

April 17, 1974

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MEMORANDUM FOR THE MARIANAS FILE

Subject: Meeting with Mr. Wilson - April 17, 1974

I met Jim Wilson today for lunch, during the course of which we discussed the following matters:

1. Mr. Wilson reported to me in considerable detail regarding the present state of negotiations with the other five districts. He indicated that the recent meetings at Carmel had been very successful and that a draft status agreement was now in completed form. He said that the draft agreement was being reviewed with the other members of the Joint Committee and that another formal session of negotiations might be scheduled for some time this summer. He seemed to be reasonably confident that the end result of another formal session would be a signed status agreement. He said that he would send me a copy of the current draft agreement but cautioned me not to release it to the newspapers.
2. Mr. Wilson described the timing and financial provisions of the draft agreement. Both of these provisions have obvious significance for the Marianas negotiations. With respect to the timing, he said that the draft agreement provides for a transitional period of approximately 5 years and indicates that the Trusteeship Agreement will not be terminated until 1980. On the financial side, the provisions are fairly complicated and represent a significant increase in the money to be made available by the United States for capital improvement projects during this lengthy transition period. He said that the amounts for capital improvements go as high as \$35 million (for all six districts) at one point during this period and then fall back to a level of approximately \$10 to \$15 million. He agreed that these calculations would require some adjustment in the Phase II proposal which the U.S. had made to the Marianas during the last session.

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3. We discussed the general implications of the lengthy transition period for the Marianas. The United States continues to adhere to its position, of course, that the Trusteeship Agreement cannot be terminated for only one district, indicating, therefore, that the termination date for the Marianas will have to be 1980. He did recognize that the timetable of events in the Marianas could be handed more expeditiously than was true in the other five districts which he suggested would have to create a different kind of government than was presently in effect. This turned the conversation to the question of a separate administration for the Marianas and we explored some of the complexities surrounding this subject. He reported that the TTPI and the Department of the Interior were currently working on a proposal for separate administration and said that he would try to let us know the United States views on this subject as early as possible. He represented that Chairman Pangelinan and Vice Chairman Santos had strongly expressed a preference for separate administration of the Marianas as a way to avoid the necessity of participating in the proposed constitutional convention to be held for all six districts in 1975. Mr. Wilson and I agreed that there were other simpler and more expedient ways to exempt the Marianas from participation in this convention, including the possibility of amending the Secretarial Order so as to remove the Marianas from the jurisdiction of the Congress of Micronesia so far as status matters are concerned. This clearly will be one of the topics which he expects will be discussed during the next session.
4. On the subject of the agenda for the next session, he reiterated the Ambassador's view that No.1 item will be United States land requirements. In response to my question, he said that the Department of Defense would have more detail available at the next session regarding their precise needs, but he gave no indication to the effect that the United States would amend in any respect whatsoever its current request for 18,000 acres on Tinian. I suggested that the United States was making it very difficult, if it did not change its position, for the members of the Commission to sell the resulting agreement to their constituents. We did not discuss the purchase/lease issue. On the subject of price, I exposed my view of establishing a procedural mechanism for establishing price and he seemed somewhat interested, particularly

inasmuch as the proposal offers a way to reach general agreement on the subject of land without necessarily fixing the price at the next session. On this subject, he rambled off into a discussion of some experience in the Marshalls which he believed demonstrated the difficulty of fixing the market value of land which had been held in public hands for many years.

5. I informed Mr. Wilson that we were working on a draft status agreement. I told him that I believed that general discussion of any differences in our approaches to the status agreement should be discussed at the next session, but that the detailed work should be handled by professionals between the next session and what I hoped would be the final session. I expressed the hope that we would be able to reach substantive agreement on all major issues at the next session, leaving open the possibility that other matters would come up in the course of drafting a status agreement which would undoubtedly require all the principals at a final session later in the year. Although he agreed that a status agreement could not be signed at the next session, Mr. Wilson stated that he hoped that somewhat more could be accomplished at the next session than I indicated. Specifically, he opined that the results of any substantive agreements which we reach at the next session could be incorporated into draft status agreement language and released in that form. I said that I appreciated his desire to make this kind of progress but that I was inclined to err on the side of caution in this respect and I would not be prepared to try and draft formal status agreement language under these circumstances. I said that we should find some middle ground here as a way to proceed consistently with the views which each of us had expressed. I told him that I thought he would find our status agreement to be a basis for recent discussion, although I allowed that his immediate reaction to it would probably be a throwing of the arms into the air and a few choice expletives. In this connection, I told him that a status agreement naturally involved many procedural and related provisions of a kind which had not been previously discussed by the parties and that, accordingly, our proposed agreement was simply our first effort at addressing these questions.

6. Mr. Wilson asked if we could have a lawyers' meeting next week to review various issues. He identified the mutual consent provision, citizenship, income tax, and some other miscellaneous items as being appropriate for discussion. I said that we would be available to meet, so long as Mr. Wilson believed it would be useful to do so. When I questioned him about the inclusion of income tax in this list, he said that the United States felt compelled to reexamine its position on this subject in view of Congressman Burton's views. I said that I had discussed the matter in some detail with Congressman Burton and recognized that we had a problem. However, I said that there were other ways to approach his concerns and that I was not prepared to yield on this issue until we had fully explored ways of dealing with this problem short of making the Federal income tax laws fully applicable as a domestic tax code for the Marianas. He listened in a reasonably good humored way.
  
7. As to the location of the next meeting, the United States believes that it must be in Saipan because they have been unable to locate \$20,000 to bring the Commission to Hawaii for this purpose. Apparently our Chairman, however, expressed strong views on this subject and the Ambassador is currently trying to reach him to mollify his sensitivities on this score. If our Chairman is sufficiently vehement, it may be that I will end up in Hawaii after all. The timing seems very firm with May 15 as the starting day and a firm termination date of no later than May 31, because of the scheduling of meetings in the Trusteeship Council for June 3.

H. P. Willens

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