

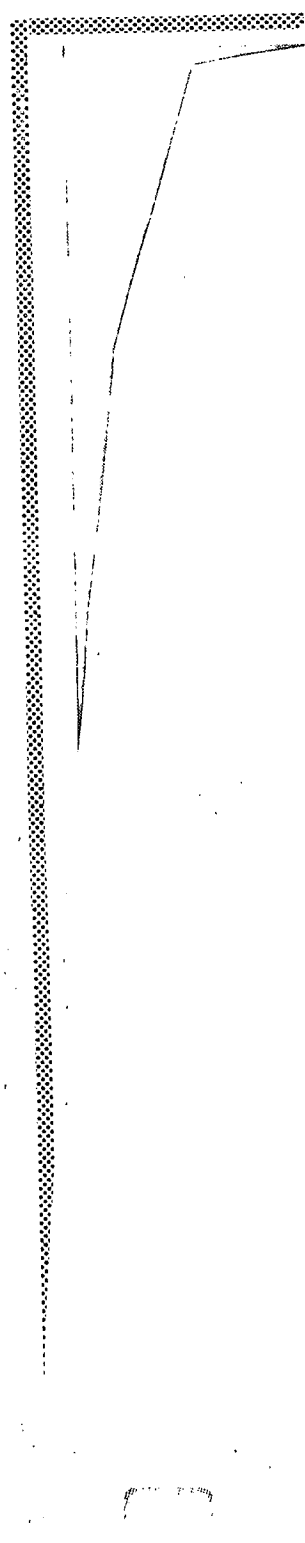
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# Money Blocks Talk

Gannett News Service

WASHINGTON — The Micronesian status talks, which have been progressing amicably in the drafting of a "free association" compact suddenly reached a critical point Tuesday on the subject of money and may wind up sooner than expected.



Members of both U.S. and Micronesian negotiating teams said they had reached what might be called an impasse on the issue of finances, a difference that apparently could force a formal ending of this seventh round as early as Wednesday afternoon.

American negotiators wanted to bypass the money questions and work on other titles in the proposed compact, but the Micronesian delegation insisted that the money issue be settled before undertaking any new areas of discussion.

A meeting between U.S. Ambassador Franklin Hayden Williams and Sen. Lazarus Salii, chairman of the Micronesian negotiators, confirmed the differences on money and led to the understanding on both sides that this round of talks may have gone as far as it can. It was still up to Salii and his committee, however, to decide whether they would continue the talks on subjects other than money or wind up the session.

U.S. spokesmen indicated there was basic agreement on the means of financing the Micronesian government under the new "free association" arrangement, but wide difference on the amount of money involved.

The U.S. is willing to go along with the Micronesia request for an annual lump sum appropriation, rather than the line item funding that Congress now grants to the Trust-Territory government. This would give the island's new government considerable latitude.

But, according to sources close to the talks, the Micronesians want almost twice the amount of money the U.S. is willing to provide each year.

U.S. officials said they were surprised by what appeared to be a sudden hardening on the money issue.

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