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WASHINGTON, D.C. 20240

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February 19, 1974

To: Captain R.Y. Scott, Director, OMSN
From: Stephen A. Loftus, Jr., Senior Advisor *SL*
Subj: Issues Requiring Resolution or Clarification Political Organizational Aspects of a Detailed Phase I work Plan Can Be Completed

I believe that the following major issues emerged during our discussions with Willens and Leonard last week:

1. Agreements on tasks and their relative priority

MPSC (Willens and Leonard) contend that priority should be given to research and planning for the constitutional convention, government organization plus an initial legislative package and status plebiscite.

In the discussions last week they omitted any reference to political education and indicated that studies on applicability of laws could proceed independently, in another forum.

Willens and Leonard appear to attach equal importance to agreement on the organization of the Phase I effort, particularly the roles and membership of any Joint Commission and its Secretariat or staff. Three main points emerged during the meeting - (1) they want the Joint Secretariat to be dominated by the MPSC, with the power to hire and fire all of its members, (2) they want majority representation on all bodies, and (3) they regard the Secretariat's role as administrative rather than substantive - i.e. it would not be charged with substantive planning or research but only with implementing directives from the Joint Commission. They contend that the substantive research must be done by contractors or consultants responsible only to the MPSC, but funded by the U.S. They also suggested the need for three rather than two organizations concerned with transition: (1) a Joint Commission, (2) a Planning Commission and (3) a technical staff - insulated from the "political" level.

Conclusion

1. Political education is of prime importance but there are good arguments for leaving it entirely in the hands of the MPSC and its advisers on the scene, except for the work of the TTG in this area such as the program of education for self-government and public statements or documents issued by the U.S. delegation or Status LNO.

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2. Agree that essential research or studies in this area should be initiated as soon as possible but first emphasis should be given to assessing local or in-house resources and availabilities, e.g. does the Library of Congress have requisite staff and are they available or do we need to hire our own specialists to determine what needs to be done and how best to do it? e.g. the Professor from Hollins who is an expert on state constitutional conventions.
3. Regarding organization, we obviously need to give this further thought; first priority should be given to the functions of the proposed groups and then to their composition. The main unknowns or problems are the availability of local competence and the role of the DISTAD and his administration. From Willens' remarks, they seem strongly against giving Frank Ada any significant role except in the implementation of agreements.

2. Timing

As noted by the MPSC's December 15 revision, Willens et al are most anxious to launch the research and planning efforts as soon as possible, hopefully before a final agreement on all the details of the new agreement, i.e. prior to Phase I and before the Secretariat begins to function, presumably on the strength of an early request to the Congress for additional funds based on the agreement that this would ensure an early and successful conclusion of the status negotiations.

Conclusions

1. We have agreed to be flexible and are raising \$45K to fund their participation in the ad hoc group.
 2. No further commitments should be made until agreement on the main elements of a Phase I effort, including its organizational structure is reached.
 3. We might, however, agree to initiate urgent consultations with key Congressional Committees regarding additional funds immediately after the next session, assuming substantial progress toward a final agreement.
3. The validity of the MPSC's October 30 proposal, as refined by the December 15 paper.

Willens and Leonard contend that with few exceptions their proposals represent legitimate and reasonable work requirements. As for our counterparts, they argue that we should accept their views unless through comparable research we can prove that their proposals are excessive or unnecessary; i.e. they are openly skeptical of the capability or objectivity of U.S. Government research sources.

Conclusions and recommendations

Unless we are prepared to commit substantial time and resources into the drafting of a counterproposal, I suggest that we accept their December 15 counterproposals in the area of government reorganization and legislative planning, subject to a quick review by a third party of recognized competence, e.g. the professor from Hollins College. In effect, we should propose a lump sum of 300K comprising the following activities:

- 1) planning and holding of a Constitutional Convention100K
- 2) research and drafting of an initial legislative program ... 50K
- 3) research and planning of a new Commonwealth government, all three branches and their appendages100K
- 4) political education and status plebiscite 50K

Grand Total ..300K

This is 50K higher than our December 11 proposal, unless "fiscal and revenue planning" is included.

This amount excludes expenses for the support of the MPSC participation in the Joint Commission and in the group dealing with the applicability of U.S. laws. It also excludes their previously projected costs for obtaining U.S. Congressional or U.N. approval of the status agreement and legal research on the "establishment of an interim government" - Willens concedes that the concept of an "interim" government is no longer valid.

The recommended approach is fully consistent with our position that planning and actions in this area of government planning and constitutional development should be the primary if not the exclusive responsibility of the MPSC. Also, it avoids our having to document a counter-proposal or to provide acceptable alternative talent from the Executive or Legislative Branches. Moreover, it leaves open the question of the role and competence of the Joint Secretariat to conduct or contract out any necessary follow-on studies.

I suggest that we discuss this approach with the Ambassador and Mr. Wilson early this week.

We also need agreement on the extent to which reliance can be placed on local (in-house) talent in such areas as drafting the initial legislative program and planning the administrative structure of the Executive Branch, etc.

CC: Ambassador Williams
Mr. Wilson
Mr. de Graffenried

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MSC Tactic
But MSC may opt for
US TECH. ASST. but ALSO
RETAIN ET. TO ORIGINAL LEVEL
of own efforts - thus get
Augmented efforts @ US exp.
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