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November 13, 1974

MEMORANDUM FOR POLITICAL STATUS COMMISSION FILE

SUBJECT: Meeting of the Joint Committee

A meeting of the Joint Drafting Committee was held on November 12, 1974 in the Interior Department offices of James Wilson. Attending for the United States were Mr. Wilson, Adrian deGraffenreid, Thomas Johnson, and Herman Marcuse. Attending for the Marianas Political Status Commission were Howard Willens and Michael Helfer.

Mr. Wilson first reported that there appears to be some question whether all of the members of the Commission want to have a round of negotiations beginning December 2. He said that Dr. Palacios had indicated that he would prefer to wait until after the Commission "reorganizes" itself. Mr. Wilson also stated that Micronesian Legal Services in its representation of the Tinian Municipal Council had contacted various members of Congress and had sent petitions to the United Nations. Mr. Willens noted that Mr. P. Tenorio had indicated that the question of the moratorium on home-steading in Tinian would have to be resolved prior to the signing of the status agreement. Mr. Wilson said that he had understood that Mr. Tenorio had agreed that there was in fact no moratorium and that this issue had been resolved satisfactorily during the last round.

The discussion then turned to the November 1, 1974 Joint Drafting Committee working draft of the status agreement. The following points were made.

Section 601: Mr. Wilson stated that he would like to get experts from the Treasury Department together with Mr. Lake concerning technical matters raised by these Sections. He said that the Treasury Department felt strongly that the Marianas should use the Guam system, in part because the Guam system dealt satisfactorily with state-side citizens in Guam and Guamanian citizens living in the United States, and because the Guamanian system may be extended to the Virgin Islands next year. He argued that Guam in effect has the power to alter the system through its power to grant rebates, although rebates with respect to taxes on U.S. source income are not allowed. Mr. Willens

replied that the "mirror image" system is not acceptable. He said that the Commission and the U.S. Delegation had a tentative agreement reflected in the Joint Communique that would have given the Marianas local control over local taxes. Mr. Willens also said that the Marianas Government would have to have the power to alter its internal tax system and that it would have to be explicit and not "back door" through a rebate system. Mr. Wilson noted that part of the concern on the part of the United States was that eventual unification with Guam would be impeded if the tax systems were too different. It was agreed that Mr. Lake will meet with the Internal Revenue Service experts to discuss technical matters raised by Sections 601 and 602.

Section 603: Mr. Wilson stated that the revised Section 603 prepared by Mr. Helfer and dated November 7, 1974 was acceptable to the United States subject to a technical review with respect to Subsection (e).

Section 605: There was a discussion of the draft of Section 605 dated November 7, 1974 prepared by Mr. Helfer. It was agreed that the draft would be revised so that the Marianas portion of the Trust Territory Social Security Retirement Fund would be turned over to the Social Security Administration of the United States to be administered in accordance with the laws of the Government of the Northern Mariana Islands no later than approval of the Agreement.

Section 702: Mr. Wilson stated that the United States continued to have serious problems with wording which would make the approval of the Agreement an appropriation of funds for the Marianas. With respect to the bracketed material in Subsection (c), Mr. Wilson stated that the United States Executive Branch had no objections. It was agreed that the brackets would be removed pending further contacts by the Executive Branch with Congress. Mr. Wilson suggested that as a drafting matter the bracketed matter might never be moved to Subsection (b).

Section 704: It was agreed that the appropriateness of this Section would have to be determined after other parts of Article VII and the formula in Section 502 were completed. Accordingly, this matter will remain in brackets, though agreed to as a technical matter.

Section 801: Mr. Wilson stated that the United States version of Section 801 had been put in out of an abundance of caution simply to assure that any property in the Marianas upon termination would be transferred to the local government. He stated that the United States plans to take the following course of action with respect to TTPI property in the Marianas. Upon separate administration all TTPI property used by the local government would be transferred to the Marianas Executive, along with such property as is needed by the Marianas Executive. TTPI Headquarters will remain on Saipan for some time, but before the end of the Trusteeship the Headquarters and the personal property incident thereto would be moved to another location. At that point the property remaining in the Marianas would be transferred to the local government. It was agreed that there were no substantive differences between the two drafts, although the United States preferred not to make any commitments with respect to the transfer of property prior to termination. The matter was referred to the technical subcommittee.

Section 802: Mr. Wilson noted that the lease versus purchase issue was not yet resolved. He also noted that the Commission version eliminated the statements of the purposes to which the land was to be put by the United States, and stated that the United States had no objection to this.

Section 803: Mr. Wilson said that Emmett Rice would call Mr. Helfer concerning the Commission's proposal with respect to the terms and conditions of the land transfer. The United States would prefer to have the terms and conditions stated in a separate document to which reference could be made in the status agreement, rather than spelling them out in detail in the status agreement. Mr. Rice will also be authorized to discuss the military retention land provisions Mr. Helfer had drafted. Mr. Wilson said that upon a first reading he thought these provisions were acceptable to the United States as a matter of policy.

Section 805: With respect to land alienation and limitations on holding of public land, it was agreed that there was a substantive split and that the issue should be referred to the principals.

Section 806: With respect to future U.S. land requirements, it was agreed that the technical subcommittee would attempt to draft a revised section dealing with voluntary acquisitions. Mr. Willens stated that the

United States proposal with respect to eminent domain was unacceptable because it made no change in the ordinary processes, and it was then agreed that the issue would then be reserved for the principals.

Section 901: Mr. Wilson reported that Congressman Burton did not like the term "Resident Commissioner" to describe the Marianas representative in Washington. Mr. Willens noted that the term had some substantive significance because of the implication that, like the Resident Commissioner from Puerto Rico, the Resident Commissioner from the Marianas would obtain no voting delegate status in the House of Representatives. The issue was not resolved.

Section 902: Mr. Wilson said that the Commission's proposed wording was acceptable.

Section 904(c): Mr. Wilson said that although the Executive Branch review of the issues raised by this Section was not yet complete, the United States had recently refused Guam's request for membership in ESCAP, and that therefore it was unlikely that this Section would be acceptable to the United States.

Section 1001(b): Mr. Wilson stated that his concern was the phrase "enacted into law" which might be interpreted to prevent approval by joint resolution. He had no quarrel with the concept that the status agreement should have the force and effect of law, or become part of the law of the United States. Drafting such provision was referred to the technical subcommittee.

Section 1002: After an extended discussion of this Section, it was agreed that the technical subcommittee would attempt to draft a provision incorporating the second sentence of the Commission's Section 1006 with Subsection (c) of this Section.

Section 1003: It was agreed that this Section could be dropped if the revised wording of Section 202 were acceptable to the United States. Mr. Wilson said that he had some difficulties with that Section, but the matter was referred to the technical subcommittee.

Section 1004: There was a discussion of the differences between the Commission's proposal and the United States proposal with respect to effective dates. The following agreements were reached: Section 104 would become

effective at (c); Section 503 would become effective at (a); Section 504 has been eliminated; Section 507, if any, would become effective at (c); Section 901 would become effective at (b); Section 904 would become effective at (c); and the effective dates of Section 602, 605 and 801 would be left to be determined after those Sections were drafted.

It was agreed that Mr. Marcuse and Mr. Helfer would meet on Thursday to continue drafting to implement the agreements already reached. The next meeting of the Joint Drafting Committee is tentatively scheduled for Monday, November 18, 1974.


Michael S. Helfer

cc: Howard P. Willens
F. David Lake