Discussions

The future financial relationship has yet to be subjected to serious negotiations. The JCFS has, however, stated that the U.S. should provide to the future Government of Micronesia, without controls on its use, an amount of money to be specified in the U.S.-Micronesian future status agreement. The JCFS has opposed any requirement for joint programming of these monies or for subsequent accountability to the U.S. The financial relationship envisioned by the Micronesians would, therefore, be in the nature of a quid pro quo: The U.S. would pay Micronesia for a relationship, "free association", which would meet U.S. strategic needs over an extended period of time. During the talks in Palau in April, 1972, the JCFS stated that it expected \$100 million in annual financial support under the new relationship, \$50 million for economic support and \$50 million for denial of base rights and military land rentals.

The U.S. Delegation, while recognizing the strategic value of the Trust Territory, has consistently argued that the amount of financial assistance to Micronesia must be related in some fashion to Micronesia's needs, and has attempted to elicit an elaboration of those needs or of how the Micronesians delegation would expect to use U.S. funds. Closely related to these U.S. requests for further information was the U.S. Delegation's concern as to how such assistance could be justified to the U.S. Congress and how it would be accounted for once appropriated. The JCFS has not responded to U.S. requests for further information on Micronesian needs and this essential difference in approach remains at issue. At the conclusion of the Washington session in August, 1972, the U.S. delegation submitted some recommended language for a financial section of the draft compact. These paragraphs were not agreed to or commented upon by the Micronesians. A promise was given that these submissions would be studied and that a Micronesian response would be forthcoming when the drafting of the compact was resumed. This language was not addressed at Barbers Point and there has been no Micronesian reaction to it to date. Since this language is both important and brief it is quoted here:

"Section 401

*The Government of the United States, in order to assist the people of Micronesia, agrees to provide the Government of Micronesia a sum not to exceed \$\_\_\_\_\_ annually. This total will comprise the following categories of payment:*

*(a) Funds for unrestricted use by the Government of Micronesia toward the costs of the Central and District Governments and for Micronesian governmental programs and services and capital improvement projects for the welfare of the people of Micronesia.*

*(b) Funds to cover the payment for U.S. Federal programs which may be requested by the Government of Micronesia and extended to Micronesia with the approval of the Government of the United States.*

*(c) Funds in payment for agreements concerning Micronesia land and water areas."*

"Section 402

*The Government of the United States will contribute to a District Economic Development Fund on a matching fund basis with an annual maximum payment by the United States of \$\_\_\_\_\_."*

"Section 403

*The Government of the United States agrees to provide to the Government of Micronesia the services of the U.S. Postal Service, U.S. Weather Service, and U.S. Federal Aviation Administration."*

"Section 404

*The provisions of Section 401 and Section 402 will be reviewed and amended as necessary in consultation between the Government of Micronesia and the Government of the United States at five-year intervals from the effective date of this compact."*

**B. Form of Assistance**

While it is clear that Micronesia requires substantial amounts of foreign capital or development assistance, it is not possible to reach an objective agreement on the amount of assistance necessary without full agreement regarding developmental goals. Not only has there been no consensus to date between the U.S. Government and the JCFS on such goals, but

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within the TTPI itself there are considerable differences of view yet to be reconciled on how the economy should develop and how foreign support might best be used. At one end of the scale, a number of Micronesians believe that present levels of assistance are too high and that Micronesia should wean itself away from over reliance on outside help, which is seen as having a debilitating effect on initiative and traditional values. Other Micronesians, recognizing the islands' need for substantial assistance, have optimistic expectations regarding the availability of assistance from third parties - including international organizations. The majority, however, seems to believe that the U.S. is the best potential sources of assistance and that obtaining a U.S. commitment to an annual level of assistance substantially in excess of current amounts, without relation to specific needs and without strict accountability as to its use, should be the non-negotiable goal in the free association negotiations. In essence, this group feels that the U.S. should pay a quid pro quo for a relationship which benefits the U.S. as well as Micronesia. Suffice to say, the U.S. must anticipate strong pressures for a substantial long-term aid commitment, under any kind of association which preserves any form of special ties or Micronesian satisfaction of U.S. defense and security needs.

While the U.S. has never accepted the rationale behind the Micronesian quid pro quo thesis, the U.S. has moved to the point where it is now offering what might be termed a "lump sum" approach. According to the U.S. proposal, the bulk of the total annual U.S. contribution would be subject to a ceiling, but apportionment would be left to the Micronesians. The proposal recognizes Micronesian autonomy, preserves their dignity, allows them latitude to spend the money as they wish, and offers fewer points of friction with the U.S. From the U.S. perspective, such an approach would tend to keep the total amount of U.S. assistance down. Financial assistance would be negotiated once, not piecemeal. Since the amount for federal programs, services and land rentals would come from the overall total figure, once the limiting figure is negotiated, it is irrelevant for U.S. interests how this figure is divided.

### C. Accountability

Control or accountability to the U.S. Government for the use of financial support could be a major problem area. The Micronesians insist that once U.S. money is received, there should be no obligation to account to the U.S. Government for how it is spent. This would not apply, of course, to any money received under federal programs and services, but the Micronesians believe that all other monies once handed over should be completely beyond U.S. supervision.

From the U.S. perspective the degree of financial accountability to be assumed by the Micronesians presents conflicting arguments. U.S. control over programming and expenditures would help to prevent the squandering of funds and to reduce unfair treatment of some areas and elements in Micro-

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nesia. This is an important consideration in building political stability. This approach might also be more acceptable to the U.S. Congress than one less concerned about accountability. On the other hand, strict accountability would tend to be inconsistent with the concept of total Micronesian responsibility for internal affairs posited under free association and would likely involve the U.S. Government constantly in local political controversies over budget matters, resulting in friction in the overall U.S.-Micronesian relationship. Moreover, the overtly paternalistic implications of this approach presume a lack of trust which could damage long-term United States-Micronesia relationships.

D. Amount of Assistance

On August 1, 1972, a memo from Dr. Kissinger to the Chairman of the Under Secretaries Committee conveyed the President's authorization for Ambassador Williams, in his discretion, to "propose a level of U.S. financial support in the range of \$25-50 million annually, beginning in the lower end of this range and moving upward as necessary to obtain Micronesian agreement on land requirements". This \$25-50 million range was developed for possible use in the Washington and Barbers Point talks of 1972, by which time the U.S. had divorced the Marianas from negotiations with the rest of the TTPI, at least conceptually. (The U.S. side has yet to reveal any specific figure to the JCFS.) Accordingly, the range of \$25-50 million was being proposed for a five-district Micronesia, i.e., without the Marianas. It should be noted that this range included three principle items: U.S. direct grants and budgetary support; Federal programs and services desired by the Micronesians; and payments for land rentals at fair market value (none of the funds to be designated as specific payment for military base rights). It did not include economic development grants to the districts or monies for activities of primary concern to the U.S.; nor did it include monies which may be needed to construct a new capital or for other one-time transitional costs.

The upper limit of that range is roughly equal to the current Department of the Interior annual grant appropriation to the Trust Territory less the Marianas (FY 73 - \$60 million).

It is the view of the study that in terms of Micronesia's needs and ability to absorb U.S. assistance the \$25-50 million range is more than adequate. It is also important to note that arrangements for U.S. financial assistance to the Mariana Islands (still to be negotiated between the U.S. and the Marianas Political Status Commission) should serve as a limiting factor on the amount of assistance which the U.S. agrees to for the rest of Micronesia. The Marianas have opted for a closer, more enduring relationship with the U.S. than have the other districts, and the respective assistance figures should ideally demonstrate that there are financial as well as other advantages in the closer relationship. Given these considerations, the President's Personal Representative should make a determined

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effort to keep the U.S. commitment to Micronesia below \$50 million per year.

The fact remains, however, that the total amount of assistance may be a critical issue in the negotiations with the JCFS and is the main point of leverage which the U.S. side possesses. As noted above, the JCFS expectations are not necessarily linked to need but rather reflect what the Joint Committee believes the agreement is worth to the United States. Thus, \$50 million may prove to be an insufficient amount for exercising the necessary leverage on the Micronesians to produce an agreement which includes all the features desired by the United States. Should it appear to the President's Personal Representative during the course of negotiations that an otherwise satisfactory free association agreement is in sight but for JCFS refusal to accept the amount of assistance proffered by the U.S., it may be necessary for him, on short notice, to request authorization for additional flexibility on the quantum of assistance. Technical arrangements should be made in advance to obtain such authorization on short notice during a meeting with the JCFS taking into consideration that there may be no classified means of communications at the place where the meeting is held.

#### E. Internal Micronesian Problems

Two of the Micronesian districts have indicated a strong desire to retain the bulk of the resources derived mainly from the presence or the anticipated presence of U.S. defense forces, rather than share equally with the less fortunate and less affluent districts. Consequently, the formula by which the U.S. or others would dispense an annual subsidy, or other forms of foreign assistance, may prove to be a point of dispute, both within the COM or between the COM and the districts, although recent statements by Senator Salii seem to indicate that the COM may agree to a significant local role in distributing money from military land rentals.

#### F. Costs of Moving the Capital and Transition

One of the prime financial concerns of the Micronesians is the cost associated with the prospective movement of their capital, occasioned by the decision of the Marianas to affiliate with the United States. The United States has a practical interest in the movement of the capital and in assisting the Micronesians to effect the transfer. (It will be in the U.S. interest to assist in this matter regardless of whether any of the independence options is offered and even in the unlikely event that once offered, an independence option is accepted.) The problem has yet to be studied in detail, but preliminary estimates have run from \$20 to \$40 million. The U.S. delegation should address this problem forthwith and attempt to arrive at an accurate estimate. The President's Personal Representative should be given the authority to commit the United States in principle to assisting with this project and to negotiate what he

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considers a reasonable assistance figure. He should be authorized to make preliminary commitments on additional one-time transitional costs which he deems it in the U.S. interest to fund.

### G. Independence Option

Given the negotiating objective of enhancing the attractiveness of the "Free Association" alternative and the judgment that the degree of acceptability of the independence options is in direct proportion to the extent to which the Micronesians are willing to accept U.S. terms for pre-negotiated defense and/or foreign affairs treaties, the following ranges of projected financial aid, keyed to the independence options presented in Chapter III of this study, appear reasonable:

#### 1. Unqualified Independence

Based on the strategy of emphasizing the negative consequences - the disincentives - of this option, in contrast to the potential benefits to be gained from a compact of "free association", the U.S. Delegation should make it abundantly clear that with the exception of the payments obligated under the Kwajalein leases for the length of their terms, any future assistance would be limited to those amounts which might be available to Micronesia under the Foreign Assistance Act. The Micronesians would be informed that Micronesia's needs would be viewed in the same light as requests from other friendly foreign governments and that no special consideration because of past association or location would be extended to Micronesia. We would indicate a willingness to assist in moving the capital from Saipan, as we would under all the independence options.

#### 2. Kwajalein Denial Independence Option

This option, which involves the indefinite retention of the Kwajalein facilities plus denial of all of Micronesia to the military forces of third countries, would, in the opinion of the study group call for the future negotiation of Kwajalein leases as they expire. We would indicate a willingness to consider requests for foreign assistance in the same light as requests from other foreign governments.

#### 3. Pre-negotiated Defense or Defense-Foreign Affairs Treaties

Since these options promise to satisfy all essential U.S. security needs in the Territory, less the Marianas, the U.S. Government should be prepared to negotiate within a range of \$10-20 million annually, either in the form of federal programs or for developmental assistance and military land payments. There might be one-time transitional costs, in addition to the cost of moving the capital, which it would be in the U.S. interest to agree to fund.



## H. Financial Arrangements in the Event of Termination

As presently envisaged, U.S. strategic interests (defense authority, rights and bases) would survive for a specified period should the Micronesians exercise the right to terminate a compact of free association. The compact language should clearly indicate that once the compact is terminated, the U.S. would simply be obligated to pay for the continuing leases and would feel no special responsibility for sustaining Micronesia's economic development. As a further disincentive to termination, the compact should note that, except for those services for which Micronesia was willing to pay and the U.S. to provide, Federal services extended to Micronesia would be withdrawn when revocation of the compact became effective.

### I. Conclusions

1. It is clear that the JCFS will not under any conceivable circumstances accept a compact of "free association" that does not carry with it a substantial U.S. obligation to provide an annual subsidy in an amount which can be related to current levels.
2. The Study Group believes that an annual U.S. subsidy to Micronesia (excluding the Marianas) in the range of \$25-50 million annually would be commensurate with the interests the U.S. Government seeks to protect and in consonance with its moral and political responsibilities toward the inhabitants of this territory, should the Micronesians elect to remain closely associated with the U.S. It must be understood, of course, that any U.S. financial commitment will have to be approved by the U.S. Congress.
3. Despite conclusion #2 above, given the Micronesians' inflated notions of what a free association relationship should be worth to the U.S., it may be necessary for the President's Personal Representative to seek on short notice instructions giving him additional flexibility in negotiating U.S. financial assistance to Micronesia.
4. The President's Personal Representative should have the authority to commit the U.S. to assist in relocating the Micronesian capital and in meeting other appropriate one-time transitional costs.
5. It is clear that the less the U.S. interferes - or appears to interfere - in the internal affairs of the new Government of Micronesia, including in those matters pertaining to power over the purse, the better the chances of maintaining cordial or at least stable relations in the more critical areas of defense and foreign affairs. Moreover, a willingness to concede this point may assist in obtaining the kind of agreement most responsive to long-term U.S. security interests in the area.

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6. To assume a constant or descending level of U.S. payments over time would heighten Micronesian incentives to generate higher internal revenues and would tend to discourage an escalation of Micronesian financial demands in the event U.S. military activities should increase substantially.

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## VI. TERMINATION PROVISIONS AND SURVIVABILITY OF DEFENSE ARRANGEMENTS

Two of the most important and potentially most difficult issues remaining to be negotiated in a compact of free association are: (a) the terms under which the Micronesians might unilaterally terminate the relationship; and (b) provision for the survivability of U.S. defense arrangements in the event the compact is terminated. These issues and related recommendations are discussed below.

### A. Unilateral Termination

At the Koror talks in April, 1972, the two delegations agreed that a compact could be unilaterally terminated by either party following a moratorium period which would commence at the time the compact is placed into effect. The U.S. Delegation proposed a 15 year moratorium. The JCFS proposed five years. An important purpose of the moratorium, from the U.S. point of view, is to minimize the possibility of termination by assuring sufficient time to construct a web of political, financial and other links giving the Micronesians a vested interest in prolonging the free association relationship. It is hoped that within 15 years, the Micronesians and their leaders will adjust and become habituated to their relationship with the U.S.

During the negotiations in Koror, Chairman Salii, while insisting on the right of unilateral termination, conceded the necessity to "accommodate the security and planning concerns of the U.S. and Micronesia" and indicated a willingness to negotiate in good faith the terms and conditions of a "security treaty" under which the U.S. would continue to maintain specified military bases even if the compact were terminated by Micronesia.

It is not clear whether there is any flexibility in the Micronesian position that the moratorium should be for only five years. Given the general Micronesian approach to negotiations, it would seem likely that, if there is flexibility, it would be in the direction of compromise on a ten year period. (However, it should be noted that in an informal discussion of termination with Ambassador Williams the past June, JCFS Chairman Salii did not object to -- or in any way comment on directly -- the U.S. proposal for 15 years.)

The U.S. ability to achieve a maximum moratorium period will depend significantly on its negotiating leverage -- such as, for example, the willingness of the U.S. to tender an independence option as an alternative to Free Association and the financial inducements offered. If no independence option is available as a lever, some members of the JCFS might insist that a five year moratorium on termination would be unacceptable.

Viewed from another perspective, the total removal of a moratorium period (in the absence of formal independence option) could help defuse the independence issue in Micronesia -- although not completely because the U.S. insistence on a survivability provision for defense relationships.

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From still another perspective, a brief, e.g., five year moratorium period would, in the absence of a formal independence option, significantly improve the prospects for U.N. approval for termination of the trusteeship agreement. Conversely, U.S. insistence on a lengthy moratorium would markedly decrease the prospects of U.N. approval of a free association arrangement, in the absence of an independence option.

In addition to the length of the moratorium period, there are other questions relating to termination which are relevant to U.S. negotiations with the JCFS: (a) The extent to which the U.S. can or should try to impose the specific procedures to which the new Micronesian government would have to adhere prior to any formal notice of termination, e.g., the need for a two-thirds vote of the COM and approval by the electorate; and (b) whether the U.S. should insist on the right for any district voting against termination to negotiate a new and different relationship with the U.S. It is presently unclear to what extent the U.S. can usefully exert leverage on these matters during negotiations, though it appears that the JCFS considers them legitimate subjects for negotiation. Senator Salii noted at Koror that further negotiations on termination "must include the detailed procedures for the exercise of the right of termination..." but suggested that this question should be deferred until agreement has been reached on the remaining issues of financial and economic assistance, the duration and terms and conditions of the leases of military base rights and the details of a follow-on mutual security pact.

#### B. Survivability of U.S. Defense Responsibilities and Authority

It was tentatively agreed at the Koror talks in April, 1972, that U.S. defense responsibilities and authority in Micronesia would survive any termination of the free association relationship. At that time it was agreed that survivability would be covered in a pre-negotiated mutual security treaty which would enter into effect upon termination of free association. Subsequently, during the Washington talks in July, 1972, the two delegations informally discussed the possibility of a compact provision which would state that, in the event of termination of free association, all provisions of the compact relating to U.S. defense responsibilities and authority (Title III and its annexes) would remain in force.

The length of the survivability period has not yet been discussed with the Micronesians, although the President has previously determined that the defense relationship should survive for a minimum period of fifty years beyond any termination of the compact.

From the practical and legal point of view, the simplest and best arrangement would be a specific provision within the compact providing the Title III of that document and its associated annexes, would survive any termination of the compact for a specified period not less than fifty years.

The length of survivability will be a major issue in the negotiations. The Micronesians will probably balk at any provision of fifty or more years of survivability and may counter with an offer of five to ten years. At an informal meeting with Ambassador Williams in June JCFS Chairman Salii said that resistance has been building up within the Joint Committee to the very concept of survivability.

### C. Conclusions and Recommendations

1. It is possible, but by no means certain, that by using the financial and other negotiating levers available to it, including perhaps an independence option, the U.S. can obtain Micronesian agreement to a moratorium on unilateral termination of ten to fifteen years\*.

2. It will be hard for the U.S. under any circumstances to win Micronesian acceptance of a fifty year period for survivability of U.S. defense rights following any termination of the compact of free association. Micronesians acceptance of even a shorter survival period will depend largely on the extent to which the U.S. is prepared to use such negotiating levers as, above of finance, and possibly an independence option.

3. Since the President's Personal Representative has not yet had an opportunity to test in negotiations the combination of a fifteen year moratorium period and survivability for fifty years authorized in his instruction, he should make a determined effort to win Micronesian acquiescence to that formula when the negotiations move to consideration of the termination/survivability provisions of the compact. However, he should have the flexibility to negotiate a ten to fifteen year moratorium period in order to maximize prospects for Micronesian acceptance of adequate defense survivability provisions\*\*.

4. If the President's Personal Representative determines at any point in the negotiations that a fifty year survivability provision has no chance of acceptance by the Micronesians, he should be prepared to ask for new instructions on this point and to make appropriate recommendations regarding the length of survivability and, if necessary, on the length of the moratorium period.

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\*The Department of Defense disagrees with this conclusion. It believes that on the basis of what little evidence is available, there is a reasonable possibility the Micronesians may agree to a moratorium of 15 years.

\*\*The Department of Defense and the Office for Micronesian Status Negotiations object to the recommended reduction of the present U.S. position calling for a fifteen year moratorium period. It is in the U.S. interest to be assured of a minimum of 15 years access to this strategic area and the necessary base rights. Any lesser period in their opinion defeats the underlying rationale for free association. Fifteen years is in itself a

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*short period in which to fashion permanent links between the U.S. and Micronesia. Any shorter period erodes the whole concept and jeopardizes the overall security arrangements. If a shorter period proves necessary the U.S. should reexamine the goal of free association; perhaps an alternate arrangement would be more desirable under the new circumstances.*

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VII. UNITED NATIONS ISSUES

A. Security Council. Article 1 of the Trusteeship Agreement between the U.S. and the Security Council designates the TTPI a "strategic area" as provided for in Article 82 of the United Nations Charter. Article 83 of the Charter provides that all functions of the U.N. relating to strategic areas shall be exercised by the Security Council assisted by the Trusteeship Council. These articles were specifically tailored to cover U.S. concerns with regard to the TTPI, the only "strategic area" under trusteeship.

B. Trusteeship Council. The Trusteeship Council will probably remain reluctant to assume a role in the Status discussions or to be drawn into discussions of what status is appropriate for the Micronesians or of what constitutes the proper definition of "free association" or any other status. Rather, the Council will continue to place emphasis on U.S.-Micronesian agreement and acceptability to the Micronesian people. The Council will not, however, disregard U.N. views, such as GA resolution 1541, or precedents established in other cases. Therefore, the closer that the free association compact can come to meeting the standards of 1541 (which the United States has frequently cited as a counterweight to the more far-reaching U.N. Declaration on the Granting of Independence - Resolution 1514) the stronger and more helpful the endorsement to be expected from the Council.

C. Termination of the Trusteeship

In the nine previous cases of trusteeship termination, the administering authorities sought and received United Nations General Assembly approval before termination. Australia clearly plans to seek U.N. GA approval of its termination in the near future of the trusteeship agreement covering New Guinea.

There is no basis in the U.N. Charter or the Trusteeship Agreement for distinguishing the positive aspects of United Nations practice with respect to termination procedures for strategic and non-strategic trusts. Article 15 of the Trusteeship Agreement affords the United States a veto over amendment or termination of the agreement and would allow us to preclude passage by the Security Council of resolutions changing or ending the agreement over U.S. opposition. The other four permanent Security Council members also have veto powers.

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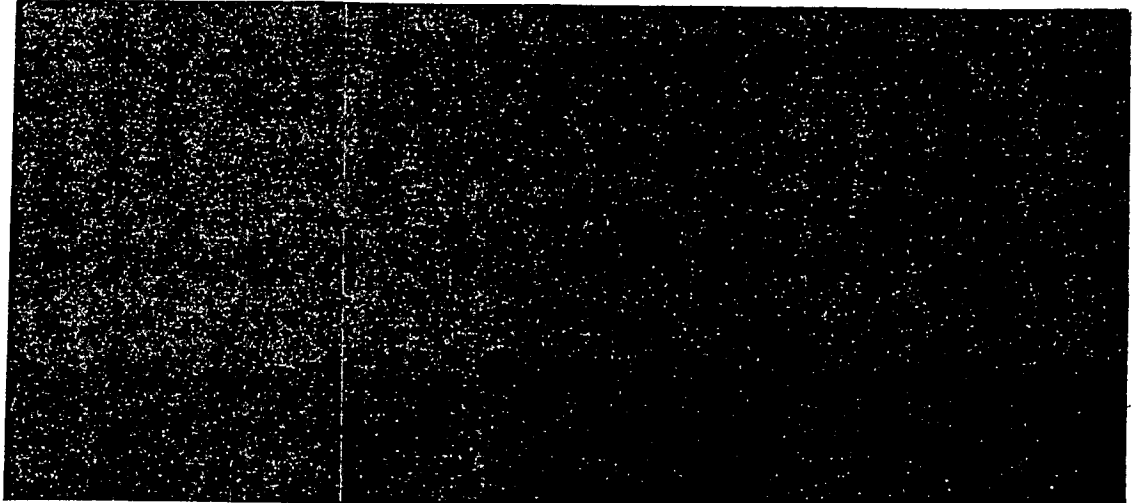
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During the negotiation of the Trusteeship Agreement in 1947 the United States, represented on the Security Council by Senator Austin, stated squarely that "...no amendment or termination can take place without the approval of the Security Council". He stated also that "The United States wishes to record its view that the draft trusteeship agreement is in the nature of a bilateral contract between the United States, on the one hand, and the Security Council on the other".



In nearly all foreseeable cases the U.S. would be in a better political and legal position having sought Security Council approval even if we failed to obtain it. If we have clearly fulfilled our obligations in good faith, including the administration of a proper plebiscite of self-determination, we are likely to be supported by most if not all the Council. Should there be a Soviet or Chinese veto we would still be likely to receive at least acquiescent support from the majority of the Council even if we undertake subsequent unilateral action. It would appear that only if our proposal is widely considered not to constitute a genuine fulfillment of our obligations as administering authority would we be opposed by a majority of the Council. In such a case the advantages of seeking Council approval would not, of course, preclude debate on our action, and the points outlined above would doubtless be addressed. In this exigency we could probably not count on the active support of any other states, including those otherwise most friendly to us.

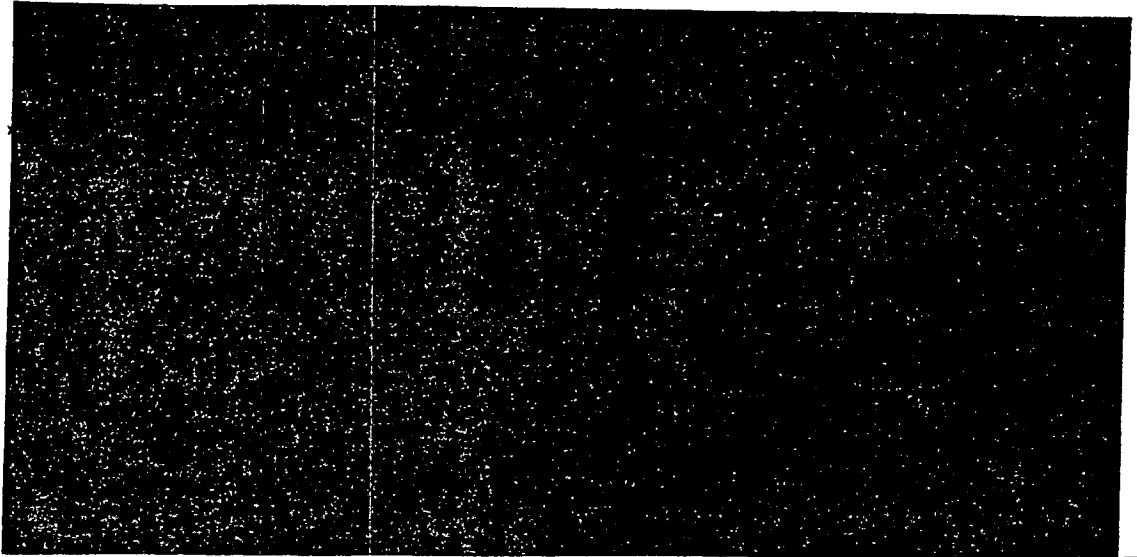
The U.S. has already stated that it would wish to have observers from the Trusteeship Council at the time of the plebiscite. Consideration of actual language for the questions to be included in a plebiscite and the manner in which the referendum is handled will require negotiation with the Micronesians and some consultation with the Trusteeship Council. In general, an act of self-determination should, if it is to satisfy prevailing sentiment within the Trusteeship and Security Councils, offer an opportunity to choose between a relatively unqualified form of independence and acceptance of the negotiated status agreement, as discussed in Chapter III of this study. . .

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D. Conclusions



The character and conditions of an ultimate act of self-determination for Micronesia -- including participation by appropriate U.N. observers -- will be a subject for consultations with the Micronesians, and with the U.N. Trusteeship Council.

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### VIII. TRANSITION

For the purpose of this study, the term "transition" is intended to denote the process of increasing self-government from the present time until termination of the trusteeship and Micronesia's entry upon a new political status. The term is not intended to include procedures for holding a plebiscite or the actual termination of the trusteeship with the United Nations, but rather the processes (e.g., constitutional convention) by which Micronesians will be taking over the reins of government.

The Interagency Group preparing the present study strongly believes that so-called "transitional steps" in political, administrative and financial matters should have the end purpose of a smooth and orderly changeover from trusteeship to association, with the continued provision in the meantime of those services and programs for which the United States, as Administering Authority, has assumed responsibility. The study finds no reason for major institutional changes merely for the sake of change during this period, but rather, recommends that wherever possible alterations be made directly from the present organizational structure into that which will be used by the future Micronesian Government, avoiding irrelevant and unnecessary intermediate steps.

Although there has been some discussion of transition in the course of negotiations with the JCFS, the subject has generally been put off because of lack of agreement on the essential elements of the future status itself. Nevertheless, the President's Personal Representative suggested strongly during the Koror round of talks that the Congress and people of Micronesia get on with the task of deciding what the internal structure of their future government would be through the procedure of a constitutional convention. The JCFS concurred in this suggestion and submitted to subsequent sessions of the Congress of Micronesia legislature for a Constitutional Convention as well as a Commission on National Unity and an Office of Micronesian Governmental Transition. The Congress has not yet enacted this legislation, thereby making future progress in the area of transition rather difficult. At the same time, however, the Congress has adopted resolutions and passed legislation which would serve to increase self-government in Micronesia, without the advantage of a constitutional blueprint. Further, several vocal members of the Congress of Micronesia have suggested far-reaching changes in the Administration, designed particularly to increase the role of the Congress of Micronesia.

Finally, it should be noted that the JCFS, although unsuccessful in getting a constitutional convention bill through the Congress, has itself undertaken to draft a proposed constitution for the future government of Micronesia. This draft is not yet public, but reportedly is based upon a relationship of free association with the U.S. and suggests a high degree of decentralization for the future central government of Micronesia. It should be noted that such a scheme would establish a Micronesian constitutional structure far different from that suggested by the Congress of

Micronesia in the legislation it has passed to date for increased self-government in Micronesia. Accordingly, in moving toward self-government, the U.S. must carefully consider the possible conflict between the nature of the constitutional structure proposed by the JCFS, and pressures for increased exercise of centralized authority by the Congress of Micronesia.

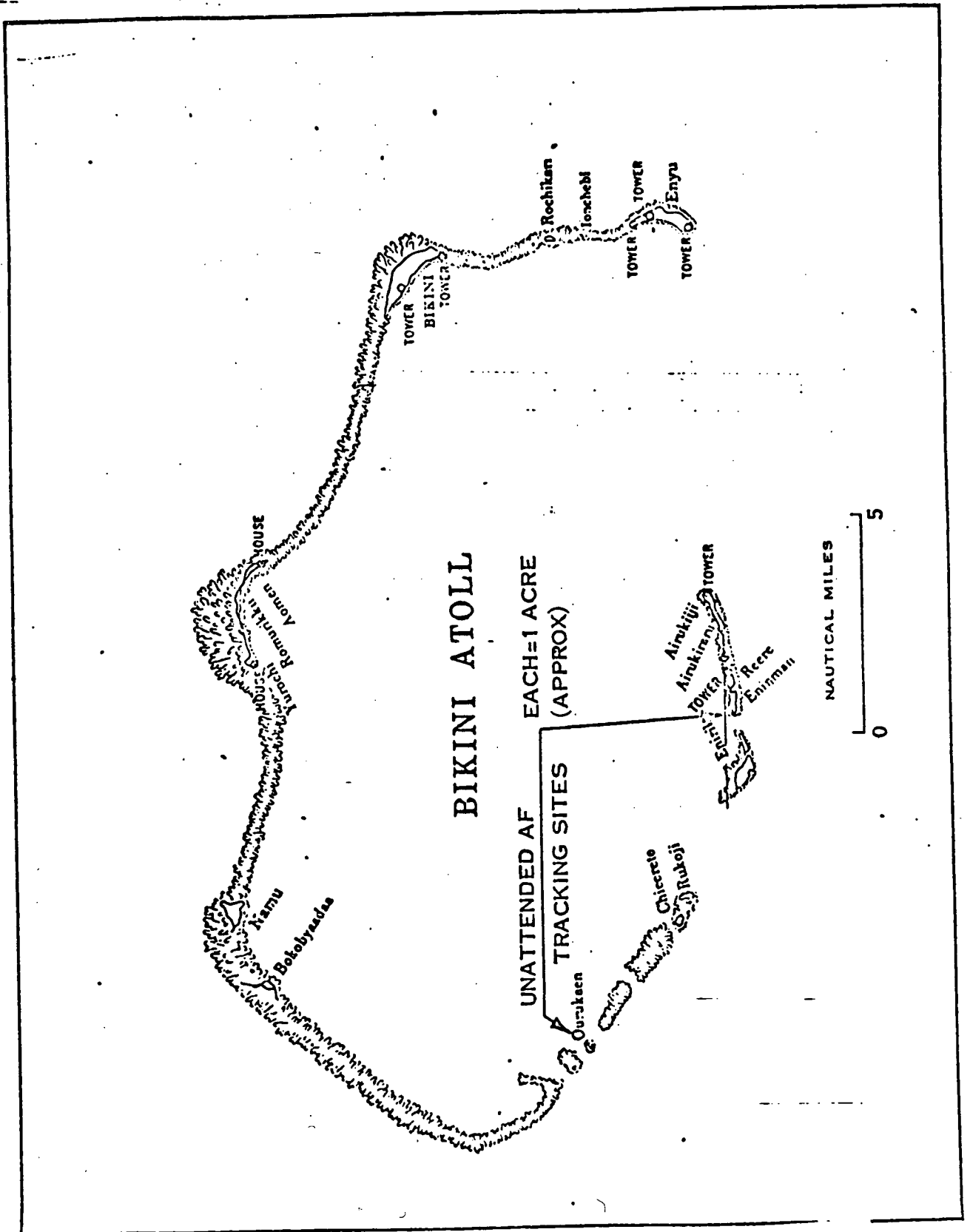
With respect to movement toward self-government, it is concluded for several reasons that this should continue and where possible even be accelerated, keeping in mind as noted above, the necessity to have changes in the present administrative structure be consistent with and relevant to the ultimate constitutional government of Micronesia. First, the U.S. has a legal and political commitment to assure that the leaders and officials of a future Micronesian Government are thoroughly experienced in all areas of government at termination of the trusteeship. Similarly, it is in the U.S. interest that the new Micronesian Government be reasonably stable and effective; the greater the self-government prior to termination of the trusteeship, the more likely will be such stability afterward.

Finally, a high level of internal self-government would almost certainly encourage greater responsibility on the part of Micronesia's leadership, while also focusing their energies and attention on internal problems and away from status issues. Further side-effects could very well be an increased Micronesian awareness of Micronesia's need for association with the U.S., and acceptance of the concept that Micronesia can have meaningful self-government and association with the U.S. at the same time.

Changes providing for such increased self-government should, however, be such as to lead to increased Micronesian responsibility and authority: (a) in areas which will not threaten U.S. security interests; and (b) in areas which are not likely to be in conflict with the character of a future Micronesian Government. Possible changes to be considered for early implementation include: (a) increased budgetary responsibility for the legislative bodies of Micronesia; (b) increased legislative participation in appointments in the executive and judiciary branches; (c) limitation of executive veto authority in areas not directly affecting fundamental U.S. interests; and (d) continued rapid "Micronization" of policy-making positions in the TTPI administration up to and possibly including the Deputy High Commissioner.



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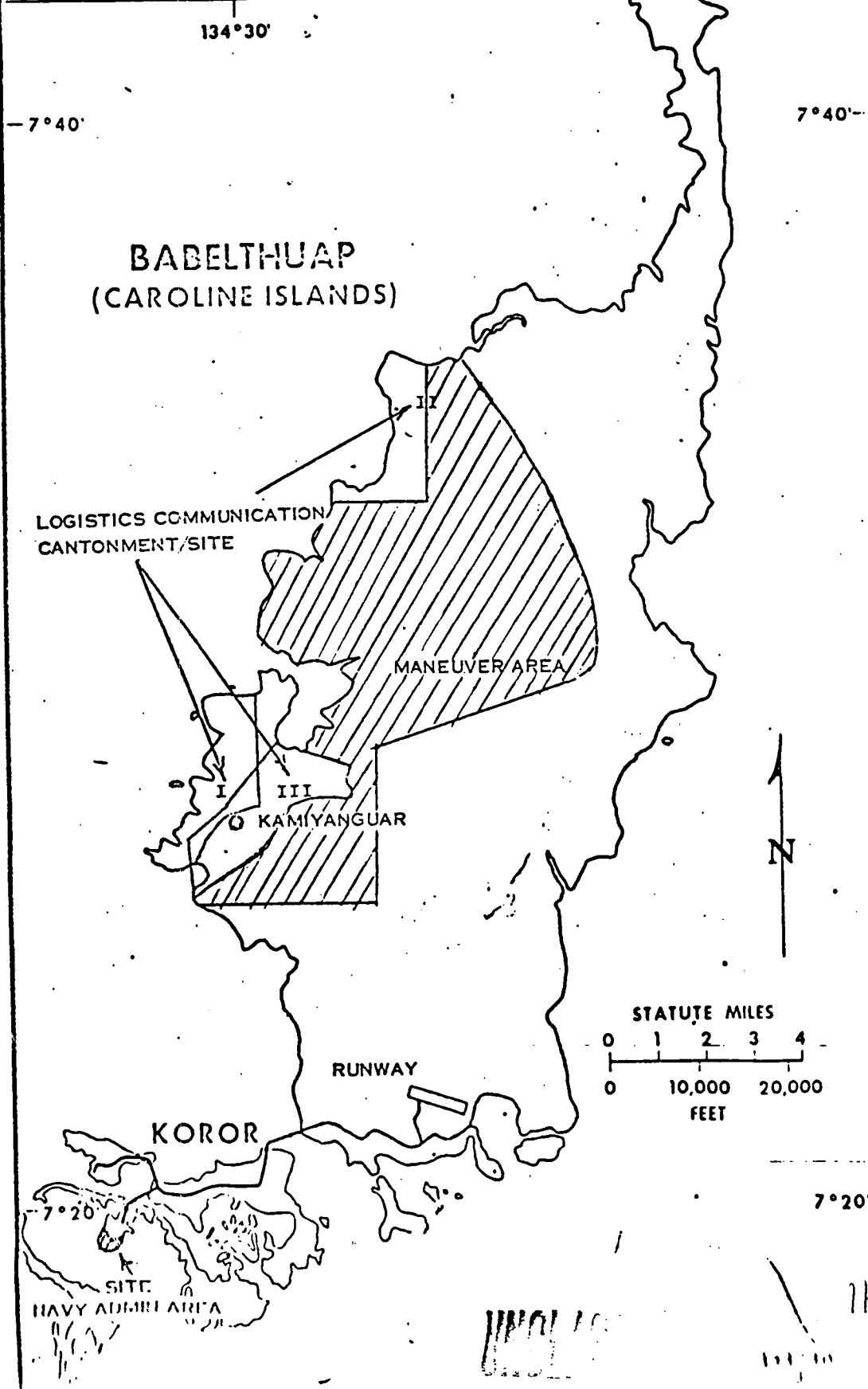
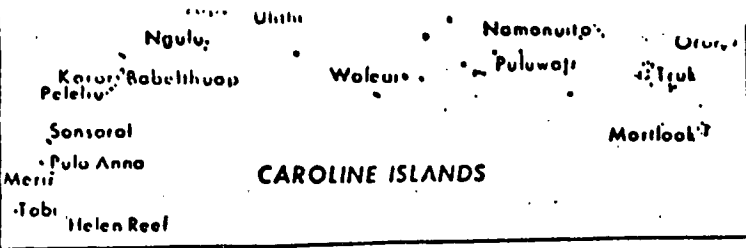


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DEPARTMENT OF DEFENSE ASSESSMENT OF U.S. STRATEGIC INTEREST  
AND OBJECTIVES IN MICRONESIA AND JUSTIFICATION FOR  
MILITARY LAND REQUIREMENTS

1. U.S. Strategic Interest and Objectives

a. The security of the U.S. interests in Asia depends in large part, on U.S. ability to maintain its influence in the Pacific Ocean area. Such influence will be required as long as U.S. military forces must be moved through, under, or over the area, are required to function in the area; and, as long as it is necessary to deny to the enemy positions from which attacks of any kind may be launched against the United States, its possessions, or its allies. Our base system in the Pacific is an amalgam of key locations providing a U.S. presence which assists deterrence to aggression and facilitates exploitation of the mobility of U.S. Forces to rapidly reinforce allies if deterrence fails. Control of any portion of the area must be denied to potential enemies. The cost of lives, time, and resources paid by the United States in World War II to secure control of the islands in Micronesia is a direct measure of the vital need to establish and maintain unquestioned U.S. control of this area.

b. U.S. interest in Micronesia is based in part upon its military-strategic value. The area provides positions of potential military value for the defense of Hawaii, Guam, the Panama Canal, Australia, New Zealand, Japan, and of the U.S. sea LOCs through the Western Pacific, and into the Indian Ocean. The area is also a zone of transit, the continued control of which is basic to the fulfillment of U.S. Asian and Pacific security commitments and protecting U.S. interests. The islands in the Pacific area are important sites for the network of transport and communications facilities essential to the maintenance of normal contact between the United States and the countries of Asia and Australasia.

c. The value of the area to the United States has been enhanced considerably by recent developments in military and space technology. The progress of the U.S. earth satellite program has also increased its significance. In the interests of its longer range military and space programs, the USSR will be attentive to any political development that offers hope of developing its own power structure in Pacific area.

d. There are presently discernible factors, including a deficit in the U.S. balance of payments and growing political pressures against U.S. bases in some countries, which may result in some additional limitations and restrictions on the use of the existing Far East bases. It is conceivable that a continuing U.S. military presence in some of the countries may be restricted seriously or jeopardized by the local political environment. Should future circumstances result in continued limitation and restrictions on the use of existing bases on foreign soil, use of Guam and the TTPI could well become a critical consideration in effective military operations in the Western Pacific.

e. In view of the developing PRC nuclear capability, Guam and the TTPI can be expected to become of increasing strategic importance to the United States. As the PRC threat evolves, there may be a requirement to adjust the U.S. posture to provide an additional dispersal of military forces on territory under complete U.S. control.

## 2. Specific Considerations

a. By nature of their location, across the lines of communications to existing Western Pacific bases, the islands of the TTPI provide potential fallback sites for our present forward basing posture. Together with Guam, these islands could fulfill a wide range of requirements that could develop under various contingencies. The isolation of some of these islands and their sparse population make them ideal sites for weapons and other equipment testing programs, space launch, recovery, telemetry and control stations, underwater surveillance test operations, training areas, and bases for application of future technological advances. The basic national strategy for the East Asia/Western Pacific area envisions U.S. forward deployed forces, together with the military forces of our allies in the area, providing a deterrence to potential enemies, and a capability if deterrence fails to defend as far forward as possible until reinforcements arrive. Implicit in this forward strategy is the requirement for forward bases for U.S. land, sea and air forces as well as logistic, communications and intelligence facilities. These forward bases can be located in allied countries, on U.S. territories in the Western Pacific, or in areas that will be politically associated with the United States.

### b. Increasing Reliance on "Hard Bases":

#### (1) Assurance of Availability

(a) Several factors suggest that contingency plans be prepared for the loss of U.S. bases on foreign territory. Among them are the changing character of our alliances, and the political uncertainty in many of the countries in Asia, both of which could make any U.S. military presence in Asia tenuous that is dependent upon foreign basing rights. Thus, U.S. bases in allied countries may be termed "soft" as a reflection of their vulnerability to host nation withdrawal/restrictions of basing rights, and political pressure for reducing the foreign (U.S.) military presence in their country.

(b) Forward bases on U.S. territory, and on territory over which the United States exercise sovereign control or that which is politically associated with the United States are not as susceptible to political pressures or constraints as those in a foreign nation. The use of these "hard" bases, however, is subject to national decisions on such issues as Congressional appropriations; the acquisition of land for base development and expansion; and the types and sizes of forces to be based there. Other aspects which may favor the use of territories or areas that are politically associated with the United States, are the opportunity to acquire or retain options for prospective military bases, and the ability to obtain reentry

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rights where forward bases are abandoned or are shared with commercial enterprises. These options are generally difficult to obtain in foreign countries.

(c) In summary, the assurance of availability of bases over which the United States is sovereign or in areas that are politically associated with the United States is generally greater than on foreign soil, although some obstacles may still be present. This fact suggests that Micronesia should remain associated with the United States and that increased efforts should be directed toward acquiring basing options in Micronesia to insure that the United States is able to maintain a forward defense posture in Asia in the event that basing of U.S. Forces in allied countries becomes untenable.

(2) Other Advantages. Maintenance of an adequate forward base structure in Micronesia provides a number of important advantages:

(a) U.S. as Pacific power. U.S. military bases in the Western Pacific serve as a convincing demonstration of U.S. intent to remain a Pacific power, and to maintain sufficient forward deployed military power to fill U.S. commitments to its allies and protect U.S. interests in that area. The existence of these bases also serves as a tacit reminder to other Asian powers that the United States exercises sovereignty over territory in the Pacific Basin, hence it is a resident Western Pacific power -- a geographical neighbor to the Nations along the Asian littoral.

(b) Balance of payments. Increased use of bases on U.S. sovereign territory or in areas that are politically associated with the United States and concomitant reduction of forces deployed on foreign soil would substantially decrease the balance of payments in Asia. A significant percentage of U.S. military foreign expenditures thus saved would be redirected into the economies of the United States and Micronesia, both through expanded base development and the impact of U.S. Forces on the local economy.

(c) Political mobility. U.S. Forces based in Micronesia will have immunity from foreign basing constraints. Therefore, in the event of further erosion of current bases they will provide the political mobility and operational flexibility essential to a strategy that requires freedom to maneuver, even though these bases are not as strategically located to potential objective areas as present forward bases.

c. Were unfriendly powers to achieve footholds in the TTPI, the United States would be faced with essentially the same situation that existed in Cuba during the early 1960's, only this time be powerless to control it. For example, such foothold could provide unfriendly powers with refueling bases, missile control stations, submarine bases, and other military facilities detrimental to the interests of the United States. The TTPI in unfriendly hands would present a formidable threat to the security of the United States, and the military value of U.S. installations on Guam would be largely neutralized.

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d. Japan has emerged as a world economic power and greater efforts are being made to project this power and influence into the TTPI and elsewhere. U.S. strategy and actions should work toward insuring that Japan develops appropriately in harmony with U.S. security interests. However, this should not preclude provision for alternatives should Japanese interests prove inimical to U.S. interests in the Asian-Pacific area.

e. The strategic importance of the TTPI was recognized by the U.N. Security Council in 1947 when it was designated a strategic area. This importance has increased as the United States has been called upon to discharge its obligations as a Pacific power. As political pressures grow to restrict or eliminate U.S. use of bases and facilities in the Far East, the importance of permanent U.S. military control of the TTPI becomes increasingly evident.

f. The TTPI and Guam are so located as to permit surveillance and defense of the major air and sea lanes from the United States to USSR (Asia), to the PRC, Southeast Asia, and the Southwest Pacific. Submarine and surface ships patrolling the Philippine Sea can be supported logistically, eliminating the requirement to return to Hawaii, approximately 2,500 miles more distant. These locations are well-suited for monitoring Soviet and PRC submarine activities. The potential exists at Tinian, Saipan, Babelthuap, to build airfields and other strategic military facilities capable of supporting major operations. These areas have been subjected to detailed analyses as they relate to U.S. post-Vietnam defense posture, and minimum military land requirements to support U.S. basing options and strategic interests have been developed. Should the stationing of major PACOM Forces in Southeast Asia, Okinawa, and elsewhere be further restricted during the post-Vietnam, mid- and long-range periods, possible future use of the TTPI includes, but is not limited to, the following:

(1) Palau Islands

(a) Of the island groups in the TTPI, the Palaus possess perhaps the greatest potential for possible future development of a logistic, cantonment, airfield, maneuver area and harbor facility strategically located because they are almost 800 miles closer to the South China Sea and the Indian Ocean than the Marianas. Within 1,500 miles from the Palaus are Okinawa, Taiwan, the Philippines, Australia, most of the South China Sea, and almost all of the Indonesian archipelago. This radius encompasses virtually all of the LOC's between Japan and Australia. Because of their proximity to Southeast Asia, the Palaus are the most desirable alternate or fallback location for U.S. bases in event of loss of base rights in the Philippines. A U.S. base in the Palaus would provide continued access to the increasingly important Southwest Pacific area, as well as constitute a key defense outpost on the western fringe of Micronesia.

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(b) In order to determine the importance and the need for a contingency U.S. Navy base and a Joint Service maneuver area in the Palau District it is appropriate to consider the extent and role the existing Philippine base complex plays in supporting Navy and Marine mission requirements and national policy in the area.

1. The Navy's real estate holdings in the Philippines (Subic Bay, Cubi Points and San Miguel) total over 41,800 acres. Training areas available and areas which can be used for Marine training and maneuver exceeds 70,000 acres in total acreage. The major activities located there include a naval base, a naval station, a supply depot, a ship repair facility, a magazine, and a communications station. To man the complex requires 1,300 officers and men and 1,300 civilians. The magnitude of operations and support services is thus considerable. During 1972, the supply depot received 759,206 measurement tons of material for distribution to fleet and local units, and the ship repair facility performed an average of 4,495 man days of production work per day on Pacific Fleet ships. The piers at the naval base are capable of supplying shore generated electrical power, fresh water and fuel. There is sufficient room for nesting of destroyer type ships, and there are 120 anchorage available. The naval air station accommodates and supports an antisubmarine patrol squadron with nine P-3 aircraft, a carrier onboard delivery (COD) squadron with 15 aircraft, varying numbers of transient aircraft, and, as required, a carrier air wing. Depending on the area used, training exercises of at least up to MAU/BLT size and larger, depending on arrangements made between the U.S. and Philippine Governments.

2. These Philippine bases play an important role in supporting the U.S. military forces employed in carrying out U.S. policy and providing a presence which contributes to maintaining a regional balance of power in the Southwestern Pacific area. If use of all or part of these bases were denied to the United States without a possible fall-back base in the region, the United States would be unable to adequately support forces afloat and U.S. Southwestern Pacific allies because of the extreme distances involved. It must be remembered that over 95 percent of all support for the Vietnam war was provided by ship. Therefore, it is in the national interest and necessary under the strategy of forward basing to have an option for another Southwestern Pacific naval base and Marine maneuver area should circumstances warrant.

(c) In considering all aspects associated with possible locations for a future contingency support base, the Palau district was determined to be the only location possessing the potential for possible future development of even a limited forward support base. Because of the strategic location of Palau, a ship at normal transit speed would reduce by four days the time required for a round trip to the South China Sea and the Indian Ocean if that ship could use the Palau rather than Guam or the Marianas. As stated previously, a radius of 1,500 miles from the Palau encompasses a major portion of the South China Sea, while a similar arc from the Marianas does not reach beyond the Philippines. This difference is especially significant for at least two reasons:

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1. Experience and analysis substantiate that Naval forces are most economically employed when areas of operations are within 1,200 to 1,500 miles of logistic support bases. Beyond that distance, the number of required combatant and replenishment ships rises sharply;

2. P-3 antisubmarine patrol aircraft are effectively employed within operating radius of 1,500 miles.

(d) The ability to stage from the Palaus also permits defense of Guam and Tinian and avoids complete concentration of military facilities in the Marianas, which would limit flexibility and increase risk.

(e) The physical characteristics of the Palaus are equally important. Malakal Harbor is an excellent "harbor within a harbor". There are additional supplementary anchorages nearby. Babelthuap's large area, terrain, and sparse population permit its use without significant interference with the island's residents. If necessary during wartime, military facilities could undergo emergency expansion on Babelthuap. These attributes cannot be duplicated elsewhere in the TTPI west of Guam.

(f) The minimum requirements, as described in Secretary Laird's 9 September 1971 letter and reaffirmed by Secretary Richardson on 28 March 1973, will provide, at best, only a partial hedge against loss of existing bases and training areas or unsatisfactory limitation on the use of these bases. This risk was accepted in recognition of Micronesian reluctance to part with land and the attitude of many Palauans toward the United States. However, these requirements represent the absolute minimum basing options which prudence dictates and are considered non-negotiable minimums.

(g) It is apparent that the Palauans are concerned about U.S. plans for installations on their islands. The Palauan's interest in these plans is appreciated. Their queries can best be answered by explaining that the exact time and nature of development of facilities is dependent on many variables, including the future of other Pacific bases, political decisions concerning U.S. Forces in Asia, and relative priority of military construction projects elsewhere in the world.

(h) The Navy has no plans for early development in the Palaus. However, depending on the degree of stability of U.S. basing and force levels in the Western Pacific the following hypothetical minimum and maximum conceptual development sequences may be useful for informational purposes.

1. Minimum contingency development would probably consist of the following:

a. Initially, ship visits may be expected in Malakal Harbor.

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b. A master plan would be developed for Navy facilities and the joint-use airfield.

c. The Navy will also assist in development of a master plan for civilian development of the island. These plans would be developed by Navy and local representatives to take advantage of Navy experience and expertise and to insure that the requirements of both users (civilian and military) are adequately provided for and are compatible.

d. Airfield construction would follow. Upon completion of the runway, patrol aircraft could be staged from the airfield at the rate of several each month.

e. If circumstances warrant, options may be exercised and minor construction undertaken on the three sites. This could include administrative and living facilities on Babelthuap for possibly 20 to 50 men, certain support facilities at the airfield and an administrative building at Malakal harbor. It is also expected that a minimal cantonment and storage facilities for POL and ammunition will be constructed on Babelthuap.

2. If the need arise for a significant relocation of WESTPAC base facilities, or if there is a major increase of Naval forces in the area, the following expansion could be envisioned for the Palaus.

a. The use of Malakal Harbor and Komebail Lagoon for a fleet anchorage (occasional use by up to 10 to 15 ships).

b. Placing a tender and floating dry dock in Malakal Harbor for maintenance and repair of submarines and destroyers.

c. Completing land fill in the 40-acre area in Malakal Harbor and construction to provide for alongside berthing and bunkering and for logistic and administrative facilities.

d. Expansion of storage facilities on Babelthuap for additional prepositioned was reserve stocks of POL and ammunition and operational stores.

e. Construction of a communications facility at the Babelthuap site.

f. Expansion of administrative and personnel support facilities (quarters, offices, medical facility, warehouses, sales outlets, recreation facilities, etc.) for up to approximately 1,000 military personnel.

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g. Periodic use of the maneuver area for training and maneuvers.

h. Construction at the airfield of up to approximately 100,000 square yards of parking apron, construction of a hangar and aircrew alert facility and ancillary buildings (e.g., line shack, GSE facility, wash rack, etc.).

i. Operating a patrol squadron (nine P-3 aircraft) or detachment (two to size P-3s) from the airfield and occasional use by carrier air wing aircraft (intermittent presence of up to approximately 10 to 30 aircraft).

3. For the construction of the Joint-use airfield, the Navy is amenable to participation at Airai or another site. The intent of the Navy's contribution of up to \$9 million is to insure that the airfield meets its requirements for flight activity and that there is adequate area provided for Navy facilities, as described in the development scenario, and a reasonable degree of future expansion, if needed.

4. Some of the facilities for the support of ships will be located at some distance from Malakal Harbor. This division was necessary in order to overcome the problem that Malakal Harbor is the only suitable protected harbor, but 2,000 acres of land near the harbor to accommodate DOD munitions safety criteria is not likely to be available for Navy use. In addition, the unloading, loading and storage of ammunition and POL are well-suited to an isolated location. The disadvantages of use of this remote site must be accepted in order to provide an appropriate site for some functions which should be distant from population centers. Three alternate sites have been selected, one of which will be negotiated for with the Palauans during the U.S. land survey team visit.

5. It may be suggested that all support facilities for ships be collocated at the single 2,000 acre site on the West Coast of Babelthuap. However, this proposal fails to recognize that the use of Malakal Harbor is critical to an effective support facility in this area.

a. Malakal Harbor is the sole site which provides adequate sheltered anchorage and berthing. Protection from wind and sea is present in virtually a full circle. In contrast, the lagoon on the West Coast between the barrier reef and the islands is open to winds from the southwest through the northwest and winds from these directions exist about 20 percent of the time. From July through October the wind is from these unsheltered directions well over 50 percent of the time. The conditions in the anchorage area in the lagoon are described as troublesome with west winds and untenable at times during strong northwesterly winds. As the Palaus are in or near the "typhoon belt", it is also noteworthy that, there are many instances when moderately high winds from a typhoon skirting the islands make the lagoon unusable while Malakal Harbor remains



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adequately sheltered. These factors are important for even infrequent transient ship use, but they are crucial in selecting a site where destroyers and submarines can nest alongside a tender, for locating a floating dry dock, for berthing service craft and boats and for the construction of a wharf or pier for alongside berthing, bunkering, repair and services.

b. The proximity of Malakal Harbor to the population center and the probable site of industrial growth is also important. Koror and its environs would provide the civilian work force for the support facility, fresh produce and other commodities, the advantages of at least some measure of urban development and would eventually provide supplemental industrial support. The boost to the economy and infrastructure of the Palau provided thereby should be of tangible benefit to the residents.

c. Malakal Harbor is unmatched west of Guam for the proposed use. Its value warrants the effort which may be required to assure access, anchorage rights and to obtain the 40-acre site.

(i) The Department of the Navy desires to cooperate fully with the Palauans in selecting sites which are mutually agreeable, in insuring the compatibility of military and civilian facilities and in protecting ecological and sociological interests. The Navy is convinced that by working and planning together that, with little inconvenience, the Palauans will benefit from economic growth, and expanded infrastructure, improved harbor and airport facilities, and from the assistance that can be provided in their community planning during the development of facilities which future needs may dictate. Options for acquisition and use of required basing options is important to the Department of Navy and they are hopeful that the forthcoming land discussions can serve to apprise the Palauans that these are provisions for long-term contingency development, reduce their apprehensions about an undesirable or inordinate military presence and assure them of U.S. intentions to plan with them for future development so as to avoid adverse impact on their plans, their environment and their people.

(j) Justification for a 30,000 Acre Maneuver Area on Babelthuap

1. The Department of Defense has expressed a minimum requirement to have an option to maneuver/training area on 30,000 acres of Babelthuap as a contingency option to provide training/maneuver areas in the future should circumstances dictate.

2. Currently approved national strategy call for 2/3 Marine Amphibious Force to be deployed in the Western Pacific as part of the PACOM forces postured to meet mutual defense commitments and to respond to contingencies.

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3. Maintaining an acceptable level of training readiness for WESTPAC forward deployed Marine forces for commitments and contingencies makes it mandatory that sufficient training area be available for utilization. Babelthuap, due to its central location in the Western Pacific, size and terrain, is the only area in the JTPI which can help satisfy this requirement.

4. A present and continuing problem, with respect to training is obtaining suitable areas. Those available for Marine Corps use are being degraded through encroachment, restrictions and/or denial to a point that in the future, they may not be totally or partially available to support the required training. Further, political pressures have made it more difficult to schedule and execute amphibious exercises.

5. The size of the area is dictated by the requirement to provide sufficient maneuver area for the largest unit anticipated to utilize the area. Currently, it is anticipated that training exercises up to a Marine Amphibious Brigade (MAB) level will be conducted on Babelthuap. A notional MAB, consisting of a ground combat element, an air combat element, a combat support element, a combat service support element and naval support forces, numbering approximately 11,200 personnel would probably be the maximum size organization to utilize this area.

6. Based on the notional MAB, the requirement for a maneuver/training area is actually 70,560 acres (computed on 6.3 acres per man; ref: FM 101-10-1). Training/maneuvers can be successfully accomplished with some degradation, however, on less than half (30,000 acres) of the required acreage, e.g., by further reducing either the scope of the exercise or the task organization of the notional MAB.

(k) If basing rights on foreign soil were revoked, U.S. bases in the Palaus and in the Marianas 800 miles to the northeast would in effect form a forward defense perimeter across the mid-latitudes, and would constitute the western most basing posture achievable in the Western Pacific. The Palaus proximity to the Marianas would permit the base complexes in the two island groups and mobile forces from both areas to be mutually supporting.

(l) Although the strategic value of a fallback base in the Palaus is widely recognized, planning for this base has been accorded lower priority than development of a military complex on Tinian. As has been noted above, the Marianas lack the geographical proximity to the Southwest Pacific and land area which the Palaus provide, consequently neither Tinian nor Guam is an acceptable substitute for a military complex in the Palaus.

(m) It is therefore important that U.S. base requirements in the Palaus be recognized, and that appropriate action be taken to reserve the required real estate as a hedge against loss of existing

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East Asian bases, especially in the Philippines. A master base development plan must be tailored to provide support for the highly mobile forces which will constitute U.S. forward military presence in Asia in the future.

(n). U.S. intent to avoid future involvement in a land war on the mainland of Asia is apparent. Nevertheless, as stated in the Nixon Doctrine, the United States is committed to support its allies. Hence, the focus of attention is shifting to forward support bases, mobile protection and presence forces, and to the protection of the vital lines of communication which link U.S. allies and U.S. support bases with each other, and with the rest of the Free World. The Palaus' proximity to U.S. allies in the Southwestern Pacific, and to the Indian Ocean and Western Pacific LOCs which converge in the Indonesian archipelago, is a strategic advantage which is unmatched by any other area in Asia over which the United States exercises control. For the future security of U.S. interests in Asia, it is essential that the United States obtain an option to establish a forward base in the Palau Islands which could serve either as a fallback from the Philippines or as an additional base to meet as yet unforeseen circumstances.

(o) Ocean areas and islands such as the TTPI are being increasingly important to mid- and long-term U.S. strategy. Previous consideration of the importance of oceans and islands has been primarily in relation to maintaining air and sea lines of communication. In the future, the growing economic value of the resources available and exploitable from the oceans will increase their importance. In addition, as pressures increase against U.S. presence in forward allied areas, greater reliance may have to be placed on use of U.S.-owned or controlled islands to insure continued protection of U.S. security interests. U.S. national policy should insure the continued unfettered use of the TTPI for both military and economic purposes. The United States should seek positively to reverse any trends toward termination of U.S. interests in the area.

(2) Marshall Islands. Of particular significance is the value of the Marshall Islands to the research and development programs of the Department of Defense. Kwajalein is the location for both operational and research and development missile tests, penetration studies, and tests of ballistic missile defenses. The requirement for the use of Kwajalein in the research and development program is expected to continue for the foreseeable future. U.S. investment in facilities on Kwajalein are extensive and there is no suitable alternative presently available.

(3) Marianas Islands

(a) Bases for strategic air, tactical air, Navy air ASW patrol squadrons, missiles, airlift, nuclear and conventional weapons storage, POL, communications, maintenance and supply, port facility, Army depot supply and maintenance unit, and Marine forces, possibly to IAF level. Additionally, an aerial bombing range could be accommodated.

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(b) Guam is the westernmost of U.S. territorial bases in the Pacific. Strategic forces (both B-52s and SSBNs) are based there, as will be general purpose naval forces in the near future. However, population pressure and economic development in Guam sharply limit the land on the island available for any future significant expansion of current U.S. military facilities.

(c) The Department of defense has identified a requirement for a U.S. military complex on the island of Tinian. This complex would provide a relocation site for the strategic forces and activities previously situated on Okinawa prior to its reversion; would support the surveillance and Defense of Micronesia, and the lines of communication in the Pacific; and would preserve a fallback location in the Western Pacific in the event U.S. base rights in Japan, Okinawa, and Taiwan were terminated or unduly restricted.

(d) The Marianas Islands are well located strategically. Mainland Asia is easily within range of strategic aircraft operating from the Marianas. Forces based there are well situated for protection of the Central Pacific LOCs and the increasingly important LOCs between Australia and Japan. Because of their distance from mainland Asia, the Marianas are less vulnerable to attack from the continent than more western U.S. bases. However, this distance is somewhat disadvantageous with respect to the radius of action and closure time of U.S. Forces based in the Marianas area having to respond to a crisis on the mainland or in the offshore islands of our East Asian Allies. Also, because of their distance from the extreme reaches of Southeast Asia, forces based in the Marianas could provide only a marginal degree of protection to the vital LOCs and choke points between the Indian and Pacific Oceans.

(e) In summary, retention of existing bases on Guam, and acquisition of additional bases in the Marianas are important to the maintenance of an adequate forward defense posture in the Western Pacific in the 1970's. However, a military base structure in the Marianas could only partially compensate for loss of existing bases in East Asia. Detailed justification for the Marianas District basing options are contained in the parallel study on the Marianas District.

### 3. Summary

a. The security of the United States will continue to depend in large part on U.S. ability to monitor and control, as necessary, the sea and air space of the Western Pacific Ocean area and to meet and counter Communist strength in the forward Asian-Pacific regions. The TTPI, under close political association with the United States, would contribute to the accomplishment of these objectives.

b. It is essential, because of the cessation of hostilities in South Vietnam, that redeployment of U.S. Forces insures a military force

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posture which will permit rapid and decisive reaction to fulfill Asian and Pacific commitments. For this reason, the post hostilities posture of U.S. Forces would be enhanced significantly by the option for military bases and associated facilities in the TTPI.

c. The United States should continue to oppose any major loss of our present Pacific forward base structure. However, if the intensifying political pressures cause future denial or curtailment in the use of our forward bases, the TTPI provides the only real estate, with the exception of Guam, on which the required capability to project U.S. power into the Western Pacific could be based. Current U.S. control of the TTPI, favorable balance of payments considerations, and potential for U.S. sovereignty and/or jurisdiction offer the possibilities of long-term stability required for planning of a base structure.

d. Kwajalein will remain strategically significant in view of its importance to DOD research and development programs.

e. In addition to the strategic importance of the TTPI for future U.S. military development, the location and expanse of the TTPI make it imperative that we continue to deny these islands to possible enemies. The TTPI in the hands of unfriendly powers would present a formidable threat to the security of the United States. In particular, the vulnerability of Guam, surrounded by the TTPI, would be significantly increased.

f. DOD has repeatedly expressed the view, both to the President and to the Congress, that the TTPI is essential to our national security interests.

SECRETDepartment of State Comment on "DOD Assessment of U.S. Strategic Interests and Objectives in Micronesia and Justification for Military Land Requirements"

The Defense Department's annex on the strategic importance of Micronesia, and on defense land requirements in those islands, addresses: (a) the strategic location of the islands; (b) the importance of denial of military access to the area by other powers; (c) the Palau land options; (d) defense land requirements in the Mariana Islands; and (e) the continuing need for the Kwajalein missile range complex. State concurs in the importance of continuing access to Kwajalein, and will, in this paper, address only briefly the issue of basing requirements in the Mariana Islands. Consequently, the following comments relate primarily to the overall strategic importance and denial issues and to the Palau options.

General. The Department of State believes that the relative importance of Micronesia to the security of the US and to US security commitments in East Asia is overstated in the Defense annex and tends to reflect outmoded strategic concepts. An example is the statement in the DOD annex that the World War II expenditure of lives, time and resources in the islands "is a direct measure of the vital need to establish and maintain unquestioned US control of this area." If this standard is to apply, the US should never have relinquished "unquestioned control" of many other World War II battlegrounds including, for example, the Philippines, New Guinea, and North Africa.

There are other assertions which State would challenge. For example, it is difficult, except through the most remote linkage, to relate the TTPI to the defense of the Panama Canal and the continental United States. In the Defense Annex it is claimed that the TTPI is a zone of transit, the continued control of which is basic to the fulfillment of our bilateral treaties with Japan, the Republic of Korea, the Republic of China, and the Republic of the Philippines. In reality, the normal great circle transits from the continental United States to these countries pass well to the north of the TTPI, the islands of which have played no significant role whatsoever in any of the several crises since World War II (i.e. Korea, Taiwan Straits, Vietnam) which have affected these bilateral relationships.

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Further, it is stated that the islands are "important sites for the network of transportation and communication facilities essential to the maintenance of normal contact between the US and the countries of Asia and Australia." In fact, there are no such sites anywhere in Micronesia, (other than a few LORAN stations), and most of those elsewhere in the Pacific Islands (e.g. Samoa and Fiji) are of declining importance. Only Guam even remotely fits the above description. It is also stated that "the value of the area to the US has been enhanced considerably by recent developments in military and space technology." Aside from our activities on Kwajalein, we know of no technological developments in the fields of military, space, transportation or communication technology that would support these assertions.

State does agree that it desirable to maintain denial of military access to Micronesia by other powers. However, Defense's assessment of the possibility and risks of such access seems to us to be exaggerated, particularly with regard to the point that an independent Micronesia might result in foreign military access to the area. Defense's concern does not appear to take into account the following factors:

-- If Micronesia should opt for independence and reject any US military presence (together with the financial inducements that would attach to that presence) it is highly unlikely that the Micronesians would then invite or accept a PRC or USSR military presence.

-- Micronesia is not the only strategic Pacific island grouping. If independence invites an inimical foreign military presence, then the barn door is already open in the Pacific Islands. Fiji, Nauru, Western Samoa, and Tonga are independent. They will be followed within a few years by Papua-New Guinea, the Solomon Islands, and the Gilbert and Ellice Islands. There has been no sign of interest by third powers in using these areas for military purposes.

-- While denial remains an important negotiating objective and a factor arguing for a Micronesian political relationship with the US, denial can be achieved through other means. One alternative would be establishment of (through the UN or other means) Micronesia as a neutralized area. Another would be to proclaim and enforce denial to the area unilaterally. The language of the trusteeship agreement on the strategic importance of the area could be cited as sanctioning such a policy.

-- There is no evidence to suggest that the PRC would have any real interest in developing bases in Micronesia. The PRC has never shown interest in the establishment of military bases on other than Chinese claimed soil. Moreover, it is doubtful that it will possess the naval capabilities for the foreseeable future to exploit Micronesian bases.

-- Micronesia would not appear to offer to the USSR any quantum increase in military capabilities not already available from the Soviet land mass or the Kuriles. For example, the latter offer better missile sites to threaten Hawaii or Pacific Sea lanes than do most islands in Micronesia. Further, we consider it highly questionable that the Soviets would press for the development of facilities of marginal military utility in Micronesia when such action would clearly involve a challenge to US strategic interests as enunciated in our publicized objective of denial. However, assuming the worst, it is difficult to see how Soviet bases in Micronesia would, as a practical matter, "neutralize" US installations on Guam. Given the relative sizes of the Soviet Pacific Fleet and the US 7th Fleet, a hypothetical Soviet base in Micronesia would seem more subject to "isolation" or "neutralization."

Defense Land Requirements. Other than Kwajalein, the only defense land requirements are for options in Palau against future contingencies, and in the Mariana Islands. State comments below largely will be confined to the issue of the relative importance of the Palau options.

Palau Options. The decisions that will flow from NSSM 171 may affect decisions on the Palau options. In these circumstances, State believes that a final decision on the



relative importance of the Palau options should be considered in the context of that study. However, since the Department of Defense has argued the importance of the Palau options in its annex, the Department of State's views are set out below.

The NSC Under Secretaries Committee, in its major Micronesian status study dated March 19, 1971, agreed that, while priority should be accorded the Marianas in securing basing options, Palau options were "highly desirable." Subsequently, former Secretary of Defense Laird informed Ambassador Williams by letter that the Palau options were no longer "highly desirable" but rather were "essential." Former Secretary of Defense Richardson, in a letter dated March 28, 1973 to the President's Personal Representative, described the Palau options as "irreducible or non-negotiable minimums." The Department of State believes that, on the contrary, recent developments in East Asia and the Western Pacific suggest that the options, while perhaps still desirable, are even less relevant to US security requirements than in 1971. State's reasoning is as follows:

1) The significance of the Palau options should relate directly and most importantly to the character and level of existing and potential threats to the security of the US and of its friends and allies in the Western Pacific. The improvement in FRC-US relations, the phase-out of US involvement in the Indochina conflict, the declining likelihood of a new conflict in Korea, a general improvement in the self-defense and self-reliance capabilities of most of our Asian friends and allies, and the general movement toward detente in East Asia, all support the view that the potential for conflict that might involve the US is lessening.

2) Apart from the changes in the security environment noted above, the Department of State believes that the assumptions that lie behind Defense's assessment of the importance of the Palau options are open to challenge. The assumptions are discussed below.

3) Defense's starting point in assessing the Palau options as "essential" appears to be the assumption that existing bases and rights elsewhere in the Western Pacific, but especially in

the Philippines, are politically insecure or otherwise insufficiently viable. State believes that there is little reason to question the viability of that base structure in the foreseeable future, provided the US exercises prudence in dealing with these countries (primarily the Philippines and Japan) on basing matters. Philippine bases probably require only basic accommodations to Philippine sensitivities to remain viable. These would include some monetary quid pro quo for the bases, but less annually than we are considering as a quid for the right to undeveloped real estate in Palau. The new MBA negotiations thus can assure continuing viability. Most certainly this is a cheaper and more cost-effective course than construction of new bases in Palau.

4) The political situation in the Philippines has never been ideal and probably never will be. There have, however, been at least as many favorable developments there in the past few years as unfavorable ones. The basically favorable disposition of the Filipino citizenry toward the US and the apparent new sense of direction of the Philippine Government, are important factors contributing to pro-Americanism in the Philippines, and to the viability of our base structure in that country. At present the long-term prospects for American bases in the Philippines are good to excellent. The Philippine Government seems prepared to assure us of continued tenure for as long as our security relationship with the Philippines last. For the foreseeable future any Philippine government will want to maintain good relations with the US.

5) Major base construction in Palau would occur, according to the Department of Defense, only in the event of loss of major bases elsewhere, but primarily in the Philippines. However, closure of US bases in the Philippines or elsewhere would probably be accompanied by a commensurate reduction in US defense commitments and basing requirements in the Western Pacific. The US is unlikely to be called upon to assist in the defense of nations that have expelled US bases from their territory.

6) Even if the US should lose access to the Philippines, it would appear that minimum US defense requirements, including basing for the protection of sea lanes and lines of communication, could be met from Tinian, Guam, and Okinawa. In terms of meeting future DOD requirements in the "vital LOCs and choke points between the Indian and Pacific Oceans" the liability of a putative loss of the Philippines would be mitigated by the continued ability of U.S. forces to operate from Thailand (essentially Sattahip and Udapao) and the possible future deployment of Navy homeported elements at Fremantle, Australia.

7) It is difficult to conceive in practical terms of basing arrangements in Palau providing a significant or necessary contribution to the defense of Hawaii and the US mainland as DOD has stated.

8) Defense statements regarding the importance of Palau to the credibility of a US deterrent to aggression are overstated. Given the geographic location of Palau, it is unlikely that any contemplated bases in Palau would appreciably enhance the credibility of the deterrent capability of the United States. Our Asian allies probably would not perceive US forces in Palau as being significantly more relevant than those in Guam or Hawaii.

9) More specifically, we consider that the strategic rationale for Palau is credible only if a clear and persuasive Southeast Asia mission for US forces deployed there can be identified. We do not consider that such a case has been effectively made when set against the usual advantages posited in favor of forward deployment. The deterrent effect, the tripwire effect, the quick reaction potential, and the effect of reassurance to allies would be lost in a redeployment to Palau from Japan or the Philippines. In terms of the political advantages to be gained, therefore, resources which might be devoted to securing the Palau options would be better employed in insuring continued US access to already established bases in the Philippines. If the annual cost of securing land options in Palau were applied instead as a supplement to the \$17 million in MAP assistance we have been providing recently to the Philippines as a tactit quid pro quo for Philippine bases, our tenure

in the Philippines would be made even more secure and the possibility that bases in Palau might be required could probably be eliminated.

10) While present Marine Corps training areas on Okinawa may be subject to future political pressures for reduction, we do not find Palau an attractive alternative politically or militarily. Analysis for NSSM 171 showed that Marine time phased deployment requirements to Korea and SEA can be met from Hawaii or CONUS. There are also other forward deployment and training options for the Marines in the Philippines and Korea. Finally, marine training requirements in the TTPI should be capable of accommodation on Tinian where the DOD paper identifies as part of the base development plan a requirement for "a Joint Service maneuver and training area."

11) Indian Ocean or South China Sea operations, if necessary, and in an extreme emergency, can be mounted from bases in the threatened countries asking for US assistance. It is difficult to imagine, for example, that Thailand would ask the US to conduct operations in its defense without providing bases from which US forces could operate. The same is true of Australia, the Philippines, Japan or Korea.

12) A primary Defense Department justification for the Palau land options has been the assumption that Palau, under a suitable settlement, would provide a politically secure area for the construction of facilities to replace those in less politically secure areas. Political reporting from the area, however, has indicated a certain reservoir of anti-military base feeling in Palau and an overall situation probably no better than that in the Philippines. Indeed, it is possible that the Palauans, following sufficient arm-twisting, could technically meet US land requirements with option agreements--but with no intention whatsoever of ever permitting actual construction of US facilities. Such an action would be fully consistent with Palauan culture and negotiating tactics. In these circumstances, the utility of the Palau options could be virtually nil.

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13) The ability of the US to construct bases at some indefinite period in the future will depend not on paper agreements negotiated now, but rather upon the receptivity of the Micronesian and Palauan governments and people at the time the US might seek to construct such bases. Whatever may be placed in writing now, and whatever may be paid for option rights, the fact remains that it would be difficult to construct and operate bases in the face of a hostile environment. In these circumstances, there would appear to be little reason to press negotiation of the options if they clearly will be politically or financially costly to the US. In this regard Defense's distinction between "hard" and "soft" bases has little validity. Political pressure can be just as damaging to our domestic base rights as it is in foreign countries. Witness the Navy's forced departure from Calbra Island in 1975.

14) With regard to the hoped for political security of a close relationship with Micronesia (including Palau), the Micronesians will be able to terminate their political relationship with the US at any time after a moratorium period (of yet undetermined origin, but no more than 15 years). It is intended that Micronesian-US defense relationships, and land options and leases, would survive termination of the political relationship. However, surviving rights, whatever the terminology, would have no greater political security than those which exist under treaties with other nations--and which the Defense Department considers to be inadequate.

15) In the above regard, the Department of State has serious reservations with respect to the argumentation advanced by the Defense Department on "hard" vs. "soft" bases. Lateral leverage on "soft base" host nations can be effective only if the alternative basing option is credible and will be invoked by the U.S. For instance, the fiscal resources and indigenous manpower requirements to relocate our current base structure in WESTPAC to the TTPI are formidable, a fact we must assume is known to our base rights hosts in the Philippines and Japan. Thus, we must recognize that our threat to vacate existing

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"soft bases" is one we will only exercise at a point when the conditions imposed on our use of such bases, as well as the quid required for retaining them, becomes intolerable.

16) In claiming that the Palau options are essential and irreducible minimums, the Department of Defense assumes that these "requirements" can be met, and does not address the issue of what course should be taken should it prove impossible to obtain the options under satisfactory financial, political and other conditions. In the Department of State's view, the "denial" requirement and retention of Kwajalein are our only important defense needs in Micronesia. Protection of these requirements can best be served by an amicable Micronesian-American relationship. Refusal to continue to negotiate and implement a free association arrangement (because of an inability to achieve the Palau options) could threaten these more basic interests and requirements. Most certainly such a situation would lead to major pressures for Micronesian independence. The argument that the status quo can and should be retained in order to provide for the Palau options by another route is unrealistic. The basic need for a change in the present political relationship with Micronesia has been seen by successive administrations for some years. The course now taken in the status negotiations is essentially irreversible.

17) Nevertheless, the Department of State agrees that there should be an effort to obtain the Palau options under reasonable and amicable conditions. For tactical reasons the US should continue to press that requirement in the Micronesian negotiations until two other conditions are met:

(a) a satisfactory status settlement with the Marshalls (including US land requirements) has been achieved; and,

(b) a status agreement has been reached with Micronesia which in all other important areas is acceptable. When these two conditions have been met, the US should be prepared, if necessary, to concede the Palau options, or at least proceed to implementation of the new status arrangements without concluding the Palau land negotiations. Talks on these options could then be resumed, on termination of the trusteeship, under the general cover of US defense responsibilities. The costs

for the options should be considerably lower (if they can be obtained at all) when they are not an obstacle to completion of an accord on the future status of the territory.

18) The tactical timing of a temporary or other dropping of the Palau options is, however, important. They have been pressed on the Micronesians as "minimum" requirements. To back off of them when other and major US requirements have not been met would tempt the Micronesians (and the Marianans) to hold out in the hope of forcing US concessions on other and more important requirements.

In summary, the Department of State believes that Defense's assessment of the value of the Palau options to be exacerated in light of the present situation in East Asia and the Pacific. The original negotiating instructions on this question, which authorize the President's Personal Representative to forego insistence on those rights as a last concession to gain Micronesian acquiescence to a compact of free association, more than adequately protect US interests.

Mariana Islands: The DOD paper clearly indicates that DOD is viewing Tinian as additive to our current WESTPAC basing structure and intends to proceed with the development of facilities there without adequate reference to the status of our current base structure in WESTPAC or to the conclusions of the NSSM 171 Study. In our judgment DOD should be closely queried on what may at this time be a redundant base complex at Tinian developed at considerable cost. This particularly applies given the relative viability of our current WESTPAC base structure where we have little reason to assume our presence in Japan (to include Okinawa) or the Philippines will be terminated or significantly altered in the foreseeable future. Consequently, a final decision on development of the Tinian base complex, as well as Palau contingency options, should be deferred until it can be considered within the context of NSSM 171.

There are other inherent weaknesses in the plans for the base development plans on Tinian, as we understand them. As an

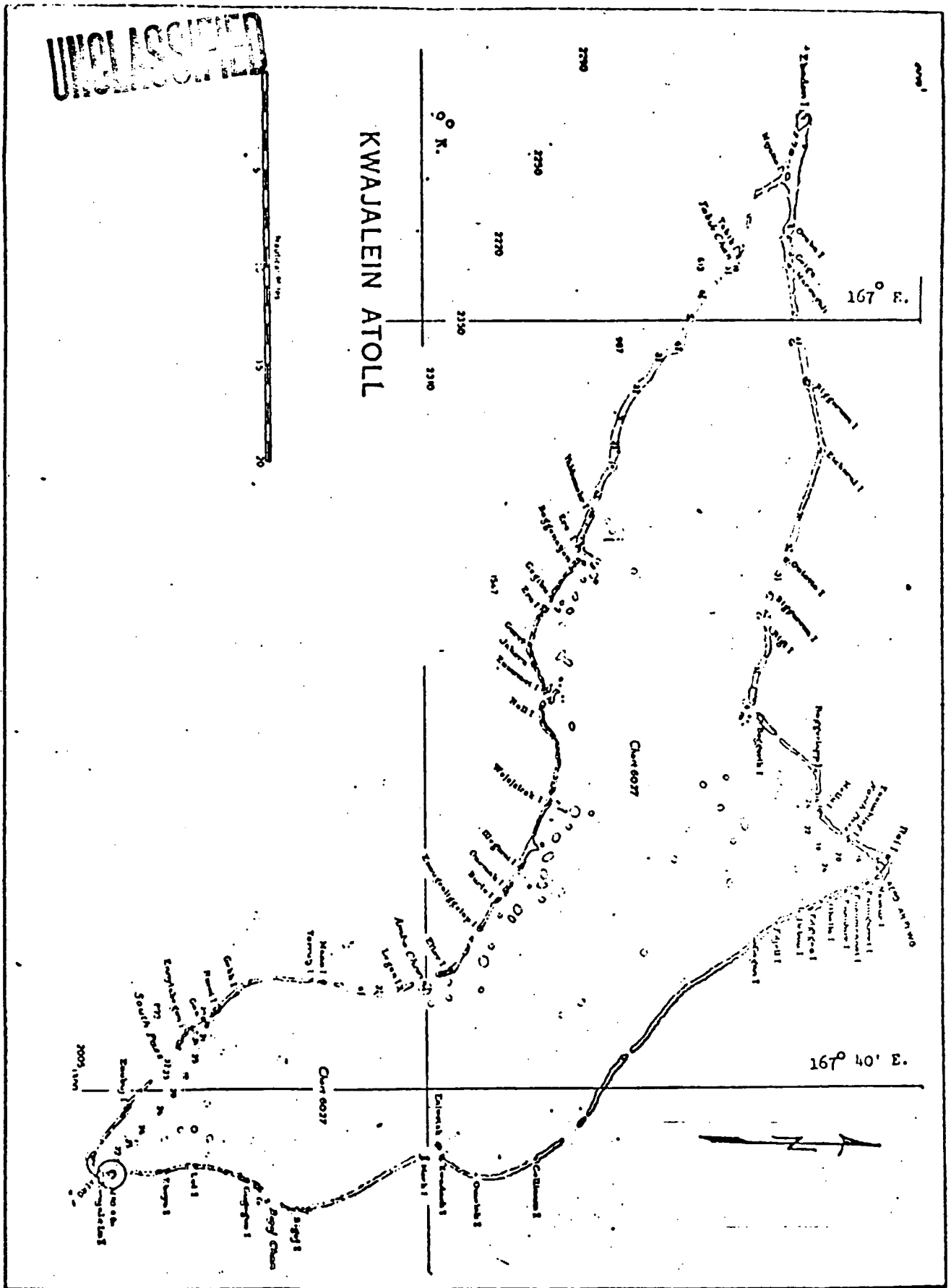
example, vehicle rehabilitation and repair and ship repair facilities will operate much less efficiently on Saipan or Tinian than the comparable facilities do now on Okinawa and at Subic Bay. These two proposals are probably not cost effective. In fact we seriously doubt that indigenous labor is sufficient in quantity or potential technical proficiency to perform the high quality skills now carried out at the Navy ship repair facility at Subic. As this fact becomes increasingly apparent the military may find itself importing labor from Okinawa, Korea or the Philippines or using U.S. labor, with consequent antipathy in the Marianas toward the military as local labor finds itself displaced by imported labor. The Defense Department's plans for resolving these problems need to be carefully weighed before any future base construction in the Marianas is approved.



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Annex 5  
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SECRETRequirement for and Character of a Micronesian  
Independence Option

Background -- The Department of State, in favoring an independence option for Micronesia, does not propose independence as a status for Micronesia. To the contrary, State believes that the present free association course best serves both Micronesian and U.S. interests. Nevertheless, State holds the view that an early offer of independence is essential to successful conclusion of an amicable and therefore enduring free association arrangement, and that the risks attached to that course are significantly less than no offer of independence, or offerance of a highly qualified form of independence.

There are essentially three different but closely related reasons for an independence option: our legal obligations, our moral obligations, and political/tactical considerations.

Legal Considerations -- The legal considerations are straightforward. The precedents of past trusteeships, and the spirit and the letter of the UN Charter and of the Trusteeship Agreement require that the Micronesians have an opportunity to accept or reject independence. For the U.S. to be able credibly to assert that it has fulfilled its obligations as administering authority, it must arrange for a full and legitimate act of self-determination which, by definition, requires an independence option.

Moral Obligations -- We must not ignore the potential costs of denying to Micronesians their right to reject or accept that which we insist upon for ourselves -- and for

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others. The principle of self-determination has been a central tenet of our foreign policy throughout the 20th century--including today in Vietnam. Refusal by the U.S. Government to grant meaningful self-determination, particularly to a people for whom we are legally and morally responsible, would reflect poorly on our credibility and image elsewhere. We should not be sanguine that what appears to be an isolated and remote issue today will be so tomorrow.

Political and Tactical Considerations -- These alone forcefully argue for an independence option. They are listed below.

(1) It is quite clear that only a relatively small, but very articulate and influential minority of Micronesians at this time favors independence. An overwhelming majority of Micronesians either favors association with the United States, or is presently reluctant to choose between association and independence in the absence of more information on the implications of each form of status. Some prefer the status quo pending the further development of Micronesia. However, the independence movement in Micronesia has grown from non-existence to a significant and serious movement during the past five years. This movement is likely to continue to expand over the next several years, and in time, in the absence of persuasive countervailing arguments on the viability of independence, could become widespread. For that reason alone it is preferable to surface and force a choice on the independence question now when the numbers are on our side. If we do not, an independence option probably will in any event be forced on us in a few years by Micronesian initiatives and on Micronesian terms. On the other hand, a properly designed and U.S. controlled independence option could not only provide a decision at a time and under conditions favorable to us, but could also effectively reverse present trends in favor of independence.

(2) As a practical matter, the U.S. Government has already agreed to an independence option for Micronesia--through its agreement that any free association arrangement may be unilaterally terminated by either party after 15 years (the Micronesian position is that such a moratorium should be limited to 5 years). The issue thus is not whether

the Micronesians have a right to opt for independence, but whether they should be given that opportunity in the near future or sometime in the 1980's. The time span involved is insignificant in terms of our long-term interests in the area, but highly significant in terms of our obligations and, our ability to conclude and implement a satisfactory status settlement.

(3) It is sometimes argued that surfacing of an independence option could further encourage independence sentiment. This argument ignores the fact that most Micronesians, while being aware of the U.S. preference for association, assume as a matter of course that they will be offered an independence option in any act of self-determination. Thus the present majority sentiment against independence flows not from an assumption that there is no alternative, but rather from a choice between assumed options of association and independence. The difference between the present situation and the offering of an independence option is that, properly handled, the present erosion of sentiment in favor of association can be reversed in our favor. In point of fact, it is State's view that the risks of offering independence now are far less than those that flow from withholding such an option. The latter course would result in independence pressures which could become irresistible--or at the least make any relationship with Micronesia of little practical value.

(4) The Micronesian Status Delegation is formally charged by the Congress of Micronesia with negotiating not only a free association compact, but also an independence option. It is probable that the Congress will refuse to take formal action on any free association option until such time as it can measure that status against an independence option. Any refusal by the U.S. Government to provide an independence option could easily result in a situation in which the Congress either (a) refuses to endorse the free association compact; or (b) defines its own independence option which undoubtedly would be less helpful to us than any of our own choosing. This paper addresses elsewhere the problems we would have in Micronesia, and within the UN, in attempting to implement free association or any other form of status without the cooperation of the Congress of Micronesia, as well as the approval of the Micronesian people.

(5) Refusal to provide an independence option almost certainly would result in the Congress of Micronesia refusing to endorse a free association relationship, and to participate in sponsorship of an act of self-determination. Without the cooperation of the Congress of Micronesia and of district level leadership closely allied to the Congress, the U.S. Government would have no choice but to sponsor a "yes-no" plebiscite in circumstances that would at best result in a low affirmative vote and a low turnout. Given the attitudes of the Congress of Micronesia, it is quite possible that the Congress would attempt to thwart the plebiscite through one or a combination of the following actions. (a) The Congress could call for a boycott of the plebiscite while appealing its case to the UN. (b) Alternatively, the Congress could call for a "no" vote-- probably with a high degree of success, or even for a write-in independence vote with lesser prospects for success. (c) Combined with any of the above tactics, the Congress could unilaterally declare for independence by resolution. In any discussion of the possibility of an unilaterally sponsored "yes-no" plebiscite, it must be remembered that the environment will operate against us. Language, cultural and other communication barriers will be on the side of the Micronesian leadership, and we have no means of effectively mounting those barriers. In a nutshell, our opponents could outdo and outshout us, and often will be more likely to be believed. There would be few restraints on that leadership in its interpretation of the options, whereas we would have to remain within the truth while often presenting abstract concepts of little or no meaning to many Micronesians.

(6) Our reluctance to date to discuss independence has understandably led the Micronesians to believe that the U.S. Government will pay almost any price to avoid Micronesian independence. The Micronesian negotiators thus have effectively maintained the threat of independence as a lever for obtaining concessions while negotiating the free association compact. That situation can be reversed by surfacing a suitably unattractive independence option and pointing out that Micronesia must choose between a free association relationship advantageous to both Micronesia and the U.S., and impecunious independence.

(7) Many of those in Micronesia presently favoring independence do so on the assumption that U.S. strategic

interests and defense requirements in Micronesia are such that an independent Micronesia will have sufficient levers on the U.S. to assure financial subsidies sufficient to support independence. In the absence of a U.S. defined independence option which contradicts that position, the above point of view is persuasive and is gaining adherents. This is especially true within the Congress of Micronesia.

(8) For much the same reason, many key leaders and ordinary Micronesians have thus far been reluctant to endorse association with the United States, even though they may be presently inclined against independence. To gain the positive support of this very large and critically important segment of the Micronesian population, a stark contrast must be painted, in terms advantageous to association, between free association and independence. This can be accomplished only through the surfacing of a U.S. defined and controlled independence option.

(9) Independence in Micronesia is now a vague and remote concept. Its advocacy has been culturally and politically attractive as a means of restoring hard feelings and providing a means of association, some of the terms of which are increasingly distasteful. A distasteful independence option would remove this problem.

(10) Whatever their individual positions on Micronesia's future political status, Micronesia's leaders agree that Micronesia is entitled to a choice between association and independence. That position is taken as a matter of principle and pride. Pride requires that they have the opportunity to consider and reject, of their own free will, independence. The principle involved is so important that any U.S. refusal to permit that rejection would without doubt contravene the support of many key leaders, especially in the Congress of Micronesia. Many of these leaders are quite capable of moving from support of association to advocacy of independence in defense of that principle, and in defiance of any U.S. denial of their perceived rights. Thus, a refusal to offer an independence option will significantly increase support and agitation for independence and could bring about a situation in which any association would have to be imposed by the U.S. against the will of much of Micronesia's key leadership.

(11) Our strategic and other interests in Micronesia will be served and protected only in an amicable relation-



ship with tolerant attitudes toward the U.S. on the part of Micronesia's leaders. Any future association can survive only with good will on both sides, particularly given the number of friction points which will inevitably be part of a free association relationship. We must bear in mind that the key leaders in any future Micronesian Government are today among those espousing either independence per se, or the principle that Micronesians must be able to choose freely between association and independence. Without an independence option, the strains of our future relationship from the outset would assure that relationship would be not only unstable but probably also short-lived. Most certainly the Micronesian Government leadership would be disinclined to be cooperative in areas of importance to us.

(12) Assuming that no independence option is provided and free association is implemented following a "yes-no" plebiscite, the United Nations probably will refuse to approve termination of the trusteeship agreement. Although (as is discussed elsewhere in the Micronesian Negotiations Study) we could unilaterally declare that the agreement is no longer operative, it would be considered as terminated in force by the UN. This in turn would provide a rallying point for dissident elements within Micronesia who could maintain pressure on the U.S. through that body and other channels.

(13) Most of the arguments cited above for an independence option relate to the positive effects and requirements of such an offer, while alluding to the risks of no independence option. The greatest risk attached to the latter course is simply that such action could render an association arrangement either unattainable or (if attained) unworkable. It is sometimes argued that, in these circumstances, U.S. interests can still be protected through continuing maintenance of the trusteeship agreement, perhaps with much increased internal self-government. However, that course would not (in the face of hostile leadership) improve, in practical terms, our ability to obtain and exercise the Palau options, nor would it change the situation with respect to Kwajalein--which we can retain under any form of status. It would admittedly assure protection of our "denial" requirement. But Kwajalein and denial can be obtained under any form of status (including independence), while an effort to maintain the

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status quo in a hostile environment would do no more than postpone termination of the trusteeship under circumstances which would almost certainly result in significantly increased pressures for independence.

(14) It is also argued that time and our development programs in Micronesia will ultimately result in increased sentiment for association. This appears extremely unlikely. The emergence and expansion of an independence movement in Micronesia has in fact paralleled our increased developmental efforts of the past few years. It is difficult to see how the U.S. could accomplish in a few more years what it has not been able to accomplish in the 29 years that we already have been in Micronesia. To the contrary, there is every reason to believe that any effort to impose a status quo situation could in fact result in decreased U.S. control of Micronesia through low-level but effective violence in the districts. This would fit the cultural patterns of several districts, and the attitudes of an increasing number of U.S. educated Micronesians familiar with the potential for violent harassment of any American presence, especially in Palau and Truk.

An offer of independence, correctly structured and timed, probably is the only and best way to assure successful conclusion and implementation of a stable free association arrangement. To be effective, any independence option must be structured in such a manner as to provide a stark and easily understood contrast with free association--to the advantage of the latter status--and be timed to take advantage of present sentiment in favor of association with the U.S. These tactical considerations are discussed below.

Character of an Independence Option -- There are basically three independence options that can be considered with respect to Micronesia. (1) An essentially unqualified or "tactical" independence option designed only for the tactical purpose of destroying the Micronesian independence movement by making free association the only practical choice. (2) A highly qualified independence option which, if adopted, would safeguard our basic interests through carefully tailored conditions. (3) A cosmetized free association option. These alternatives are discussed below.

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(1) "Tactical" Independence Option. A tactical independence option would be specifically designed to be as unattractive as possible, and thus provide a stark contrast advantageous to free association. It would be essentially non-negotiable and be presented as the only independence option available to Micronesia.

To be of credible tactical use, it cannot be wholly unqualified. The Micronesian leadership would not believe that we would have no requirements whatsoever in an independent Micronesia. The essential elements of a tactical independence option are as follows:

a) It would be unilaterally offered, essentially non-negotiable package.

b) It must provide a minimum of levers which the Micronesians would perceive as being helpful in assuring substantial U.S. financial support.

c) In the above circumstances, the only significant condition attached to independence would be U.S. retention of Kwajalein with appropriate compensation. Any independence option without this condition would not be credible.

d) With regard to denial of foreign military access to Micronesia, we would state that the strategic character of Micronesia will not change with independence. Consequently, while we would have no bases in Micronesia (other than Kwajalein), we would make it clear that we would expect an independent Micronesia to deny military access to third powers. We would also make it clear that, should a third power seek or obtain military access, we would act as appropriate to protect our national security.

e) We would state that the utility of the Palau options flows partly from an assumption of Micronesia's political association with the United States. An independent Micronesia would offer no especial advantages over present or other potential basing sites, therefore such options will not be sought, with the corollary removal of any obligation to compensate Micronesia for those options.

f) Micronesia would have full self-government and be responsible for the conduct of its foreign affairs and defense. The U.S. would not act as a ministerial agent for an independent Micronesian state.

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g) No U.S. domestic programs or services would be available to an independent Micronesia. This includes the Post Office, Coast Guard, disaster relief, education programs, etc.

h) Micronesia would be eligible for AID funds, and the U.S. could provide limited program type assistance. However, our AID resources are slim and dwindling, and under no circumstances could total program assistance meet Micronesian requirements. There would be no budget support grants.

(2) "Qualified" Independence. Such an independence option would be designed to protect U.S. interests in the event the unexpected happened and the Micronesians opted for independence. In essence, independence would be conditioned on pre-negotiation of a defense relationship which: (a) delegated defense responsibility to the U.S.; (b) met our land requirements in Palau and Kwajalein; and (c) specified denial of foreign military access to Micronesia.

(3) Contracted Free Association. A variant on the above would be to base the essentials of a free association relationship on a treaty rather than a compact and to describe the results as independence.

Of the above alternatives, only the tactical independence option would provide the stark contrast with free association that is needed to assure conclusion of a satisfactory and viable free association arrangement. The second two options carry two sets of risks. In the first instance, they would be seen as disguised free association by the UN, and by the more extreme advocates of independence, and thus might inadequately resolve the political problems we now face in Micronesia. Beyond that, both options, at least in the Micronesian view, could provide precisely the financial levers required to assure that independence could be viable. In this sense, both options could be attractive to many Micronesians presently supporting free association, and to many that advocate independence. Thus, there is a real risk that either qualified independence option would be accepted by the Micronesians. Although we might be able to live with such arrangements, the fact remains that either option is less desirable (from our point of view) than free association, and neither is necessary if the tactical independence option is utilized effectively to obtain free association.

Although the Department of State maintains that there is no significant risk of Micronesian acceptance of a tactical independence option (if it is utilized as suggested above), others maintain that there is such a risk. In response, it can be pointed out that if Micronesia (contrary to expectations) accepted the proposed independence option, within a fairly short period after independence a relationship would almost be certain to develop along the lines of the qualified independence options described above. Many and perhaps most Micronesians advocating independence visualize a relationship similar to independence option (b) or (c) -- not because they desire such a relationship with the U.S. but out of simple recognition of Micronesian financial and other developmental needs. In these circumstances an independent Micronesia would, in State's view, seek early negotiations directed at a relationship which would assure adequate U.S. financing. This would permit negotiations of a defense relationship which would protect our basic interests--but with the advantage that time and bargaining leverage would be on our side rather than with the Micronesians.

Timing and Tactical Use of an Independence Option--The surfacing of an independence option is intended to serve only two purposes: (a) satisfaction of our legal and moral obligations; and (b) assure early conclusion of a satisfactory free association arrangement. The effectiveness of an independence option in serving these goals will depend greatly on timing and tactics. To assure maximum effectiveness (in particular to exert maximum pressure in the negotiation of an acceptable compact of free association) the following elements are seen as important.

- 1) The independence option should be surfaced in advance of the next round of Micronesian status negotiations.
- 2) It must be made clear that the independence option is essentially non-negotiable.
- 3) In our negotiations for free association, the Micronesians must be convinced that, while we prefer association, that association must meet our minimum requirements and not be a one-sided arrangement advantageous only or mainly to the Micronesians. We must persistently draw the line where necessary, and point out the alternative

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option open to Micronesia. In short, we must wrest from the Micronesians the independence threat and use it on them.

4) Once a Compact of Free Association has been negotiated, that option and the independence option must be put to the Micronesian public at the earliest possible date in an act of self-determination. We must take advantage of the presently generally favorable sentiment for association and not run the risk of attitudes changing over the next several years.

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ANNEX E

EXAMPLES OF HOST COUNTRY RESTRICTIONS  
ON DOD ACTIVITIES ABROAD

1. Unilateral Termination by Host Country. Either through abrogation or pursuant to the terms of agreement, the host country may insist upon withdrawal of U.S. forces and activities. Outstanding examples:

(a) On very short notice, DeGaulle demanded in 1966 that U.S. military activities, including NATO-committed air squadrons, be withdrawn from France.

(b) After being jeopardized by the U-2 incident in 1960, the U.S. communications facility at Peshawar was terminated at Pakistani request in 1969.

(c) Following a revolutionary coup, the new Libyan Government demanded in 1969 that Wheelus Air Base be closed down, and the U.S. complied.

2. Nuclear Weapons Restrictions.

(a) Some countries, e.g., France, Norway, Denmark and Japan, have never permitted the presence of U.S. nuclear weapons or logistic activities in support thereof. Transits and overflights with nuclear weapons abroad them have also been denied by these same countries.

(b) Others have placed significant limitations on nuclear weapons activities.

3. Restrictions on Operational Flexibility. Despite USG efforts to negotiate for and exercise free use of our overseas bases in connection with peacetime and contingency operations involving third countries, such unlimited use is subject both to restrictions which may be imposed by base rights agreements, and to the political atmosphere and pressures within the host country. For example, regardless of very broad usage provisions in the agreements we have with our European allies, including Turkey, our use of those bases to support contingency operations in the Near East could be severely restricted by host country objections on the grounds that such use would prejudice their relations with Arab nations.

4. Interference with Freedom of Movement. A standard provision in status of forces agreements assures the U.S. freedom of movement for its personnel and equipment within the territory of the host country. Such a provision recently was severely challenged in Japan by pressure from local groups at the municipal level against shipment of tanks from the Sagami repair

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facility to Vietnam. Although eventually overcome by a firm stand on the part of the national government, this action cost a considerable delay in necessary U.S. repair and maintenance work.

5. Renegotiation of Terms. Finally, any sovereign-host government can insist, as the price of continued U.S. presence, that the terms of prior agreements be renegotiated in its favor. We have been engaged in such a renegotiation with the Turks since 1966 and with the Philippines since 1971. In 1970, the Spanish also forced a wholesale revision of our agreements there. Although an acceptable degree of operational and administrative flexibility has been preserved in each of these instances, the host governments uniformly insisted upon a much shorter duration for the renewed agreements, usually limited to a few years notice rather than a term of 25 or more years.