

January 29, 1974

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Memorandum for the MPSC File

Subject: Discussion with Adrian deGraffenreid

I spoke to deGraffenreid today about the constitutional convention bill. He told me that he hopes and expects that the bill will pass COM this session -- if it does not the \$450,000 appropriation cannot be obligated this fiscal year and would revert to Treasury. He had just received a cable quoting Ed as saying that the Marianas would participate in a constitutional convention, but would not be bound by the results, and would like a provision in the bill permitting any district's delegates to be excused from the convention if the political status of that district were determined in the interim. DeGraffenreid indicated that there is some question whether the Marianas could participate in this limited manner under the existing Secretarial Order.

<sup>position is that</sup>  
~~From~~ the U.S. ~~is~~ a constitutional convention must be held and a new government established before the Compact of Free Association comes into effect. It is anticipated, then, that the convention will produce a constitution which will be implemented before termination of the Trusteeship, and continue in effect after termination. This can be done for the five districts because their status agreement will give them complete control over all local affairs. It is harder to do for the Marianas, because the relationship with the United States will be more complex, and may affect the manner in which the local government can exercise its powers with respect to local affairs.

DeGraffenreid said that the problem could be simplified if the Marianas would request an amendment to the Secretarial Order which would establish a separate administration in the district. This would mean the Marianas would not send representatives to, or be within the jurisdiction of, the COM and the constitutional convention. I asked him how separate administration would work, and he said that the Marianas could have their own constitutional convention and establish a government prior to termination which would include not only an elected legislature but also an elected executive -- though clearly the HICOM or his equivalent will retain superior powers until termination.

On another matter, deGraffenreid said that reaction to Morton's decision to lift the ban on foreign investment in the TT was mixed, even in the Marianas. Apparently there is some fear that foreign investment will inundate the district, though permits to do business will still have to be obtained.

*Will*  
Michael S. Helfer

cc: Howard Willens  
Noel Kramer