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Federal Organization

Task Force 5

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QUESTION: Should any change be made in the organizational arrangement that places the focus for Federal assistance and liaison for the territories in the Interior Department? Attention should be given to post-Trusteeship Micronesia, Puerto Rico, and the Northern Mariana Islands.

BACKGROUND: U.S. policy toward the territories and the Trust Territory of the Pacific Islands has encouraged political, economic and social development. The territories and Federal administering agencies with activities in the territories are shown in Attachment 1.

For the past century the Department of the Interior has been charged with varying degrees of responsibility for the territories. By Executive Order in 1934, President Roosevelt created within Interior the Division of Territories and Island Possessions, and transferred to it responsibility for Puerto Rico, until then held by the Bureau of Insular Affairs in the War Department. The new Division also inherited Interior's long-standing responsibilities for Alaska and Hawaii, as well as the Virgin Islands, which President Hoover had transferred from the Navy to Interior in 1931. Subsequently, the Division assumed responsibility for Howland, Baker, and Jarvis (1936); Canton and Enderbury (1938); and briefly, the Philippines (from 1939 until independence in 1946). Interior was assigned responsibility for Guam in 1950, and for American Samoa and the Trust Territory in 1951. Parts of the Trust Territory were returned to Navy administration after the Korean War. However, responsibility for administering all of the Trust Territory was restored to Interior in 1962. Palmyra and Wake were added in 1961 and 1962, respectively.

In July 1950, the Division was converted into the Office of Territories, with bureau status. This arrangement lasted until 1971, when the Office of Territories was abolished and its functions transferred to an unnamed unit in the Office of the Assistant Secretary for Public Land Management, overseen by a Deputy Assistant Secretary. In 1973 the Office of Territorial Affairs was created, without bureau status, as part of the Office of the Secretary of the Interior.

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THE OFFICE OF TERRITORIAL AFFAIRS:

The Office of Territorial Affairs is currently responsible to the Secretary for various functions, including to:

Develop, recommend, and carry out policy to discharge the responsibilities of the Secretary of the Interior related to territorial affairs.

Study the economic, social, and political problems of the territories and propose policies, programs, legislation and other actions for resolution.

Advise the Secretary of the Interior on proposed legislation and other important matters affecting the territories.

Render or arrange for technical assistance to achieve approved goals and objectives.

Act as principal liaison with the Congress and other Federal agencies.

Provide program planning and oversee performance.

Provide a central coordinating service for Federal programs and services in the territories.

Perform financial management oversight for all financial matters as they relate to the territories.

Supervise the Government Comptrollers for the territories of Guam, Trust Territory of the Pacific Islands, Northern Marianas, the Virgin Islands, and American Samoa.

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ASSISTANCE TO TERRITORIES

Proposed Federal funding for territorial government operations, capital improvement projects, and economic development amounts to about \$335 million in fiscal year 1980. This funding will account for between 40 and 80 percent of total public sector expenditures in the various territories and the Trust Territory, and between \$650 and \$1500 on a per capita basis. In comparison, proposed 1980 Federal assistance to States and local governments will average about 25 percent of State and local expenditures nationwide, and \$375 on a per capita basis.

This level of funding for the territories results from certain relatively uncontrollable appropriations; from appropriations based on specific, direct requests from the territories; and from the territories' share in the general increase in Federal grants-in-aid to States and local governments over the last 15 years. The level of funding for the territories, combined with continuing problems in the territories, raises questions about the impact of Federal benefits on communities and economies as small, isolated, and fragile as those of the territories, and indicates a need for improved Federal coordination and oversight of territorial financing.

COORDINATION AT THE FEDERAL LEVEL:

Most territories and the Trust Territory receive funding by direct appropriation through the Department of the Interior. In addition, they are eligible to participate in numerous categorical grant programs. With the proliferation of grant programs over the past decade, the coordination of these programs has become more difficult. In some instances, the territories are ill equipped to perform proper planning to manage a series of programs with good results. The relatively uncoordinated planning and funding pattern brought on by "grantsmanship" has detracted from the fulfillment of some Federal objectives in the territories.

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As the territories have matured politically and have sought participation in Federal programs, the need for sound coordination between agencies and programs at the Federal and territorial levels has increased. All of the territories (as distinguished from the Trust Territory) now have elected governors as well as elected legislators and therefore, conduct much of their own governmental administration. The Virgin Islands and Guam have non-voting representation in Congress. The Northern Marianas have a full-time representative in Washington who is not a member of Congress. American Samoa will elect a non-voting delegate to the Congress in 1980.

The only remaining Federally appointed official with direct administrative responsibilities is the High Commissioner of the Trust Territory of the Pacific Islands. Most of the functions of the High Commissioner are being transferred to locally elected governments.

Excluding the Defense Department, sixteen separate departments and agencies have personnel in one or more of the territories. The Secretary of the Interior appoints resident government comptrollers with responsibility in each territory. The comptrollers' responsibilities include audit activities to improve the efficiency and economy of programs and to insure that Federal funds are spent properly. The comptrollers are not accountable to the locally elected officials but are required to assist the local governments. The audits of local government operations have been viewed by some individuals in the territories as usurping local governmental authority and responsibility. On the other hand the Executive Branch and Congressional oversight committees regard the comptrollers as critically important in view of the substantial amount of funds made available to the territories.

In response to growing need for coordination of Federal programs and funds in the Territories the Secretary of the Interior created a Committee of Interagency Territorial Assistance in 1976. The Committee is composed of representatives from 19 separate departments or agencies and is designed to provide a means for coordinating Federal agency programs and services to the 375,000 people in the territories and the Trust Territory. There is no evidence that the Committee has achieved its objective nor is it equipped to do so.

SPECIAL CASES:

1. Since 1952, Puerto Rico has been a Commonwealth in free association with the United States. Residents of Puerto Rico are American citizens. The Commonwealth is eligible to participate in most Federal programs in a manner similar to the States. A referendum on the Island's status has been set for 1981. There is sentiment in the Commonwealth for various political statuses including the current Commonwealth Status, a modified Commonwealth Status, statehood, and total independence. The Carter Administration and the Congress are on record supporting self-determination for Puerto Rico. The President in a proclamation indicated he will "support, and urge the Congress to support whatever decision the people of Puerto Rico reach" in 1981.

Prior to the establishment of the Commonwealth in 1952, Puerto Rico was an unincorporated territory of the United States within the administrative responsibility of the Department of the Interior. Among the consequences of the creation of the Commonwealth was the termination of Interior's responsibility with respect to Puerto Rico, plus a conscious decision not to place such responsibility in any other agency although President Kennedy by proclamation in 1961 stated that "any matters . . . involving the fundamentals of this arrangement (concerning the 'unique position of the Commonwealth') . . . should be referred to the Office of the President". The absence of a Federal agency designated as a focus for Puerto Rican concerns has proved somewhat inconvenient from the standpoint of the Executive Branch generally.

The Office of Territorial Affairs and its predecessors have been instrumental, working with Congress and territorial leaders, in encouraging the political development of the territories. With the installation of the first popularly elected chief executives in Guam (1971), the Virgin Islands (1971), American Samoa (1978), and the Northern Mariana Islands (1978), and with popularly elected legislatures in all territories, each now enjoys substantially complete local self-government.

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Thus the Interior Department no longer is directly involved in the internal affairs of each of these territories. The role of the Office of Territorial Affairs has changed from one of administration to one of liaison, assistance, and advocacy—both from the territorial and Federal perspective.

The territorial governments have increasingly made use of Federal programs. As in some of the States, there is some evidence that the magnitude of Federal aid is beyond the capacity of the local governments to handle effectively. General Accounting Office reports on Guam and American Samoa, for example, listed such problems as:

- Lack of well conceived goals and objectives.
- Inadequate financial management systems.
- The level of federal funds provided exceeding the territory's ability to manage its programs.
- Lack of local funds and improper use of grant monies disrupting grant services.
- Inadequate budgeting processes.
- An over expansion of government operations.
- Shortages of middle managers.

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2. The President's Personal Representative for Micronesian Status Negotiations supported by an interagency staff (the Office for Micronesian Status Negotiations) is negotiating with three commissions representing the inhabitants of the Trust Territory (other than the Northern Mariana Islands). The status under negotiation would involve a relationship of "free association" between the U.S. and three Micronesian governments, those of Palau, the Federated States of Micronesia and the Marshall Islands, to replace the current trusteeship relationship. Under the terms of a Compact of Free Association the Micronesian governments would manage their own internal affairs and foreign relations but the U.S. would have plenary authority in defense and security matters.

The Micronesian governments will probably prefer that their contacts with the U.S. Government (USG) under free association be with a single lead-agency or office to deal with the particular problems arising from this new relationship. It will be necessary for a particular federal executive department or office to include in each year's budget submission to the Congress a request for appropriation of the economic assistance amounts set forth in the negotiated Compact which, upon signature and ratification by the respective Micronesian peoples in plebiscite, must be approved by both houses of Congress and will therefore have the force of law. Representatives of the Freely Associated States (FAS) will work principally with this department or office in budget plan preparation, review, and justification.

The USG's formal authority over, and responsibility for the FAS will be far less extensive than its current responsibility for the Trust Territory, since programmatic responsibilities would be continued for a very few technical services. Nevertheless, there would be a complex relationship involving continued U.S. authority in defense matters, close consultation in foreign affairs, significant auditing functions, and extensive cooperation in economic development. The relationship will differ significantly from federal relationships with the U.S. territories; and this distinction will carry significant foreign affairs consequences. This may suggest that relations with the FAS be handled by an office which does not have concurrent responsibility with regard to United States territories.

3. No formal arrangements have yet been made concerning administrative responsibility within the Executive Branch over the Northern Mariana Islands. In the absence of such formal arrangements, the Office of Territorial Affairs (DOI) has undertaken to discharge this responsibility and serve as a focal point for these concerns at the Federal level. It would be desirable for the federal agency that is charged with territorial responsibilities to be formally vested with appropriate authority concerning the Northern Mariana Islands as well.

THE NEED FOR AN ORGANIZATION REVIEW:

With the maturation of political systems in the territories, the negotiations now underway with the Micronesians, and the present level of federal funding, there is a need to review the federal policy and administrative mechanisms to carry out U.S. objectives as they relate to territories and the post trusteeship relationships with the FAS.

An organizational review must consider whether the changes that have occurred in the last decade are sufficient to change the current pattern of Federal-Territorial relationships and, if so, whether in the direction of greater or lesser Federal oversight and coordination of Federal activities to aid in fulfillment of objectives set forth by the territorial governments.

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Coordination at the Federal level regarding categorical grant funding must be improved. The Department of Interior through various Executive Orders currently has responsibility for providing "a central coordinating service for federal programs and services in the territories". Interior's charge to coordinate, however, has not been well understood or clearly stated in these orders leaving the Department to its own devices to carry out its coordinating role. Regardless of which organization option is selected, there is a need for the Administration to state an objective for territorial economic development and formulate a policy for the utilization of these programs within the scope of that objective and to establish a set administrative guidelines which will implement the policy. An Executive Order is the proper medium for the President to direct that coordination take place within the framework of a planning process designed to discover needs, alternatives, capacity of local territorial governments to manage programs, and the social and cultural ramifications of certain programs. The Executive Order should also discourage unilateral "grantsmanship" on behalf of individual departments and agencies and specify the federal official the President holds accountable for coordinating federal activities. The planning and coordination process is being conceptualized by other Task Forces. The negotiations now underway with the Micronesians, which are intended to result in the establishment in 1981 of a status of Free Association with three Micronesian states, must be considered in deciding on organizational arrangements at the Federal level. The success of these difficult and protracted negotiations cannot be regarded as a foregone conclusion, but any discussion of Federal organizational arrangements would be defective if it failed to take account either of the Micronesians' unique prospective political status or of the possibility that the parties to the negotiations will prove unable to reach full and prompt agreement.

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As stated earlier in this paper, the relationship of the USG to the three FAS will focus basically on defense, foreign relations, and financial audit and assistance. Therefore, if management of the relationship is to reside in a single office, it will require an office with functions and capabilities differing significantly from those exhibited by an office responsible for territorial affairs alone. Accordingly, this paper will consider alternatives with and without a Micronesian states agreement establishing a relationship of free association.

If the current Micronesian status negotiations do not result in a free association agreement with the Micronesian states, U.S. relations with these states will probably be of a character for which adequate organizational arrangements now exist. In that event, some of the options set forth below might become more or less attractive than would be the case if the free association negotiations proved successful, and these factors have been set forth in the comments under each option.

Therefore, we provide for an initial decision as to whether the organizational arrangement chosen should or should not be designed to accommodate the yet unborn freely associated state of Micronesia. If a decision is made to postpone the decision on responsibility for the FAS, then the existing Trust Territory can be administered for the early future by the same organization as is charged with responsibility for the U.S. Territories.

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The choices, in summary, are as follows:

Initial Decision: (Choice A) DECIDE NOW UPON ORGANIZATIONAL ARRANGEMENT TO ACCOMMODATE THE FREELY ASSOCIATED STATES OF MICRONESIA

(Choice B) POSTPONE THE DECISION ON ORGANIZATIONAL ARRANGEMENTS FOR THE FAS UNTIL THEIR EXISTENCE AND FORM ARE MORE CERTAIN

OPTION I: ASSIGN RESPONSIBILITY FOR TERRITORIES AND FREELY ASSOCIATED STATES TO ONE CABINET DEPARTMENT

Interior (Applicable to either Choice A or Choice B); State (Applicable only to Choice A); Commerce (Applicable to either Choice A or Choice B)

Suboption IA: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO AN ASSISTANT SECRETARY FOR INTERNATIONAL AND TERRITORIAL AFFAIRS IN INTERIOR (Applicable to either Choice A or Choice B)

Option II: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO A SINGLE INTERAGENCY OFFICE (Applicable to either Choice A or Choice B)

Option III: ASSIGN RESPONSIBILITY FOR TERRITORIES TO ONE OFFICE WITH A SEPARATE OFFICE HANDLING THE FAS (Applicable only to Choice A)

Option IV: ASSIGN PRIMARY RESPONSIBILITY TO NO EXECUTIVE BRANCH, DEPARTMENT OR OFFICE (Applicable to either Choice A or Choice B)

Initial Decision: (Choice A) DECIDING NOW UPON ORGANIZATIONAL ARRANGEMENTS TO ACCOMMODATE THE FREELY ASSOCIATED STATES OF MICRONESIA

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Advantages

- This decision would reemphasize the Administration's determination to achieve agreement on free association with the Micronesians.
- The decision is a logical concomitant to the negotiations and to the Administration policy they seek to implement.
- Deferring a decision suggests an unwillingness or inability to come to terms with a thorny organizational issue.

Disadvantages

- Deciding now upon future arrangements for governmental units not yet in existence could be premature if the agreement ultimately reached differs significantly from that which is anticipated.

Alternatively: (Choice B) POSTPONE THE DECISION ON ORGANIZATIONAL ARRANGEMENTS FOR THE FAS UNTIL THEIR EXISTENCE AND FORM ARE MORE CERTAIN AND ASSIGN RESPONSIBILITY FOR THE TRUST TERRITORY AND THE TERRITORIES TO THE SAME ORGANIZATION, AT LEAST FOR THE SHORT TERM

Advantages

- Proceeding on this basis would defer a difficult decision as to how to accommodate relations with the FAS within the Executive Branch.
- A decision now as to organizational relationships for post trusteeship Micronesians might require subsequent change.
- Since 1951 the agency charged with responsibility for the territories has also had responsibility for the Trust Territory and that should in any event, continue for at least two more years, until the trusteeship is ended.

Disadvantages

—Deferral of a decision as to organizational responsibility for the FAS might imply Presidential uncertainty about the attainment of his 1981 objective.

—Deferral of a decision would seem inconsistent with the otherwise fully evolved Administration plan for free association and could retard transition into free association if agreement with the Micronesians is obtained in the near future.

In the discussion of options that follow, the consideration of the options that relate solely to a decision to accommodate the FAS now (i.e., a decision to choose A above), are introduced by the words "Under Choice A".

Options for reorganization include:

Option I: ASSIGN RESPONSIBILITY FOR TERRITORIES AND FREELY ASSOCIATED STATES TO ONE CABINET DEPARTMENT

This option could represent the status quo but also suggests that there may be departments other than Interior that could fulfill lead agency responsibilities. Management would be in a single office for U.S. relations with both the territories and the Trust Territory. Apart from the obvious convenience of consolidating the management of relations with these entities, which do not easily fit into any existing bureaucratic structure, this approach has the advantage of maintaining relations with the Trust Territory in the same office that will also exercise responsibility for the closely related U.S. Pacific territories of Guam and the Northern Mariana Islands.

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INTERIOR

Interior, through various Executive Orders, currently has lead-agency responsibility for providing "a central coordinating service for Federal programs and services in the territories" and the Trust Territory of the Pacific Islands.

Advantages

- The Department of the Interior has a long-term relationship with the territories and the Trust Territory and its budget, management and information systems are in place.
- It has well-established relationships with Congressional appropriations and oversight committees.
- Interior does not have a "single issue" program orientation that might skew policies toward territories.

Disadvantages

- Interior may, over the years, have acquired a fixed institutional approach to the territories and territorial issues.
- Interior does not have expertise in foreign affairs and defense issues, concerns of particular importance to the Trust Territory.

Under Choice A, the advantages of Interior remain as stated above. To the disadvantages should be added:

- Continued assignment of responsibility for relations with the FAS to an Interior office with cognizance over the territories could be seen by the FAS as more offensive than joint responsibility in any other single U.S. executive department, for it would imply no change in status.

A disadvantage, applicable not only to Interior but to each of the other Departments discussed in this paper, is that no single Department has organic expertise to handle all of the issues which would arise in the very different relationships that the U.S. would expect to maintain with the territories, on the one hand, and the FAS, on the other. A U.S. decision to manage relations with the FAS and the territories in a single office could create foreign policy problems.

STATE

The State Department is a realistic alternative only if Choice A (which presumes the creation of freely associated states) is made. In that event, under Choice A,

Advantages

- AID, a State Department agency, currently provides economic development assistance to foreign countries at stages of economic development comparable to those of the territories and FAS. Assignment of joint territorial/FAS responsibility to State would probably be more acceptable to the FAS than would any other department.

Disadvantages

- Assignment to State may signal to the people of the territories that the USG no longer sees them as part of the United States.
- State lacks involvement with and expertise in domestic programs and policies that are important to the territories.
- State has not previously directly been involved in territorial matters and may be seen as fundamentally inappropriate for the management of relations with American citizens residing in the territories.
- Such a reassignment could be resisted by the Congressional appropriations and oversight committees having current jurisdiction.

--Assignment to State of an office which would deal with both the U.S. territories and the FAS could be viewed internationally and in the territories as a USG statement that the relationships are maintained primarily for strategic reasons. Furthermore, the relationship would probably be so viewed by State itself (the single issue problem).

COMMERCE

Advantages

- Such a reassignment could put a "fresh face" on territorial administration.
- Commerce has expertise and coordinating systems involving economic development programs.

Disadvantages

- Commerce has little expertise in or knowledge of territorial issues.
- Such an assignment may be viewed as encouraging economic development at the expense of political and social issues (the single-issue problem).
- Resistance from Congressional appropriations and oversight Committees can be expected.
- Some realignment of budget, management, and information systems would be required.

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Under Choice A, the same advantages and disadvantages would apply.

Suboption IA: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO AN ASSISTANT SECRETARY FOR INTERNATIONAL AND TERRITORIAL AFFAIRS IN INTERIOR:

This suboption assumes that Interior is chosen under Option I, and Choice A (presuming upon the creation of the Freely Associated States) is also made, although the arrangement contemplated here would also have merit if the decision were that Interior should remain responsible for the territories and existing Trust Territory. This suboption would retain responsibility for territories within the Department of the Interior and would also place any budget justification and other economic responsibilities for the FAS resulting from the Micronesian Status Negotiations within Interior.

The status of the office would be elevated to an Assistant Secretary for International and Territorial Affairs. Such an office could also be seen as a single contact point within the Executive Branch for Puerto Rico should the Commonwealth of Puerto Rico so desire. For purposes of foreign affairs and defense matters, freely associated states would deal with the State Department and Defense Department, respectively.

There has been a lack of consistent top-level attention to Interior's responsibilities as guardian of the U.S. territories. At the same time, there is increasing worldwide attention to the territories and the Trust Territory. U.S. foreign policy stances on human rights and the concept of transfer of science and technology to fulfill basic human needs have led to tough scrutiny of U.S. treatment of special or isolated peoples under U.S. care. Moreover, Interior's technical expertise in natural resources management and environment, which already is being made available to foreign countries for foreign policy reasons, could and probably should be better managed to assist the people of the Territories and the FAS.

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The Assistant Secretary for International and Territorial Affairs would also coordinate the Department of the Interior's international activities, which are extensive. In 1977 (the latest year for which figures are available) Interior's activities involved about 80 countries, required funding of about \$30 million (\$16 million of which was provided by other agencies or other nations), and resulted in about 460 person-years of effort. No one individual nor single adequate process now exists for coordination and focussing efforts to set policies, standards, and priorities for Interior's international work.

This option would facilitate the integration of international resource information with domestic resource decision-making, which is increasingly important in the energy and minerals areas. It would also facilitate integration of our domestic needs vis-a-vis energy and minerals with studies and technology assessment of international resource potential.

Under this organizational arrangement, there could be two Deputy Assistant Secretaries; for International Affairs (including the FAS) and for Territorial Affairs. This would clearly separate the FAS from the "territories", but would provide an efficient mechanism for financial assistance. The Comptroller would report either to the Department's Inspector General or to the Assistant Secretary.

Advantages

- Interior has a long-term relationship with the territories and the Trust Territory and its budget, management, and information systems are in place.
- Interior does not have a single issue program orientation that might skew policies toward the territories.
- Elevation of the status of territories within the Department will improve relations with the territories and give them more visibility in inter-agency affairs.
- Coordination of the Department's diverse international activities will be improved as will integration of science and technology with international and territorial responsibilities.

—It would not offend the FAS because, for the purposes of external affairs, they would still be dealing with the State Department.

—It could also provide a liaison point for Puerto Rico, should the people of Puerto Rico so desire.

—It could narrow the gap perceived by many people in the territories, between them and the Secretary and the President, a perception generated to a large extent by management of their affairs by an office which is outside the mainstream of Interior's interest.

—It will provide for coordination of economic programs to the FAS without the perceived disadvantage of being in the "Office of Territorial Affairs".

Disadvantages

—Interior may, over the years, have acquired a fixed institutional approach to territorial issues.

—Interior cannot speak to the foreign affairs and defense issues which are likely to dominate our relations with the FAS.

—Requires coordination between Interior and State regarding issues involving FAS and international issues.

—Continued assignment of responsibility for relations with the FAS to Interior might be seen by the FAS as more offensive than joint responsibility in any other U.S. department, for it could imply no change in status.

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OPTION II: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO A SINGLE INTERAGENCY OFFICE

Although a single interagency office might have merit if it served the territories and the Trust Territory it would be particularly attractive as it would relate to arrangements for the FAS. Accordingly, under Choice A, this office, responsible for coordination of USG policies to both the territories and the FAS, could be staffed by professional core of people with territorial experience and additional specialists from State, Defense and other concerned agencies rotated to the interagency office on short-term assignments. The office would have direct control over Federal representatives in the territories and U.S. liaison offices in the FAS. Such an office could be assigned for administrative purposes to any cabinet department (though we would urge that only Interior, State and Commerce are logical candidates in this context, as in OPTION I, above) or to the EOP, with its own budget and a director who could be a presidential appointee. A precedent for such an office within a single cabinet department is found in the U.S. Coordinator for Refugee Affairs whose interagency office assigned to State, staffed by personnel from various agencies and charged with the responsibility and authority for coordination with other agencies.

Precedent for assignment to the EOP is found in the Office for Micronesian Status Negotiations.

Advantages

- A range of expertise (foreign relations, defense, domestic programs) could be pulled together resulting in improved policy development and coordination.
- The office could provide improved coordination of programs at Federal level.
- It would probably be viewed as desirable by both the territories and the FAS, especially if part of the EOP.

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Disadvantages

—Policy disputes and other problems might gravitate toward the EOP for resolution more frequently, especially if the office head were insufficiently energetic or competent.

—The separate office may not receive enough attention by supervisory officials, permitting it to go its own way in policy deliberations.

—Many of the same objections that apply to the management of relationships with the territories and the FAS out of a single office organic to a department also apply to a single interagency office. However, such objections would be significantly diminished by the interagency character if the office, particularly if it were a part of the EOP.

OPTION III: ASSIGN RESPONSIBILITY FOR TERRITORIES TO ONE OFFICE WITH A SEPARATE OFFICE HANDLING THE FAS

This option applies only under Choice A. The option would assign responsibility for the FAS to an interagency office in a cabinet department or the EOP. Responsibilities for the territories would be assigned to a separate office organic to one of the departments. This option recognizes the differences in our political relationship with the future FAS and if two separate offices are to be established they need not be identical in structure.

The office dealing with the territories would be similar in composition to Interior's present Office of Territorial Affairs (OTA). The Office responsible for the FAS, essentially a successor to the the present OMSN (an interagency office within the EOP), could be staffed by personnel of interested agencies as indicated in Option II. The relevance of this option is dependent upon an agreement on free associate with the Micronesians.

Advantages

—It recognizes that the USG relationship with the FAS will differ from that with the territories.

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—It eliminates the disadvantages of a single office dealing with both territories and FAS.

Disadvantages

- Creates two offices with separate resources to handle matters that are sometimes similar.
- Requires separate budgeting and management information systems.
- Would require two interagency committees to obtain coordination of governmental entities.

OPTION IV: ASSIGN PRIMARY RESPONSIBILITY TO NO EXECUTIVE BRANCH, DEPARTMENT OR OFFICE

This would follow the Puerto Rican example.

Advantages

- Encourages the territories and the FAS to develop more sophisticated political and governmental systems.
- It would be viewed by some in the territories as a step toward more equal status within the U.S. framework, reducing "colonial" ties.

Disadvantages

- No central point for data collection, policy development and issue consideration outside the EOP.
- Some territories and FAS would prefer a central information and coordination point.

Under Choice A, the advantages and disadvantages remain the same.

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