

November 6, 1973

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MEMORANDUM FOR THE MARIANAS FILE

Subject: Foundation support - meeting with Ford Foundation  
November 5, 1973

I met with Mr. Eamon Kelly of the Ford Foundation yesterday for approximately one and one-half hours. Before the meeting I sent Mr. Kelly numerous background materials regarding the negotiations and he had had an opportunity to review them before our meeting. His general reaction to the materials was that they were "fascinating." Because of the nature of the client and the general auspices of my introduction to Mr. Kelly, he was exceptionally friendly, open and helpful. This memorandum will summarize our meeting:

- (1) At the outset, it appears as though any request by the Marianas for financial support from the Ford Foundation will raise a substantial jurisdictional question within the Foundation. Mr. Kelly is from the National Affairs Division of the Foundation and personally has done a good deal of work very similar to the kinds of projects and problems with which we are concerned in the Marianas. He seems to have spent considerable time on the Alaskan Indian claim matter and various development corporation problems in New York City. However, he indicated to me that any projects in the Marianas, before they become part of the United States, would probably fall within the jurisdiction of the International Division. I told him I had been alerted to this possibility by another alumnus of the Foundation who had opined that our prospects might be as good, if not perhaps better, in the International Division. Mr. Kelly shared this impression, although I think it is most unlikely that we will find anyone in the International Division with the kind of personal experience and interest in the possible funding effort as Mr. Kelly himself. Mr. Kelly said that he would bring this matter to the attention of the people in the International Division, although he indicated that the scope of the international program is currently being reevaluated and that a delay of two or three weeks might be in our interest. Generally, on the jurisdictional issue,

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I stated that obviously we did not care which division of the Foundation was responsible for considering our application, so long as the end result was positive and generous. I think I have Mr. Kelly's personal assurances that he will not let the matter "fall between the cracks."

- (2) After some general discussion about the negotiations, Mr. Kelly asked me what kind of help I wanted from the Foundation. I responded by identifying four project areas which I thought deserved priority attention. I summarized them in the following order without indicating that this necessarily reflected my personal views as to their relative significance:

(a) Preparation for Economic and Social Planning

Mr. Kelly had reviewed the proposal for Phase I planning and I emphasized the need to begin this planning as quickly as possible. I stated that Foundation support would enable the Marianas to create the planning mechanism, to undertake some high priority planning assignments, and generally to insure that any funds made available by the U.S. would be promptly utilized. I was frank to admit that we viewed this effort as a technique for insuring that Phase I funding would, in fact, be provided by the United States.

(b) Government Reorganization and Training

As a second possible project, I made reference to the variety of tasks set forth in the proposed government planning program prepared by this firm. In particular, I emphasized the need for planning for government reorganization before any meaningful transitional steps could be taken to increase the amount of self-government possessed by the Marianas people. I also referred to the need for better training of indigenous public employees, the need for political education and other such specific matters.

(c) Public Land Corporation

I described a third priority project as being the creation of a public commission to receive public lands back from the United States and to plan their effective utilization and disposition. In this connection, I pointed out that we are anxious to provide a mechanization to get these public lands back as quickly as possible, not only for the rental income involved but because it provides an opportunity to begin the kind of meaningful planning that we think is essential.

(d) Support for Negotiations

I summarized this project by indicating that I expected that the negotiations would go on for another two or more years, that the Marianas were already reaching the limits of their resources, and that a considerable amount of work would have to be done by a wide variety of consultants, legal and otherwise.

Mr. Kelly expressed some views in several of these areas, which I will refer to below. He did not press me as to the amount of money that I had in mind for any of these projects or what kind of a multi-year commitment I was interested in. If he had asked, I was going to speak in terms of a three-year commitment by the Foundation (to the extent that such a commitment is possible) in the vicinity of \$250,000 to \$300,000 a year.

- (3) In the discussion which followed my listing of the above projects, Mr. Kelly made several comments of considerable interest to me. Most importantly, he emphasized that the Foundation has other kinds of resources available in addition to grant money which should be considered by us. He mentioned the Special Foundation Investment Program, which lends substantial amounts of money (in the millions of dollars) at very favorable interest rates, particularly when such investments can aid in the creation of important institutions, such as development corporations or financial institutions. The third kind of resource available from the foundation is the technical assistance which can be provided through consultants who work for the Foundation. Mr. Kelly said that generally these consultants will work only in connection with either program grants or Foundation investments of the kind referred to above.

Mr. Kelly was very enthusiastic about the use of the investment technique in the Marianas, especially when we started talking about the creation of new financial institutions and the planning for a land corporation. He mentioned, however, that this was a technique familiar to and used by him on the National Affairs side of the Foundation's work, but not used by the International Division.

- (4) Mr. Kelly has a general bias against economic and social planning unrelated to specific problems. His view of the Alaskan Indian claim planning and legislation is that it was completely botched and that no money ended up being available for the kind of specific planning needs that did and do exist. In Mr. Kelly's view, the kinds of problems which need priority attention are frequently those of a legal, organizational and technical nature. Because of this general bias, Mr. Kelly was frankly not as impressed with our proposal for economic and social planning as I had anticipated. He is much more interested in the public land corporation, the creation of other such mechanisms, and any supporting kind of detailed and concrete jobs which would necessarily be confronted once a decision was made to establish such an institution. He is very skeptical of any planners who have not demonstrated commercial success and is quite apprehensive about the kind of detailed physical planning which is contemplated as part of our program. I think that Mr. Kelly would support planning efforts on behalf of the Marianas but only to the extent that they were closely related to and indispensable prerequisites to accomplishing certain specific goals.
- (5) I asked Mr. Kelly whether Foundation support of the Marianas would be considered a sensitive or political matter for the Foundation. He stated that the Foundation would undoubtedly check with the State Department before making any such grant. However, he did not believe that any position by the United States would be controlling. He stated that such matters were routinely checked out with interested government agencies so that Mr. Bundy could be advised in a timely manner regarding any possible political reaction or sensitivity to a Foundation decision. Mr. Kelly stated his personal view that the United States would be very reluctant to oppose a grant by the Foundation to the Marianas because of the difficulty the U.S. delegation would have explaining such a position to members of the Marianas Commission.

- (6) When he heard that Chairman Pangelinan was going to be in the country for a few weeks, Mr. Kelly indicated that it would be desirable for me to return with Chairman Pangelinan to discuss the matter further. He is prepared to set up a meeting not only with representatives of the Foundation's International Division, but also with one or two other foundations he believes we should consider. In response to my questions, he told me that it would not be necessary to have any more specific program proposal in hand for such meetings, which he described as being very preliminary and along the same lines as the discussion which he and I had yesterday. He asked me to give him a call when I knew what days would be most convenient for Chairman Pangelinan and myself to go to New York.

Howard P. Willens

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