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APPLICABLE FEDERAL LEGISLATION

U.S.

MPSC

1. Will establish a joint commission to study body of remaining federal legislation, rules, and regulations not addressed specifically in our agreement.

2. Those specific U.S. statutes of concern to MPSC will be reviewed by joint working group of attorneys in Washington (MPSC to present objections and concerns specifically).

1. Only the most important of the federal statutes - issue to be addressed in the agreement itself. (applicability to depend on unique cultural & historical factors)

2. Want to examine specifically: Income tax, immigration, banking, social security, maritime laws (no Jones Act for Marianas), Federal Labor Standards Act, territorial waters and submerged lands & customs.

3. GOM desires to limit number of aliens allowed into Marianas for permanent residence purposes (Philippinos in particular).

4. MPSC may want:

- a. their own simplified income tax with all proceeds to GOM.
- b. possible phased application of U.S. income tax
- c. to follow May 70 U.S. offer

U.S. CONSTITUTION, ARTICLE IV, 3, 2

1. No precedents for express restraints on Congress' power in this area.

2. U.S. must make Article IV,3,2 expressly applicable to avoid Puerto Rico precedent.

3. U.S. consented to a mutual consent provision for major structure changes in understanding that Article IV,3,2 applies to Marianas without restriction.

4. Must be no uncertainty or ambiguity regarding authority of U.S. Congress.

1. MPSC wants an exclusive area where local authority would have "primacy" and would be inviolable even against

2. MPSC wants control over "local" matters such as land, economic development, education, etc. - maximum control over internal affairs within Article IV,3,2 powers.

3. Puerto Rico has, so MPSC should have also.

4. It is possible that the internal power sought by the MPSC may be different from that held by other U.S. territories at present.

5. Wants to use 1514/1541 as a starting point for determining "self-government" for Marianas.