

DRAFT:SS:kkc:12-9-73

MVI.
13
5,64

TALKING POINTS - TRANSITION PLANNING

1. In its May 14, 1973 Position Paper on the Economic Aspects of the Revised Political Status, the Marianas Political Status Commission proposed:

- A first phase of Transition consisting of one year during which detailed plans are prepared to facilitate changes in government structure, accelerate industrial and social infrastructure development, establish institutions for economic and social development, and establish a legal basis for self-government.

- The Marianas Political Status Commission estimated the costs of such a program at \$4.5 million; \$3 million for an accelerated cadastral program survey; \$750,000 for Master Planning and schematic design of facilities; \$125,000 for government reorganization; \$125,000 for economic and social development planning; and \$500,000 for legal planning including political education, constitutional convention and the development of a legislative program.

- The Marianas Political Status Commission proposed that the funds (i.e., the \$4.5 million) be made available as a grant to the Marianas Political Status Commission immediately after conclusion of successful negotiations.

- There were no additional Phase I details provided.

2. The U.S. delegation indicated its concurrence in principle with this outline, subject to further consideration of the exact elements of timing, funding, and procedures and proposed that the matter of developing details be dealt with initially by the Working Group on Economics and Finance.

3. The Marianas delegation expressed its satisfaction with the United States agreement in principle - proposed that the May 14 presentation be used as an agenda for the Working Group's deliberations.

4. In August, the joint working group undertook a series of meetings in Washington to develop a clearer understanding of the Marianas Political Status Commission proposal and to exchange preliminary views on these matters. Between August and November, the joint group met five times in Washington.

5. In August 29 Mr. Leonard, on behalf of the Marianas Political Status Commission, presented some detailed justification for the cost estimates - at the same time proposing modification of costs of some of the Phase I items.

- The estimate for cadastral work was reduced to \$2.5 million from \$3 million.

- Master planning and schematic design were combined and the total increased from \$750,000 to \$1.2 million.

- The economic development planning estimate was increased from \$125,000 to \$200,000.

- A new item, Planning Coordination, was introduced for \$112,000.

- Legal planning remained at \$500,000 but details were to be provided later.

Such detail was presented October 31.

- The net effect was no change in the \$4.5 million total cost estimate presented May 14.

6. One of the more difficult areas to reach an understanding on in the joint working group was the \$1.2 million physical planning item. Mr. Leonard arranged for a special visit to Washington of the architects who drew up the cadastral and master planning cost estimates to try to overcome this difficulty.

- Yon will note later on that this continues to be a difference between us.

7. We are now prepared to present, Mr. Chairman, our views on a Phase I program - taking into account the May 14, August 29 and October 31 presentations made to us by, and on behalf of, the Marianas Political Status Commission.

8. As for the management of the effort, we believe it essential to have Phase I activities closely linked to our own efforts here and thus the policies controlling the whole effort should be set by a Joint Transition Commission (United States and Marianas). This Commission will insure that Phase I activities conform to terms of our agreement and will insure that the continuing United States responsibility for administering the Trust Territory is fully discharged so long as the Trust Territory exists.

- We propose a Joint Transition Commission with three Marianas officials and two United States officials.

- To provide an institutionalized channel for liaison between the Northern Mariana Islands and United States Governments.

- To oversee the execution of the Phase I program that we agree to.

- To establish general policies and guidelines.

- To review studies and reports and forward them to end-users.

- Commission members to serve without additional compensation - except for expenses.

- Co-Chairmen - United States and Northern Mariana Islands

- To meet on call of Co-Chairmen.

- Co-Chairmen to remain in close contact throughout Transition.

9. The Commission will be served by a Joint Transition Secretariat headquartered in the Northern Mariana Islands.

- Responsible to Joint Commission for carrying out Phase I program.

- Recruits and supervises experts obtained from United States and Trust Territory Governments; employs private consultants and lets contracts with private firms.

- Administeres and is accountable for Phase I funds.
- Submits quarterly reports to Joint Commission on funds and progress of program.
- Submits studies to end-users - to Northern Mariana Islands governmental bodies.
- Four man professional organization - Director, Deputy Director, Controller and Washington Liaison.

20. A final note on the administration aspects:

- In view of expectations that we will make major progress in these discussions, we would propose the establishment of an interim joint group even before the start of Phase I.
 - This ad hoc group could keep up the momentum of the work we will have accomplished here - provide concrete evidence of our high hopes for early agreement.
 - It would ~~wants to~~ develop the Phase I program in the detail needed to make possible speedy implementation when agreement is reached and funds for Phase I become available.
 - It would take an inventory of all plans and studies already on the books and in progress and evaluate their quality and relevance to Phase I requirements.
 - It would attempt an assessment of the human talent available in the Trust Territory Government and elsewhere in the Northern Mariana Islands that could be tapped for work on Phase I activities.
 - It would help establish the more permanent Joint Transitional Secretariat.
11. Now, to the program itself. We see a total program of about \$2.5 million.
- The largest reduction - though not a cut in real terms - is in the land survey work. Our people estimate a \$1.6 million requirement for the cadastral work - as compared to your \$3 million of May 14 and \$2.5 million of August 29.

- We propose \$350,000 for a jointly administered economic, financial and social infrastructure planning effort. This compares to your May 14 estimate of \$875,000 for these items and \$1.4 million on August 29.

- This brings us back to the difficulty I alluded to earlier encountered in the Economics and Finance Working Group sessions in Washington.

- We continue to feel that the Marianas Political Status Commission proposal fails to take into account the work already done, in progress, and the talent available here now to carry on the physical planning work.

- We also feel that the Marianas Political Status Commission proposal gets into too much detail - conceptual planning, cost estimating, etc. - this is, in our view, inappropriate for Phase I efforts.

- In sum, we feel that the proposal is too large, too soon and uncoordinated with the work completed and in process here.

- We see some advantage in having a physical planner attached to the economic development team - either full time or as a short term expert - to add that dimension to the economic planning work. Such an architect could interpret for the economic planners the physical planning already on the books and the known physical constraints to development.

- Our conversations here on this trip have substantiated and reinforced our previous conclusions on this matter.

- One of the interim secretariat's main tasks could be the collection and evaluation of existing studies and architectural plans for the Marianas and the making of recommendations on how to proceed to use such data effectively is the economic development process.

- To move on now from the subject of physical and economic planning, we propose \$175,000 for a Marianas unilaterally managed program covering convening of a constitutional convention, the legal services required by the convention,

the holding of a constitutional referendum and the planning required for government reorganization and the development of a legislative program.

- We propose \$_____ thousand for jointly administered special studies, programs and events - a political education program to explain the new status agreement to the people of the Northern Mariana Islands; the holding of a plebiscite to determine the peoples' views on the proposed status; and studies to determine the potential impact of the relocation of the capital - measures and programs necessary to place personnel affected by the relocation.

- A significant deletion from your proposed legal program is the \$170,000 item for legal services in connection with applicability of laws.

- Our present thinking is that this whole question can be handled at Phase I without such a study - because of the faith we have in each other's intentions and can be handled in Phase II by a Joint Legal Commission.

- Finally, we propose \$30,000 to cover incidental expenses of the Joint Transition Commission and \$175,000 for the Joint Secretariat.

- This latter amount covers salaries for four professionals, two secretaries, office space, office equipment, supplies, travel, etc.

11. This completes my explanation of the United States proposal for Phase I. We hope you will find our views on organization, administration and the nature of the things that have to be accomplished between the time of agreement and the ratification of that agreement by both sides in line with your own views.