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MINUTES OF THE SECOND MEETING OF THE WORKING GROUP
ON ECONOMICS AND FINANCE

The second meeting of the Working Group was held on August 31st at 10:00 a.m. in the Secretary's Conference Room at Interior. Present were Solomon Silver, the U.S. Co-Chairman of the Working Group; Richard Miller and Adrian deGraffenried of the Interior Department; Howard Willens of Wilmer Cutler and Pickering; James White, the Executive Secretary of the Marianas Political Status Commission; James Leonard and William Bozman of James R. Leonard Associates.

Mr. Silver announced that he had distributed copies of the working paper prepared by Leonard Associates to Messrs Wilson, Miller and deGraffenried for comment. He also indicated that the next round of negotiations would tentatively take place in Saipan beginning on November 26th. Mr. Willens suggested that the date might change as the Chairman of the MPSC want through the process of checking it out with his commission.

Mr. Silver raised a number of questions concerning the timing of Phase I. He noted that the Joint Communique states that Phase I will begin when the negotiations on political status are successfully completed. He suggested that there are going to be stages for completing different aspects of the negotiation and perhaps the beginning of Phase I shouldn't wait until all the various stages are completed. This problem is complicated by the fact that Congress will probably not appropriate funds for Phase I until some agreement exists between the U.S. and the Marianas. Funds might be made available in F.Y. 1974 through reprogramming or through a supplemental appropriation for FY 1975. Further consideration will have to be given to the timing of Phase I by the Working Group.

Mr. Silver then turned his attention to the working paper prepared by Leonard Associates. He asked if the proposed budget was additional to the amounts currently made available to the Marianas District Government. He noted that there seemed to be some duplication of current operating programs in the Cadastral Survey item. Mr. Leonard noted that the program proposed was in addition to any work that had been done concerning land ownership. Mr. White said that the work of the district government was unsatisfactory in this area and the current staff was not accomplishing much, at least not in terms of settling disputed claims. Mr. Leonard noted that the source and amount of funds was not of major significance since the main interest of the Commission was in getting the work done and not in obtaining a specific amount of money.

Mr. White then pointed out that the land issue was very sensitive within the Commission. Continued approval of leases to build facilities causes great concern by the Trust territory government. The MPSC has asked the U.S. to withhold such approval until the requests are cleared by the Commission. This type of unilateral action could prejudice the negotiations. Mr. Silver asked if the Commission's request had been put in writing and was told it had been.

Mr. Silver also asked what thought had been given to the entity that might be created to direct and coordinate the planning effort. He believes that basic development objectives and policies must be established by a responsible group in the Marianas before the planning effort can get underway. Mr. Leonard generally agreed with this and pointed out that the working paper was necessarily not specific in designating a unit for policy direction and supervision. This issue will be decided later, but it is one that should be discussed by the working group.

Mr. Leonard brought up the terms of reference as drafted by Mr. Silver. He noted that only Phase I problems would get much attention from the working group prior to the next round of negotiations. He did say that some of the items listed for consideration were of great interest and he would appreciate any information that Mr. Silver could provide. Specifically he would like U.S. estimates on the impact of proposed military installations on economic activity and data on the nature and extent of Federal agency civil programs that might help meet the needs of the Marianas people once affiliation with the U.S. were accomplished. Mr. Silver agreed to look into these matters.