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January 17, 1974

MEMORANDUM TO THE MARIANAS POLITICAL STATUS COMMISSION FILE

I had lunch today with Peter Gallagher, Executive Director for the United States of the Ad Hoc Committee on Puerto Rico. Gallagher has been the Director since September 1973; he was a communications lawyer in Washington before that. He apparently has strong ties to the Administration, having taken his present job at the urging of Kenneth Cole, newly-appointed Assistant to the President for Domestic Affairs. Gallagher was vaguely familiar with the situation in the Marianas, having had in December a lengthy discussion with Harmon Kirby. He said he was pleased, however, to get the copies of the two most recent Joint Communiques I gave him.

Though the Ad Hoc Committee on Puerto Rico is supposed to complete its work within the next six months, Gallagher thought that a report and recommendations would not be forthcoming for at least a year. The Committee has not yet begun its substantive work. Gallagher's counterpart on behalf of the Puerto Rican delegation is Jose Trias Monge, senior partner in a San Juan law firm with an extensive practice which includes representing American corporations (professionally he is known simply as Jose Trias). Gallagher described Monge as the eighth

member of the Puerto Rican delegation indicating that Monge had more authority with respect to the Puerto Rican members than does Gallagher with respect to the United States members. Monge does not work full time on this project. Gallagher does.

On substantive matters Gallagher made the following points:

Maritime: The Puerto Rican delegation wants an exemption from the Jones Act, 46 U.S.C.A. § 883 (Supp. 1973), but Gallagher thought it extremely unlikely that Congress would go along in view of the importance of shipping to Puerto Rico from the continental United States, and the power of the maritime unions. The apparent alternative which Puerto Rico is seriously considering is the purchase of the single U. S.- Flag Line which is making a profit on Puerto Rican trade. A bond issue would be floated to pay for the purchase. The Commonwealth's theory is that it can run the line as efficiently as the private operators and reduce prices because it will not have to make a profit.

Immigration: The Commonwealth wants extensive control over immigration to prevent Latin Americans, in particular, from entering the Island. Gallagher thought that the problem was persons admitted for permanent residence in the United States, not those admitted temporarily. Unemployment is quite high in Puerto Rico -- 12 per cent by official estimates, double that by unofficial estimates -- and the Puerto Ricans see this

as a major problem. Gallagher said that while the Puerto Ricans obviously have a serious problem, their proposal raises constitutional questions and may face congressional opposition.

Labor Laws: Gallagher said that Puerto Rico is exempt from the Fair Labor Standards Act, but wishes to obtain an exemption from all future amendments of that Act as well so that its representatives will not have to lobby in Congress to retain their exemption each time the Act is amended.

Other: The Puerto Rican members also want an exemption from all federal environmental protection laws on the ground that the ecological problems of the Island are substantially different from those on the mainland. Gallagher mentioned, for example, that the tradewinds move air pollution off the Island very rapidly, so that lower standards might be proper there. Lower standards, of course, would also attract additional industry. With respect to the applicability of federal laws generally, the Puerto Rican delegation wants to have a veto over the applicability of future federal enactments, but they will certainly settle for something less (perhaps based on analogies described in the initial Puerto Rican Position Paper). Gallagher seemed to think that something might be worked out, though he didn't indicate what it might be.

Gallagher and I are to keep in touch and exchange further useful information. I suggest that a letter be sent to Monge from Willens explaining our interest in his ongoing

efforts. In view of the apparent lack of resources on both sides of the Ad Hoc Committee -- Gallagher has but a single assistant and Monge works part time --, however, we have to be careful that Monge does not attempt to draw too heavily on the work we have done and will do.

xc: H. Willens
J. Lapin


Michael S. Helfer