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THE WHITE HOUSE
WASHINGTON

Old Executive Office Building
Room 361
Washington, D.C. 20506

November 28, 1973

William F. Franklin Napier

R.V. Dear Mr. President:

The Seventh Round of talks with the Congress of Micronesia's Joint Committee on Future Status regarding the political future of the Trust Territory of the Pacific Islands opened at Washington November 14, 1973 and adjourned November 21, 1973 because of an impasse over the amount of financial assistance to be provided Micronesia by the United States following the end of the trusteeship. A full record of the proceedings is enclosed.

Within the framework of your instructions it was my intention to work with the Micronesian delegation toward the completion of a draft Compact of Free Association. As you recall, the two delegations reached tentative agreement in July, 1972 on a Preamble and Titles I, II and III, which treat Internal Affairs, Foreign Affairs and Defense. We met again in September-October, 1972 to draft the remaining titles, but after a few days jointly agreed to a temporary recess in the negotiations for reasons I reported to you at the time. The temporary recess extended to several months while the Joint Committee settled some of its internal organizational problems following Micronesia's elections last November, and then to a year as a result of the Joint Committee's introduction into the negotiations of a complicated issue, namely the question of the early transfer of title to public lands from the Trust Territory Administration to the Districts.

On November 1, 1973 after intensive study and fact-finding visits by U.S. and Trust Territory officials, Secretary Morton approved a new U.S. policy on the transfer of public land to local Micronesian control. This policy was discussed thoroughly with the Joint Committee on Future Status on November 13. Round Seven of the status talks opened the following day on a positive note.

It was our hope that the Seventh Round would result in the completion of the remaining articles of the Compact of Free Association covering such important matters as finance, citizenship and nationality, trade and commerce, and termination. After four working sessions, however, it became apparent that the Micronesian Delegation's expectations of an

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appropriate level of U.S. financial support for a new Government of Micronesia greatly exceeded ours. The U.S. proposal, which we considered to be reasonable and fair, was based on current needs and expenditures in Micronesia and anticipated a gradual move by Micronesia toward greater economic self-sufficiency. The Micronesians' final proposal, which was still twice that of the U.S., would have, in our judgment, led to even greater Micronesian dependence on U.S. assistance and away from their stated goal of economic self-sufficiency.

In order to break the deadlock, we proposed to move ahead to other titles of the draft compact, leaving the differences on the level of financial assistance for later resolution. The Micronesian delegation rejected that suggestion, stating that no useful purpose would be served by continuing the drafting of the compact given the wide gap between their expectations and the level of post-trustee financial support being proposed by the U.S. The Seventh Round was subsequently adjourned with expressions of regret from both delegations.

I continue to believe there remains a sound basis for establishing a mutually beneficial and enduring relationship between the United States and Micronesia. To that end we shall, during the next few weeks, review the issues that have not yet been resolved by the two delegations. Subsequently I shall report to you my estimate of the negotiating situation and, as appropriate, make recommendations regarding courses of action in our further talks with the Micronesians.

Very respectfully yours,

Franklin Haydn Williams
Franklin Haydn Williams

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