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October 30, 1973

Mr. Eamon Kelly  
Ford Foundation  
320 East 43rd Street  
New York, NY 10017

Dear Mr. Kelly:

I look forward to meeting you next Monday for lunch to discuss, informally, my current efforts on behalf of the Marianas Political Status Commission. As I promised (or threatened), I have collected some materials which, hopefully, will serve to give you some idea of the negotiations currently underway between the Mariana Islands and the United States and the kinds of problems facing the Marianas in the years ahead. The enclosed materials can be described as follows:

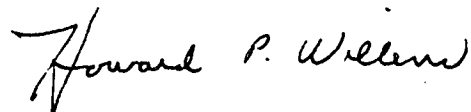
- (1) A Background Memorandum on the Mariana Islands District of the Trust Territory of the Pacific Islands. This memorandum summarizes where we presently stand in the negotiations, the next round of which has been tentatively scheduled in Saipan on December 6, 1973. Sessions with the Joint Committee, representing all six districts of Micronesia, are scheduled to begin in Washington on November 10, 1973.
- (2) The Proposed Planning Program for the Development of the Mariana Islands prepared by James R. Leonard Associates, Inc. This document has been prepared by the Commission's economic consultants, who may be familiar to you because of some of the planning work which they undertook in connection with the Alaskan native claims area in which the Foundation was involved. (Mr. Leonard used to be with Robert R. Nathan Associates, Inc.) This planning effort has been the subject of extensive discussion with representatives of the United States delegation in Washington and will, presumably, be on the

agenda for the formal negotiations in December. I am including it in this package to give you some idea of the scope of economic and social planning which is believed desirable for the proposed new Commonwealth of the Mariana Islands.

- (3) Proposed Government Planning Program prepared by Wilmer, Cutler and Pickering. This aspect of the overall planning program was prepared in this office and, undoubtedly, reflects our lack of expertise in dealing with such matters. It also will be the subject of discussion with representatives of the United States delegation in the near future. I am including it in this packet of materials because it will give you a fairly precise idea of the specific undertakings which are necessary to take the Marianas from their present status to a new commonwealth status.
- (4) Assorted materials relating to the financial support of the Marianas Political Status Commission. The letter dated August 6, 1973, from Chairman Pangelinan to the Mariana Islands Legislature sets forth the Commission's estimated budget requirements up to February, 1974, and the newspaper articles from the Pacific Daily News indicate that the Commission received an appropriation of \$95,000 of the \$165,000 requested.
- (5) Two newspaper articles referring to economic and social conditions in Guam. Although the above materials probably are sufficient to outline the needs that currently exist in the Marianas, these two articles are both shorter and more graphic. Basically, the Commission and the people in the Marianas are very apprehensive about adopting a course of action similar to that pursued by Guam over the past several years. How to stimulate economic development, including a substantial tourist industry, and at the same time avoid the excesses so apparent in Guam, is one of the major questions with which the Marianas will be required to cope during the next decade.

I promise that I will not interrogate you rigorously about these materials and I look forward to seeing you next week.

Sincerely,



Howard P. Willens

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November 6, 1973

MEMORANDUM FOR THE MARIANAS FILE

Subject: Foundation support - meeting with Ford Foundation  
November 5, 1973

I met with Mr. Eamon Kelly of the Ford Foundation yesterday for approximately one and one-half hours. Before the meeting I sent Mr. Kelly numerous background materials regarding the negotiations and he had had an opportunity to review them before our meeting. His general reaction to the materials was that they were "fascinating." Because of the nature of the client and the general auspices of my introduction to Mr. Kelly, he was exceptionally friendly, open and helpful. This memorandum will summarize our meeting:

- (1) At the outset, it appears as though any request by the Marianas for financial support from the Ford Foundation will raise a substantial jurisdictional question within the Foundation. Mr. Kelly is from the National Affairs Division of the Foundation and personally has done a good deal of work very similar to the kinds of projects and problems with which we are concerned in the Marianas. He seems to have spent considerable time on the Alaskan Indian claim matter and various development corporation problems in New York City. However, he indicated to me that any projects in the Marianas, before they become part of the United States, would probably fall within the jurisdiction of the International Division. I told him I had been alerted to this possibility by another alumnus of the Foundation who had opined that our prospects might be as good, if not perhaps better, in the International Division. Mr. Kelly shared this impression, although I think it is most unlikely that we will find anyone in the International Division with the kind of personal experience and interest in the possible funding effort as Mr. Kelly himself. Mr. Kelly said that he would bring this matter to the attention of the people in the International Division, although he indicated that the scope of the international program is currently being reevaluated and that a delay of two or three weeks might be in our interest. Generally, on the jurisdictional issue,

I stated that obviously we did not care which division of the Foundation was responsible for considering our application, so long as the end result was positive and generous. I think I have Mr. Kelly's personal assurances that he will not let the matter "fall between the cracks."

- (2) After some general discussion about the negotiations, Mr. Kelly asked me what kind of help I wanted from the Foundation. I responded by identifying four project areas which I thought deserved priority attention. I summarized them in the following order without indicating that this necessarily reflected my personal views as to their relative significance:

(a) Preparation for Economic and Social Planning

Mr. Kelly had reviewed the proposal for Phase I planning and I emphasized the need to begin this planning as quickly as possible. I stated that Foundation support would enable the Marianas to create the planning mechanism, to undertake some high priority planning assignments, and generally to insure that any funds made available by the U.S. would be promptly utilized. I was frank to admit that we viewed this effort as a technique for insuring that Phase I funding would, in fact, be provided by the United States.

(b) Government Reorganization and Training

As a second possible project, I made reference to the variety of tasks set forth in the proposed government planning program prepared by this firm. In particular, I emphasized the need for planning for government reorganization before any meaningful transitional steps could be taken to increase the amount of self-government possessed by the Marianas people. I also referred to the need for better training of indigenous public employees, the need for political education and other such specific matters.

(c) Public Land Corporation

I described a third priority project as being the creation of a public commission to receive public lands back from the United States and to plan their effective utilization and disposition. In this connection, I pointed out that we are anxious to provide a mechanization to get these public lands back as quickly as possible, not only for the rental income involved but because it provides an opportunity to begin the kind of meaningful planning that we think is essential.

(d) Support for Negotiations

I summarized this project by indicating that I expected that the negotiations would go on for another two or more years, that the Marianas were already reaching the limits of their resources, and that a considerable amount of work would have to be done by a wide variety of consultants, legal and otherwise.

Mr. Kelly expressed some views in several of these areas, which I will refer to below. He did not press me as to the amount of money that I had in mind for any of these projects or what kind of a multi-year commitment I was interested in. If he had asked, I was going to speak in terms of a three-year commitment by the Foundation (to the extent that such a commitment is possible) in the vicinity of \$250,000 to \$300,000 a year.

- (3) In the discussion which followed my listing of the above projects, Mr. Kelly made several comments of considerable interest to me. Most importantly, he emphasized that the Foundation has other kinds of resources available in addition to grant money which should be considered by us. He mentioned the Special Foundation Investment Program, which lends substantial amounts of money (in the millions of dollars) at very favorable interest rates, particularly when such investments can aid in the creation of important institutions, such as development corporations or financial institutions. The third kind of resource available from the foundation is the technical assistance which can be provided through consultants who work for the Foundation. Mr. Kelly said that generally these consultants will work only in connection with either program grants or Foundation investments of the kind referred to above.

Mr. Kelly was very enthusiastic about the use of the investment technique in the Marianas, especially when we started talking about the creation of new financial institutions and the planning for a land corporation. He mentioned, however, that this was a technique familiar to and used by him on the National Affairs side of the Foundation's work, but not used by the International Division.

- (4) Mr. Kelly has a general bias against economic and social planning unrelated to specific problems. His view of the Alaskan Indian claim planning and legislation is that it was completely botched and that no money ended up being available for the kind of specific planning needs that did and do exist. In Mr. Kelly's view, the kinds of problems which need priority attention are frequently those of a legal, organizational and technical nature. Because of this general bias, Mr. Kelly was frankly not as impressed with our proposal for economic and social planning as I had anticipated. He is much more interested in the public land corporation, the creation of other such mechanisms, and any supporting kind of detailed and concrete jobs which would necessarily be confronted once a decision was made to establish such an institution. He is very skeptical of any planners who have not demonstrated commercial success and is quite apprehensive about the kind of detailed physical planning which is contemplated as part of our program. I think that Mr. Kelly would support planning efforts on behalf of the Marianas but only to the extent that they were closely related to and indispensable prerequisites to accomplishing certain specific goals.
- (5) I asked Mr. Kelly whether Foundation support of the Marianas would be considered a sensitive or political matter for the Foundation. He stated that the Foundation would undoubtedly check with the State Department before making any such grant. However, he did not believe that any position by the United States would be controlling. He stated that such matters were routinely checked out with interested government agencies so that Mr. Bundy could be advised in a timely manner regarding any possible political reaction or sensitivity to a Foundation decision. Mr. Kelly stated his personal view that the United States would be very reluctant to oppose a grant by the Foundation to the Marianas because of the difficulty the U.S. delegation would have explaining such a position to members of the Marianas Commission.

- (6) When he heard that Chairman Pangelinan was going to be in the country for a few weeks, Mr. Kelly indicated that it would be desirable for me to return with Chairman Pangelinan to discuss the matter further. He is prepared to set up a meeting not only with representatives of the Foundation's International Division, but also with one or two other foundations he believes we should consider. In response to my questions, he told me that it would not be necessary to have any more specific program proposal in hand for such meetings, which he described as being very preliminary and along the same lines as the discussion which he and I had yesterday. He asked me to give him a call when I knew what days would be most convenient for Chairman Pangelinan and myself to go to New York.

Howard P. Willens

cc: Messrs. Cutler  
Lapin  
Helfer  
Carter  
Leonard