

EXCISE

DO 16

F
B1



DEPARTMENT OF STATE
Washington, D.C. 20520

NSC UNDER SECRETARIES COMMITTEE

Downgraded to CONFIDENTIAL

SECRET
NSC-U/DM-98-B

OCT 4 1973

J-5 USC 129-73
TO: The Deputy Secretary of Defense
The Assistant to the President for
National Security Affairs
The Director of Central Intelligence
The Chairman of the Joint Chiefs of Staff
The Deputy Attorney General
The Under Secretary of Interior
Mr. James Wilson, Jr., Office of Micronesian
Status Negotiations, Department of the
Interior
The Associate Director, Office of Management
and Budget

SUBJECT: Negotiations on the Future Political Status
of the Trust Territory of the Pacific
Islands

The Chairman has forwarded the attached Memorandum
to the President, and the study which it transmits.
They are hereby forwarded for your information.

DEPARTMENT OF STATE A/COC/MB

REVIEWED BY TRB DATE 12/13/89
 RELEASE DECLASSIFY
 EXCISE DECLASSIFY IN PART
 SIFT Non-responsive info.
FOI, EO or PA exemptions

Brandon Grove, Jr.
Brandon Grove, Jr.
Staff Director

IS SUBJECT TO:
 CLASSIFY TO Attachments: OADR
 DOWNGRADE TO () S or () C, OADR
As stated

* Only revised summary is attached; complete study is
attachment to JCS 2326/101-19

SECRET
Downgraded to CONFIDENTIAL

When separated from the
attachment this document
may be downgraded to "UNCLASSIFIED"

DEPARTMENT OF STATE A/COC/MB

REVIEWED BY BHB DATE 7/24/89
 RELEASE DECLASSIFY
 EXCISE DECLASSIFY IN PART
 SIFT Non-responsive info.
FOI, EO or PA exemptions B1
 CLASSIFY TO CONFIDENTIAL Authority to: OADR
 DOWNGRADE TO () S or () C, OADR

OASD(PA) DFOISR 17
TOP SECRET CONTROL
Copy No. _____
Case No. 83-FOI-1746
T.S. No. 89-TS-179
Document No. 16

(0-432310

Doc 18



DECLASSIFIED

DEPARTMENT OF STATE
WASHINGTON

Downgraded to **CONFIDENTIAL** NSC UNDER SECRETARIES COMMITTEE

SECRET
NSC-U/DM-98-B

October 4, 1973

MEMORANDUM FOR THE PRESIDENT

Subject: Negotiations on the Future Political Status
of the Trust Territory of the Pacific Islands

There is attached a study, prepared under Ambassador Haydn Williams' direction, concerning the continuing negotiations on Micronesia's future political status.

As approved by you, our objective is to achieve a political relationship of free association between the United States and Micronesia, less the Mariana Islands. (The latter district is seeking to become an integral part of the American political family.)

The study identifies two issues on which your decisions are now required.

Issue One: Should Ambassador Williams be authorized to offer Micronesia the option of independence during the next stage of negotiations (pages 4-5 of the summary).

-- Ambassador Williams and the Department of Interior recommend that the Ambassador be given discretionary authority to offer a qualified status of independence, as an option to be included in the plebiscite which will ultimately be required on Micronesia's future status. They believe that the flexibility to use this authority (if, in the Ambassador's judgement, required) will improve prospects for achieving a stable relationship of free association. The independence option would be qualified only by retention of US basing rights in the Kwajalein atoll in the Marshall Islands, and by denial of access to Micronesia by third countries for military purposes.

Downgraded to **CONFIDENTIAL**

GDS

10 432311

DECLASSIFIED

-- The Department of State believes that qualified independence must definitely be included as an option in a future plebiscite, if an enduring and stable relationship of free association is to be achieved and US obligations are to be discharged. State agrees that the timing and manner of initial discussion of this option should be decided by Ambassador Williams. (Alternative language in the draft instruction reflects this concept.)

-- The Department of Defense recommends that the independence option not be authorized at this time. In its view, there is a remote possibility that the Micronesian voters would choose independence, instead of a relationship of free association. Defense considers this an unacceptable risk. There has been overemphasis on the external pressures to offer independence, which tends to subordinate the underlying principle that Micronesia is strategically important to the United States in maintaining a balance among the powers in the Pacific.

-- The Attorney General concludes that Ambassador Williams should be authorized to offer the independence option at this time. If qualified independence were not offered and the free association option were rejected as a result, the US apparently would face a steadily deteriorating situation in the islands. The approach recommended by Ambassador Williams seems the best course open at this time to protect US defense and other interests.

Issue Two: Should Ambassador Williams be authorized to agree, if necessary, to a moratorium on unilateral termination of the compact of free association within the range of ten to fifteen years (pages 8-9 of the summary).

-- The Department of Defense and Ambassador Williams believe there should be no compromise on the current US position for a moratorium of no less than 15 years.

-- The Departments of State and Interior agree the Ambassador should make a determined effort to win Micro-

Downgraded to CONFIDENTIAL

SECRET

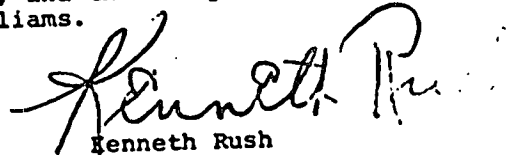
CONFIDENTIAL

nesian acceptance for a moratorium period of at least 15 years. The two departments also believe, however, that the prospects for obtaining Micronesian agreement to adequate arrangements for the survival of US defense interests (in the event the Micronesians were to exercise their right of termination of the compact) are closely tied to the length of the moratorium on unilateral termination. Thus, they recommend that the Ambassador be given the flexibility to negotiate a moratorium in the range of 10 to 15 years.

-- The Attorney General believes that a decision on the moratorium may be premature at this time. More information needs to be developed concerning the effect of the length of the moratorium on the attractiveness of the free association option, and on the prospects for achieving a long survivability period.

The study also discusses the requirement for an ultimate act of self-determination, through a plebiscite in Micronesia, prior to the termination of the trusteeship, and the appropriate elements of such an act as viewed by members of the United Nations Security Council (pages 10-11 of the summary).

The foregoing recommendations as well as the study's re-endorsement of US negotiation positions included in Ambassador Williams' current instructions, are embodied in new "Draft Instructions for the President's Personal Representative" (pages 13-16 of the summary). The Under Secretaries Committee recommends that these instructions be approved in a form consistent with your decisions on Issues One and Two above, and that they be formally issued to Ambassador Williams.


Kenneth Rush
Chairman

Attachment:*

Study on Micronesia's future political status

* Only revised summary is attached; complete study is attachment to JCS 2326/101-19

Downgraded to CONFIDENTIAL

CONFIDENTIAL

10 - 432313

Downgraded to CONFIDENTIAL

SECRET

CONFIDENTIAL

SUMMARY

A. The Nature of the Problem: The Present U.S.-Micronesia Negotiating Context

U.S. political and security interests in the Western Pacific require that to replace the present trusteeship arrangement, which is becoming increasingly unviable as a framework for U.S.-Micronesia relations, the U.S. continue on a priority basis its attempt to fashion through negotiations a stable, long-term relationship giving the U.S. primary responsibility and authority for Micronesia's defense and foreign affairs. (The present study treats Micronesia minus the Mariana Islands since the latter district of the Trust Territory of the Pacific Islands is negotiating a separate, closer relationship with the U.S. than is the rest of Micronesia).

In the autumn of 1971 the Joint Committee on Future Status (JCFS), the U.S. Delegation's present negotiating opposite, explicitly confirmed the position first suggested by Micronesian negotiators in 1969 -- i.e., that Micronesia would prefer a relationship of "free association" under which Micronesia would exercise full authority in domestic affairs and the U.S. would be fully responsible for defense and external relations. Since that time the JCFS has periodically reiterated -- most recently during a tour of the Districts of Micronesia in July of this year -- that free association best suits Micronesia's present circumstances and that such an arrangement remains the JCFS' primary negotiating goal.

Following the U.S. and Micronesian negotiators' partial completion of a draft compact of free association in the summer of 1972, the Congress of Micronesia, which is the JCFS' parent body, unexpectedly passed a resolution instructing the JCFS to negotiate both free association and independence alternatives so they could be compared by the people of Micronesia. At the round of U.S.-Micronesian negotiations which followed in October the JCFS was uncertain about whether it should in fact try to negotiate with the U.S. at that time an independence option as well as a compact of free association. Moreover, the U.S. Delegation had no authority to negotiate such an option and believed it unwise under the circumstances to pursue negotiations on the remaining free association issues. The U.S. Delegation therefore suggested that the talks be recessed so both sides could reassess their negotiating positions.

In an informal meeting in May of this year, and in subsequent informal meetings this summer, the President's Personal Representative and the JCFS Chairman tentatively agreed that their full delegations should resume work on the draft compact of free association in September or early October. They have agreed that the major topics to be taken up are finance, a compact provision relating to termination of the compact, and the Micronesians' transition to self-government. There remains to be considered again in some negotiating context the U.S. military land requirements already tentatively agreed to by the Micronesians in the partially completed draft compact of free association. It is possible but not probable that the JCFS will raise the question

SECRET

Downgraded to CONFIDENTIAL

CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

of an independence option at the next negotiating round." Conversely, circumstances could arise in which it might suit the U.S. interest to take the initiative in clarifying the U.S. position on the independence issue even if the JCFS does not pose the question. The substance of such a step would, of course, depend on the President's negotiating instructions.

B. U.S. Negotiating Objectives.
(Chapter II of the Study)

Fundamental U.S. interests in Micronesia translate into the following negotiating objectives:

PRIMARY OBJECTIVES

- 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 future 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.

Downgraded to CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

CONFIDENTIAL

C. The Future Political Relationship
(Chapter III of the Study)

During the past four years of U.S.- Micronesian negotiations the following possible status alternatives have, in varying degrees, figured in the steadily increasing public debate in Micronesia on future status: commonwealth, free association, and independence.

1. Commonwealth. Although a commonwealth proposal tabled by the U.S. in 1970 was never tested with the Micronesian electorate, the Micronesian Political Status Commission and the Congress of Micronesia rejected it shortly after its introduction. The majority of political leaders outside the Marianas who have commented on status matters since have continued to oppose commonwealth. Recognizing that there may exist some sentiment for commonwealth among Micronesia's silent majority and that circumstances could arise in which it would suit the U.S. interest to reintroduce the commonwealth proposal into the status negotiations, the study concludes that the U.S. Delegation should not foreclose the possibility of doing so. On the other hand, the study cautions that in the absence of any present evidence that commonwealth could win in a plebiscite throughout Micronesia, the U.S. should not prematurely reopen the commonwealth issue with the JCFS.

2. Free Association. It is in the U.S. interest to attempt to complete with the JCFS negotiation of the draft compact of free association, to negotiate a related status of forces agreement, and to win the Micronesian electorate's support for free association in a plebiscite. Free association should be the U.S.' main negotiating goal because the relationship envisaged under it will protect essential U.S. political and strategic interests, the JCFS has said it is the most appropriate status for Micronesia, and the majority of Micronesians who have commented on status matters appear to favor it.

3. Independence. Independence sentiment has been growing in Micronesia in the last few years, but those espousing independence are thought to constitute a small minority of the Micronesian electorate. However, the influence of the independence advocates is greater than their numbers, for included in their ranks are a few of Micronesia's most prominent political leaders. There is no unanimity of views among those supporting independence regarding the degree of autonomy which Micronesia should seek or the nature of Micronesia's subsequent relationship with the U.S..

Important to the U.S. Government's consideration of whether or not to offer the Micronesian electorate an independence option as well as the free association arrangement now under negotiation is the fact that a considerable proportion of the Micronesian elite, including many who support free association, have come to believe that it is the Micronesian people's right to be permitted

Downgraded to CONFIDENTIAL
SECRET

CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

to choose their future status from among genuine alternatives. This assumption is based on the Micronesians' interpretation of the right to self-determination promised by the U.N. Charter and the traditional U.S. position favoring the right of dependent peoples to full self-determination.

While it is impossible to estimate the precise strength of the various views of the independence question in Micronesia, it seems clear that the independence issue has gained sufficient prominence that it is difficult and probably even risky to attempt to ignore it. Regardless of what the U.S. Government's position on an independence option turns out to be, it is important that a position be adopted now to assist the relevant government departments and agencies in planning for the next round of negotiations with the JCFS early this autumn.

Once the President's Personal Representative has been instructed on the U.S. Government's position on an independence option, the manner and timing of conveying that position to the JCFS, if at all, should be left to the discretion of the Personal Representative.

In responding to possible JCFS questions, or in taking the initiative to counter other possibly more subtle JCFS and Congress of Micronesia 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. In arriving at a U.S. position on an independence option, the major relevant considerations are: U.S. security interests, the U.S. legal and moral responsibilities toward Micronesia and the world community, and the U.S. stake in establishing a stable, enduring relationship with Micronesia which will be protective of U.S. interests over the long-term.

In balancing out these partially complementary, partially competitive considerations, the Departments of State, Interior, Justice and the Office for Micronesian Status Negotiations (OMSN) conclude 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. It would very likely preclude U.N. approval of

* The Department of State comments that in all probability almost the entire Micronesian elite, and a majority of those Micronesians who have received schooling, believe Micronesia has the right to expect "genuine alternatives" in an act of self-determination. This assumption is based not only on the U.N. Trusteeship Agreement, but more specifically on the fact that Micronesians have been so advised over the years by Americans through the TTPI school system. In essence, Micronesians have been educated by the U.S. administration in Micronesia to assume and to expect a choice of status alternatives.

Downgraded to CONFIDENTIAL

10- 432317

Downgraded to: ~~CONFIDENTIAL~~
SECRET

CONFIDENTIAL

termination of the Trusteeship Agreement. These departments conclude, 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, in order to remove it from the hands of the Micronesian leadership as a long-term bargaining lever. They thus recommend that the President's Personal Representative be authorized to offer such an option if he considers it necessary and desirable. The Department of Defense, however, believing that even the possibility that the Micronesians might choose an independence option over free association presents unacceptable risks to U.S. security, recommends that no independence option be authorized at this time.*

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.

The study has considered four independence alternatives which might be offered to Micronesia:

(a) Unqualified independence, with Micronesia free to establish ties with the U.S. (or any other country) as it chooses;

(b) Marginally qualified independence under which the U.S. would indicate an intention to retain its present missile range facilities in Kwajalein, and would inform Micronesia 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;

(c) Independence and a pre-negotiated U.S. - Micronesia defense treaty. Micronesia would be legally responsible for its defense and foreign affairs, but a mutual security treaty of specified duration would cover denial of military access to third countries and U.S. basing and operations rights; and

(d) Modified free association. Basic U.S. responsibility for an independent Micronesia's defense and foreign affairs would be established under a treaty rather than under a compact of free association.

* The Department of State notes that the risk of Micronesian independence has already been accepted by virtue of the unilateral termination provision in the draft compact of free association.

Downgraded to: ~~CONFIDENTIAL~~
SECRET

CONFIDENTIAL

~~Downgraded to~~ **CONFIDENTIAL**
SECRET

From the perspectives of (a) U.S. moral and legal responsibilities toward Micronesia and the U.S.; (b) prospects for establishing a stable, enduring long-term U.S.-Micronesian relationship, and (c) immediate negotiating considerations, the less qualified the independence offer the better. However, the more unqualified the option, the greater the risks to U.S. security interests if the Micronesians should unexpectedly choose independence. The Departments of State, Interior, Justice and OMSN believe that the marginally qualified independence option described in the paragraph above, offers the best prospects for satisfying the conflicting U.S. objectives. Such an offer should adequately deflate independence pressures, offer sufficient contrast to free association in its economic aspects to make free association attractive, and protect a sufficient proportion of the U.S. defense objectives to justify risking the offer.

D. U.S. Land Requirements and Related Issues.
(Chapter IV of the Study)

The U.S. has minor non-military land requirements in the Caroline and Marshall Islands which will very likely be satisfied without significant difficulty. The U.S. also has the following military land requirements, tentatively agreed to by the JCFS in the Washington round of talks in July 1972, and incorporated in the partial draft compact as Annex B:

1. Marshall Islands

a. 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.

b. In the Bikini Atoll, continuing rights to use of 1.91 acres of Ourukaen and Eniman Islets, and to use the pier, airfield, and boat landing on Eneu Island.

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

2. Palau Islands

a. 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 fast land.

b. 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 specifications, and the right to develop an exclusive use of area of aircraft parking, maintenance and operational support facilities.

CONFIDENTIAL

CONFIDENTIAL

c. On the island of Bede'khuap 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.

3. Continuing rights to occasional or emergency use of all harbors, waters and airfields throughout Micronesia.
4. Continuing rights to use of existing Coast Guard facilities.

It now appears that it may be necessary in the end for the U.S. to negotiate directly regarding land arrangements with the local traditional Palauan leaders as well as with the JCFS. The Palauan leaders have informed the Ambassador that they have no objection in principle to satisfying U.S. land needs provided the U.S. agrees to return to their control at an early date the public lands in Palau now held in trust for the Micronesian people by the Trust Territory administration. The relevant departments and agencies of the U.S. Government are now studying intensively the desirability and ramifications of an early return of the public lands to local control in all districts of Micronesia.

Despite the JCFS's tentative agreement on U.S. land requirements and the Palauan leaders' willingness to negotiate on the matter, it is possible that obtaining the full U.S. requirements in Palau will prove difficult. The Department of Defense considers the land requirements in Palau District essential to the future security strategy of the United States. The Department of State believes the Palau options desirable, but not sufficiently critical to U.S. strategic and security concerns to warrant their being pursued to the point of jeopardizing the overall status negotiations or if the political or financial costs for their satisfaction prove too high.* However, Defense, State and the other departments participating in this study consider it unnecessary to resolve the Defense-State differences on the essentiality of the Palau options until evidence actually arises that the options might become the sticking point in the status negotiations. There is general agreement that the Palau options are sufficiently important to justify a determined U.S. effort to obtain them at reasonable cost and under conditions which would provide a politically secure atmosphere for any future bases. The study recommends that the President's Personal Representative coordinate any adjustments of U.S. land requirements with the concerned department or agency. It also recommends that should it prove impossible to reach agreement on such adjustments 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 Personal Representative should seek further instructions.

BIAS

The U.S. should continue to resist any attempt by Micronesian negotiators to place restrictions on the ways in which the U.S. military might use the lands to be obtained through long-term leases. Paragraph 303(d) of the partial draft compact reflects the U.S. position in this regard and has already been

* See study annexes B and C for the differing views of the Departments of Defense and State on the strategic importance of Micronesia, and of the Palau options.

BIAS

CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

CONFIDENTIAL

tentatively agreed to by the JCFS. The U.S. should continue to adhere to the position, reflected in paragraph 303(e) of the draft compact, that following the end of the trusteeship, the successor government should honor current U.S. leases in the Marshall Islands. Should this issue become critical to a successful conclusion of the overall negotiations, however, the U.S. should consider re-negotiation of these leases, but only on terms which would not unduly distort Micronesian land values or result in the U.S. paying disproportionately high rentals.

E. Termination of the Compact and Survival of U.S. Defense Rights.
(Chapter VI of the Study)

The two sides have tentatively agreed that the compact of free association will contain a provision permitting either party to terminate the relationship after a moratorium of a specified number of years still to be negotiated. The U.S. has proposed a moratorium of 15 years and the JCFS has suggested 5 years.

The U.S. has informed the JCFS that its willingness to accept a unilateral termination clause is contingent upon Micronesian agreement that U.S. defense rights in Micronesia would survive any termination of the compact for a specified number of years under a pre-negotiated mutual security treaty. Ambassador Williams has been instructed to seek a survivability period of 50 years. The American Delegation has not yet surfaced the 50 year period with the JCFS, since the termination/survivability issues will not be taken up until the next negotiating round.

The length of the moratorium period on termination, and particularly the principle and duration of the survivability of U.S. defense rights, will constitute major issues in the negotiations. It is possible, but not certain, that the JCFS will accept a 15 year moratorium on termination. It is probable that the Micronesian negotiators will balk at automatic survivability, and in any event they will strongly resist as long a survival period as fifty years. However, since the President's Personal Representative has not had an opportunity to test in negotiations the combination of a fifteen year moratorium and survivability for fifty years authorized in his current instructions, he should make a determined effort to win Micronesian acquiescence to that formula, but with authority to compromise on the moratorium period within the range of ten to fifteen years, although it is recognized that a moratorium period less than fifteen years is undesirable.* Such flexibility will be important within the negotiating context, to maximize the prospects for Micronesian acceptance of adequate defense survivability provisions. If the

*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

(See continuation on page 8a)

Downgraded to CONFIDENTIAL

CONFIDENTIAL

Downgraded to CONFIDENTIAL

(Continuation of footnote)

minimum of fifteen 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 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.

8a

Downgraded to CONFIDENTIAL
SECRET

CONFIDENTIAL

10 - 432322

President's Personal Representative concludes at any point during the negotiations that the fifty year defense survivability formula has no chance of acceptance by the Micronesians, he should be prepared to ask for new instructions from Washington on short notice and to make recommendations regarding either the length of the period of survivability or of the moratorium or both.

F. Finance
(Chapter V of the Study)

The future U.S.-Micronesian financial relationship will be a major agenda item, and a difficult one, when negotiations with the JCFS resume. The U.S. has repeatedly made the point informally to the JCFS that U.S. financial support for Micronesia will reflect the distance or closeness of the political relationship and that it should also be related to Micronesia's absorptive capacity and demonstrated need. Micronesian negotiators have countered that a relationship of free association and the satisfaction of U.S. land requirements should be worth \$100 million annually to the U.S.

The current instructions of the President's Personal Representative authorize him to propose a level of U.S. financial support in the range of \$25-50 million annually, beginning in the lower end of the range and moving upward as necessary to obtain Micronesian agreement to U.S. defense requirements. The concerned departments and agencies believe that an annual subsidy in this range is commensurate with the interests the U.S. seeks to protect and in consonance with U.S. responsibilities toward Micronesia and that it is more than adequate with respect to Micronesia's needs and ability to absorb the assistance. Nonetheless, they recognize that to obtain the type of political/defense relationship desired by the U.S., it may ultimately prove necessary for the President's Personal Representative to request additional flexibility in negotiating financial assistance for Micronesia. They recommend he not seek that additional flexibility, however, until he has thoroughly tested the range of support already authorized and note that the arrangements for the Marianas should serve as a limiting factor on the amount of assistance offered the rest of Micronesia.

The President's Personal Representative has the authority under present instructions, which should be confirmed in the new instructions which will be issued from the White House as a result of this study, to decide the proportion of U.S. assistance to Micronesia which will be in the form of a lump-sum payment and that to be in the form of assistance for specific mutually-agreed upon development programs. The JCFS has made very clear its preference that U.S. support take the form of annual lump-sum payments.

Downgraded to **CONFIDENTIAL**

SECRET

The President's Personal Representative should have the authority to commit the Executive Branch of the U.S. Government to assist financially in relocating the Micronesian capital and in meeting other one-time transitional costs which he considers appropriate.

The President's Personal Representative should make it clear to the JCFS that all financial commitments he makes are subject to approval by the U.S. Congress.

G. Transition
(Chapter VIII of the Study)

In the context of this study "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. Transitional steps in the political, administrative and financial arenas should have the end purpose of a smooth, orderly changeover from trusteeship to association, with the continued provision in the meantime of those services and programs for which the U.S., as Administering Authority, has assumed responsibility.

The U.S. should continue and where possible accelerate the movement toward self-government, while bearing in mind the necessity to have changes in the present administrative structure be consistent with and relevant to the ultimate constitutional framework of the Government of Micronesia. Among possible changes which would usefully provide additional Micronesian responsibility and authority are: (a) increased budgetary responsibility by 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.

H. Issue for the Future: Termination of the Trusteeship -- Self-Determination and the U.N.
(Chapter VII of the Study)

Ultimate termination of the Trusteeship Agreement will necessitate an act of self-determination in Micronesia. There are no specific legal requirements as to how the act of self-determination should be conducted, but the general practice has been to confirm popular support for the newly agreed status arrangement by a plebiscite.

Downgraded to **SECRET**
CONFIDENTIAL

CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

CONFIDENTIAL

There are differing views regarding the need and advisability of seeking U.N. Security Council approval for termination of the Trusteeship Agreement. 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. approval for termination. 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 decides to try to obtain Security Council approval and then fails the President may wish to adopt the position that U.S. obligations under the Trusteeship Agreement are fulfilled, regardless of the views of the Security Council.

If it should be clear in advance that the U.S. cannot hope for approval by the Security Council, the President could decide not to seek such approval and, instead, move directly to the position that the United States' obligations have been fulfilled. However, it would significantly strengthen the legal case for termination of U.S. obligations without the Council's consent if the U.S. first tried to obtain Security Council approval to termination, even if it failed. Therefore, no action should be taken with regard to Micronesia which would prejudice the United States' ability and option to seek Security Council approval.

BTAS

Whatever course the U.S. Government follows, it will be most important to obtain as much support as possible for its position in the Security and Trusteeship Councils. As a practical matter, however, it seems certain that Security Council approval of (or even majority support for) termination of the trusteeship agreement will require satisfaction of two basic conditions: (a) inclusion of an independence option in an act of self-determination; and (b) U.N. observation of the act of self-determination (plebiscite).

The ultimate character, timing, and mechanics of the act of self-determination will be matters for negotiation with the JCFS and possibly the U.N.. The question of U.S. tactics in the Trusteeship and Security Councils of the U.N. at the time of termination, can be resolved only toward the end of the Trusteeship, and will probably require further Presidential consideration and decisions at that time.

I. Recommendations.

The study's recommendations are included in the foregoing discussion of topics pertinent to the forthcoming negotiating rounds, and are also incorporated in the "Draft" Instructions for the President's Personal Representative

The Department of State notes that, in 1947, the U.S. Representative to the Security Council (Senator Austin), during the Council's consideration of the draft trusteeship agreement, stated that "no amendment or termination can take place without the approval of the Security Council!"

BTAS

Downgraded to CONFIDENTIAL

CONFIDENTIAL

Downgraded to CONFIDENTIAL

SECRET

SECRET

appearing as sub-section J of this summary. With the exception of the recommendations relating to an independence option and the recommendation regarding the length of the moratorium period for termination of a compact of free association the recommendations constitute in effect a reiteration of U.S. positions already included in the current instructions of the President's Personal Representative. The only new recommendations requiring fresh Presidential scrutiny and approval, therefore, are those relating to the independence question and the one relating to the length of a free association moratorium, as reflected in the new "Draft Instructions".

It is recommended that the Under Secretaries Committee endorse the Draft Instructions" contained in sub-section J and request Presidential approval thereof.

Downgraded to CONFIDENTIAL

12

SECRET

SECRET

10 - 432326