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April 16, 1974

MEMORANDUM FOR:

The Chairman of the Marianas Political Status Commission
and

The President's Personal Representative for Micronesian Status
Negotiations

Subject: Report of the Ad Hoc Preparatory Committee on Transition in the
Marianas

Attached is the report of the special Ad Hoc Preparatory Committee on
Transition in the Marianas. This report results from the work of the
undersigned, plus advice from staff experts available to both sides, and
is generally responsive to the terms of reference agreed to by you during
the Third Round of the status negotiations last December.

The members of the Ad Hoc Committee were able to reach general agree-
ment on all major issues. However, a special comment by the Marianas
representative on the Committee is attached at Tab A.

Very respectfully,

Howard P. Willens

R.Y. Scott

James R. Leonard

S.A. Loftus

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April 16, 1974

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REPORT OF THE AD HOC PREPARATORY COMMITTEE
ON TRANSITION IN THE MARIANAS

Introduction

During the Third Session on the future political status of the Marianas, the Chairman of the Marianas Political Status Commission (MPSC) and the President's Personal Representative for Micronesian Status Negotiations agreed that a joint Ad Hoc Preparatory Committee should be established to study and make recommendations regarding the scope, organization and timing of studies and programs necessary to an orderly transition to self-government in the Marianas. Agreed terms of reference for the Ad Hoc Committee are attached.

Pursuant thereto the Ad Hoc Committee has met and submits the following report to the Chairman of the MPSC and to the President's Personal Representative for Micronesian Status Negotiations.

GENERAL

Several discrete but interrelated steps are involved in creation of a self-governing Commonwealth of the Marianas. The first is a plebiscite to determine the future political status of the district. The second is a series of steps starting with the drafting of a constitution by a constitutional convention, followed by a constitutional referendum, the organization of a new government structure, the election of a new government and the drafting of an initial legislative program. The main responsibility for planning and implementing these latter activities should be borne by local leaders and institutions.

The Ad Hoc Committee is not able to make a firm estimate as to the time required to complete all of the tasks or activities mentioned in this report; it believes, however, that approximately two years is a reasonable timeframe.

In addition, there is a need for appropriate educational efforts to prepare the people so that they can participate in these activities or make an informed choice when a popular referendum or election is held.

It is also evident that if the new Commonwealth is to prosper, its leaders will require a sound plan for the social and economic development of the district, which takes into account all factors relevant to economic growth and social progress.

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In this report the Committee presents its views and recommendations on the kinds of organizations, preparatory work and timing that will be required during the period preceding the installation of a new government, referred to as Phase I, plus a recommended budget.

ORGANIZATION

In order to ensure a timely and effective implementation of the necessary transition measures, the following organizations should be created immediately upon the signing of a status agreement.

A Joint Marianas-U.S. Commission on Transition

There is a joint responsibility for ensuring that the agreements reached on transitional steps are carried out as planned. In line with this the Committee recommends that a Joint Commission on Transition, an ex-officio body, be organized with the following members: the Chairman of the MPSC or its successor; the President of the District Legislature; two current or former members of the Marianas Political Status Commission, one each from Tinian and Rota, appointed by the District Legislature; the Marianas District Administrator; the President's Personal Representative for Micronesian Status Negotiations; the Director, Office of Territorial Affairs, Department of the Interior; and another one or two U. S. representative(s) to be designated.

The Commission should have two Co-Chairmen and meet on the call of either.

The main functions of the Commission should be:

1. To ensure that the terms of the status agreement and all related agreements on transition reached by the Marianas and the U.S. are faithfully executed;
2. To provide an institutionalized channel for close and timely consultation and liaison between the Mariana Islands and the U.S. Government on all significant transitional matters;
3. To formulate general guidelines for all necessary planning and research to be carried out during Phase I on matters of joint concern.
4. To provide policy guidance to the Joint Secretariat and perform whatever additional necessary functions it may decide are appropriate to the implementation of the Phase I program, e.g., to review studies or reports prepared by experts or the Secretariat.

A Transition Secretariat

To ensure that the general policy on transition and the specific guidelines of the Joint Commission are carried out, the Ad Hoc Committee recommends the creation of a full time "executive agent", a Transition Secretariat. This group would in essence be the "operating arm" of the Joint Commission.

It is our recommendation that this Secretariat be staffed by highly qualified professionals appointed by or approved by the Joint Commission, as follows:

1. A Director - preferably a citizen of the Marianas.
2. A Deputy Director, who would act as the Executive Officer - preferably a citizen of the United States.
3. A political scientist, ideally one who is expert in the field of public administration and constitutional law or state and local government.
4. An economist with substantial experience in dealing with problems of economic development.
5. A physical planner.
6. A liaison officer.

The Secretariat should be headquartered on Saipan and be fully responsible to the Joint Commission. It will also require a small clerical staff.

The Ad Hoc Committee recommends that the Joint Commission appoint the Director and Deputy Director of the Secretariat. The Director of the Secretariat would have the power to employ all but the Deputy Director, subject to the approval of the Joint Commission. He should also have the authority to let contracts or to hire expert consultants, within pertinent guidelines furnished by the Joint Commission.

Funds for salaries and other requisite support for the Secretariat should be provided by the U.S. Government through the Trust Territory Government.

Specific Functions or Responsibilities of the Secretariat

The primary role of the Secretariat would be to "manage" the study program approved by the Joint Commission and to ensure that all of the important steps toward the new political status, such as a constitutional convention, referendum, etc., are carried out on schedule; it should also:

1. Be responsible to the Joint Commission for planning, implementation and coordination of all agreed Phase I programs and activities falling under the Joint Commission's responsibility, i.e., serve as the staff arm of the Joint Commission;

2. Employ private firms or consultants as may be required to provide special advice or studies;

3. Administer all Phase I funds and provide quarterly progress reports to the Joint Commission on Phase I joint activities;

4. In addition, the Secretariat should be authorized to respond to requests from the Marianas representatives on the Joint Commission for assistance in the implementation of those transitional studies or activities which are principally the responsibility of the Marianas people.

In carrying out its responsibilities, the Secretariat should utilize to the extent available, the expert advice and services of personnel of the United States Government, the Trust Territory Government, the District Administration, and its political subdivisions.

WORK PLAN

There are two distinct kinds of activities needed to effect the transition to self-government and to initiate desired economic and social programs:

1. Research and planning activities; and
2. Specific or scheduled events and activities.

The first of these categories, research and planning, should include two major subdivisions:

- a. Studies or planning needs to establish and organize the new government and its initial program; and
- b. Studies or planning required in the economic and social area.

Government Organization Planning

The following main projects are needed in this area:

- A. Studies and Planning for a Constitutional Convention

The MPSC should take the

lead in this area, for it is the people of the Marianas who will have to live with the consequences of all planning and related events regarding this critical effort.

The Secretariat should provide all appropriate assistance.

B. Research and Planning Regarding the Organization of a New Government of the Marianas and its Initial Legislative Program

These tasks are also of primary concern to the MPSC and other political leaders of the district.

The principal requirement is to prepare a plan for the reorganization of the current system of government - a blueprint on how best to convert from the present governmental structure to that established by the new constitution.

This will require a careful and discriminating planning effort. Some select research plus expert advice will be required.

Preparatory work in planning for and drafting an initial legislative program should also begin during Phase I, although there should be ample time for the Secretariat to review this requirement during the initial months of Phase I. This project will mainly require experts skilled in drafting legislation needed to effect decisions on government reorganization and to get the new government off to a good start.

C. Studies Regarding the Retention or Extension of U.S. Programs and Services

It is the Ad Hoc Committee's view that the Secretariat should be instructed to ensure that a thorough review of all U.S. programs and services of potential value to the new Commonwealth of the Marianas be undertaken by experts during the early stage of Phase I.

Economic and Social Planning

Extensive economic and social infrastructure planning should be initiated during Phase I to enable the new government to determine its fundamental goals and policies in this area. Such planning will also facilitate agreement on the kinds of external aid or assistance most relevant to the needs of the Marianas in these areas within the annual levels of assistance provided in the status agreement.

Planning in this area can probably be best done by an appropriate combination of government experts, U.S. or local, and private firms or consultants - including experts in such functional areas as agriculture, tourism, land use and management, fishing, government finance, etc.

This category of planning should include, but not necessarily be restricted to, all necessary research and planning for the following - (1) the drafting of a general plan for socio-economic development; (2) a fiscal and revenue plan; (3) a physical (infrastructure) plan; and (4) studies regarding the economic and social impact of relocating the capital of Micronesia.

A. Economic and Social Development Planning

First priority should be given to research activities required to form a basis for a development strategy and long-range social and economic development goals and programs - including health and educational goals - taking account of demographic trends, resource availabilities, including labor, water, soils, external assistance, etc.

Economic and social development planning should embrace several distinct but interrelated parts - recommendations regarding general development goals - social as well as economic, proposals for long-range government revenues and expenditure patterns plus general goals for the development of the district's infrastructure.

It should be the task of the Secretariat to determine what specific research or planning efforts are required to pose and analyze the principal alternatives and to suggest solutions most relevant to the situation.

B. Fiscal and Revenue Planning

The principal need here is to identify possible sources of additional government revenue and to analyze alternative fiscal policies designed to provide a set of incentives for economic growth and an equitable distribution of the burden. Efforts in this particular area need to take full account of any decisions or guidance based on the work being done on the definition of social and economic development goals and programs.

C. Physical - Infrastructure - Planning

It is clear that a certain amount of planning in this area needs to be done during Phase I, albeit additional detailed planning will inevitably follow in the Post-Phase I period. The Ad Hoc Committee believes that the main requirement is to identify in the first instance the

limitations placed on development by the constraints of the environment - climate, soils, fresh water, manpower, etc. Therefore, the examination of already completed physical planning documents will be an early and integral part of the economic development study.

It is the Ad Hoc Committee's opinion that a substantial amount of useful planning has been done in the District. Full account should be taken of this by those charged with developing an overall, integrated plan. Once a general economic strategy begins to take shape, a follow-on study of physical infrastructure requirements will need to be undertaken. The purpose of that study would be the formulation of a time-phased plan of physical improvements essential to the furtherance of economic and social development of the Marianas. It would deal with such matters as urban housing, recreation, schools and hospitals, etc., in the area of social development, and roads, docks, power, water, transportation, etc., in the area of economic development infrastructure.

The Ad Hoc Committee recognizes that physical planning in addition to that for which funding is proposed in this Report will be required in the Marianas. It cannot be determined at this time, however, exactly how much additional physical planning may be necessary or desirable and when it would be most timely. The Ad Hoc Committee agrees, therefore, that the question of additional physical planning will be reexamined during Phase I by the Secretariat, subject to review by the Joint Commission, and that such additional funds as are necessary will be requested by the Executive Branch of the U.S. Government during either the latter part of Phase I or the initial stages of Phase II.

D. Special Impact Studies

There is an obvious need for early and effective planning efforts with respect to the following matters: (1) local impact of relocation of the capital of the TTPI; for example, the need to reassign or find alternative employment for displaced personnel; (2) the use of vacated facilities on Capitol Hill; and (3) programs needed to train or retrain government personnel in the Marianas.

Specific Events or Activities

Planning for the following discrete events or activities toward the realization of the new political status should begin early in Phase I and include:

A. A political education program. This should be aimed initially at gaining widespread understanding of and support for the proposed status agreement. In effect this effort has already begun. Local leaders should continue these efforts and be able to look to the Secretariat or local governmental entities for all appropriate support.

B. The status plebiscite. The nature and timing of this should be a matter of priority concern to the Joint Commission and be implemented by the District government prior to the holding of a constitutional convention. Otherwise, serious problems could arise during the drafting of a new constitution and the planning of the new governmental structure.

C. The election of delegates to a constitutional convention and convening of the convention. This should be based on the preparatory work mentioned above and consultations between leaders of the District Legislature and the Administration, once the Joint Commission has had an opportunity to provide general guidelines.

D. A constitutional referendum. This should be held after an intensive educational effort by the leaders of the constitutional convention and their principal supporters with appropriate support from the Secretariat and the Administration.

E. Election of a new Marianas Government.

Timing

The Ad Hoc Committee's recommendations in this area are based on the assumption that the status plebiscite will precede rather than follow or occur simultaneously with the constitutional referendum.

It is assumed that the order of events would be the initiation of a program of education on political status, a status plebiscite, planning for the constitutional convention, a program of public education regarding the proposed constitution, planning the new government, and the installation of the new government, following U.S. Congressional review and approval.

Necessary planning and related preparatory work in other areas, such as economic and social planning, should commence as soon as possible after Phase I begins. The Ad Hoc Committee recommends that as much as possible in the way of preliminary organization be done before Phase I begins, for example, the lining-up of personnel for the Secretariat.

The Secretariat should, as a matter of first priority, draw-up a more detailed time-phased work program covering Phase I.

PROPOSED BUDGET

The United States as the Administrating Authority will be responsible for funding all Phase I activities, including the expenditure of any U.S. funds on agreed studies or projects. Therefore, the U.S. contribution to any of the above tasks, whether in the form of grants or payments to cover the administrative costs of the Joint Commission or the Secretariat, must be funneled through agents or agencies designated by the U.S., such as the Headquarters of the Trust Territory Government. For example, funds for the preparatory work and holding of the constitutional convention should be in the form of direct grants from the U.S. through the designated agency of the Trust Territory Government to the District Legislature. Conversely, U.S. funds for the support of the Secretariat or for physical planning should pass through the Trust Territory Government to the Secretariat for appropriate disbursement.

The proposed budget does not include the significant contributions already made or which will be devoted by the Trust Territory Government to projects or activities that should also be viewed as an integral part of transition to self-government, e.g., infrastructure projects, and the land cadaster program.

With regard to the latter, the cadaster program, it should be kept in mind that the U.S. is committed to complete a public land cadaster program within three years. Funds for this program were included either in the Fiscal Year 1974 supplemental budget or are being requested as part of the Fiscal Year 1975 budget for Micronesia. If additional funds are required to meet this commitment more money will be requested. The District Administration is responsible for the implementation of this program and is already organizing for this task. Therefore, the amount proposed earlier by the MPSC for this purpose is not included in the attached draft budget estimate. If they were, the total would increase by approximately \$1.6 million - the current estimated cost of the three year program for the Marianas District.

Moreover, the attached budget estimate does not reflect the considerable work which the Trust Territory Administration intends to perform in the District in the areas of physical planning, public works, agriculture, education, etc., during Phase I and II. In this regard, there has recently been a considerable upgrading of the planning effort at the district level. Supporting work by appropriate sections of the District Administration in such areas as physical planning will continue until the Trusteeship ends. Thus, the indirect contribution of these efforts to Phase I planning should be recognized by all concerned.

The need for the training of additional public servants and technicians is well recognized and will doubtless receive priority attention by the leaders of the Marianas and the U.S. Administration during the transitional period. In fact, the Department of the Interior has already initiated an intern program in this area. Therefore, funds for this are not included in the attached budget estimates.

The suggested allocations which follow should be viewed as tentative and subject to transfer to related tasks in accordance with agreed guidelines from the Joint Commission or recommendations of the Secretariat. A high degree of flexibility within broad functional divisions will be required in the interest of good management and timing.

It should also be recognized that additional funds for research or studies not yet identified or to augment agreed planning tasks may be required during Phase I. The U.S. is prepared to meet the costs of additional research or studies judged necessary to complete the agreed planning tasks, to include those which may need to be extended into Phase II.

The costs of administration are annual and will continue as necessary until the agreed tasks are completed. Budget estimates for research and planning and scheduled transitional steps are "no year" funds - i.e., they should be sufficient to complete the task or activity. As mentioned above, some additional funds for new or expanded work may be needed. It should be recognized, however, that all proposed U.S. expenditures are subject to Congressional approval and the availability of funds.

RECOMMENDED PHASE I BUDGET

Administration

Joint Commission	\$ 20,000
Secretariat	\$230,000
Contingencies	\$ 10,000
<u>Sub-Total- - - - -</u>	\$260,000

Research and Planning

Government Organization

Studies and Planning Constitutional Convention	\$ 50,000
Research and Planning Government Reorganization	\$ 50,000
Initial Legislative Program	\$ 50,000
Research U.S. Federal Programs and Services	\$ 50,000
<u>Sub-Total- - - - -</u>	\$200,000

Economic and Social Planning

Economic and Social Development Planning	\$225,000
Fiscal and Revenue Planning	\$ 50,000
Physical Planning	\$225,000
Impact Relocation of Capital	\$ 50,000
<u>Sub-Total- - - - -</u>	\$550,000

Schedule Transition Steps

Political Status Education Program & Status Plebiscite	\$ 50,000
Constitutional Convention	\$ 75,000
Constitutional education program and constitutional referendum	\$ 50,000
Election new Government	\$ 25,000
<u>Sub-Total- - - - -</u>	\$200,000

GRAND TOTAL- - \$1,210,000

ATTACHMENT - Terms of Reference for Special Ad Hoc Committee

TERMS OF REFERENCE FOR THE AD HOC PREPARATORY
COMMITTEE ON TRANSITION

A joint Ad Hoc Preparatory Committee will be appointed forthwith by the Marianas Political Status Commission and the President's Personal Representative to study and make recommendations to the Chairmen of the Marianas and U.S. Delegations before the next negotiating session regarding the scope, organization and timing of studies and programs necessary to an orderly transition to self-government in the Marianas. Specifically, the Ad Hoc Preparatory Committee will recommend to the Chairmen of the two delegations the following:

1. A detailed work plan, including a timetable and sequence of events, for preparing and undertaking:
 - a. A political education program;
 - b. A plebiscite on future political status;
 - c. A constitutional convention and referendum;
 - d. Legal studies relating to the organizational structure and initial legislative program of the new commonwealth government;
 - e. Studies to identify the Marianas' economic, social and physical infrastructure needs, taking into account as appropriate extant studies on these matters;
 - f. Studies to develop an appropriate fiscal and revenue system for the Marianas;
 - g. A study of the economic or social impact on the Marianas of a relocation of the Capital of Micronesia.
2. An appropriate organizational structure for accomplishing the important transitional studies and programs. This recommendation will include a description of how a Joint Commission could be organized to provide general guidance for the implementation of these tasks and how a Joint Secretariat might be established to provide specific direction and continuing administrative support;
3. A detailed budget to cover the costs of essential studies, programs, and events falling within the transition period.

The Ad Hoc Preparatory Committee will report their recommendations to the Chairman of the Marianas Political Status Commission and the President's Personal Representative no later than March 1, 1974. The Chairman and the President's Personal Representative will meet informally shortly thereafter, and before the next session of negotiations, to discuss how to proceed regarding implementation of the recommendations of the Ad Hoc Preparatory Committee.