

OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS

March 15, '74

Mr. Wilson -

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Howard, I attach a revised draft report of the ad-hoc committee for Jim's & your information.

It reflects some of the discussion we had last Monday, and some suggestions made subsequently by Jim Wilson and Bob Silver.

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Steve Lopez

For Mr. Williams

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DRAFT REPORT OF THE AD-HOC PREPARATORY COMMITTEE
ON TRANSITION IN THE MARIANAS

Introduction

During the Third Session on the future political status of the Marianas, the MPSC and the U.S. agreed that a joint Ad Hoc Preparatory Committee should be established to study and make recommendations regarding the scope, organization and timing of studies and programs necessary to an orderly transition to self-government in the Marianas. Agreed terms of reference for the Ad Hoc Committee are attached.

Pursuant thereto the Ad Hoc Committee has met and submits the following report to the Chairman of the MPSC and to the President's Personal Representative for Micronesian Status Negotiations:

GENERAL

Several discrete but inter-related steps are involved in the creation of a self-governing Commonwealth of the Marianas. The first is a plebiscite to determine the future political status of the district. The second is a series of steps starting with the development of a new constitution by a constitutional convention, followed by a constitutional referendum, the organization of a new government structure, the election of a new government and the drafting of an initial legislative program. The main responsibility for planning and implementing these latter activities should be borne by local leaders and institutions.

In addition, there is a need for appropriate educational efforts to prepare the people so that they can participate in these activities or make an informed choice when a popular referendum or election is held.

It is also evident that if the new Commonwealth is to prosper, its leaders will require a sound plan for the social and economic development of the district. One that takes into account all factors relevant to economic growth and social progress.

In this report the Committee presents its views and recommendations on the kinds of organization, preparatory work and timing that will be required during this period preceding the installation of a new government, referred to as Phase I, plus a recommended budget. Where the Committee members have not been able to agree, separate views and recommendations are noted.

ORGANIZATION

In order to ensure a timely and effective implementation of the necessary transition measures, the following organizations should be created immediately upon the signing of a status agreement ~~Phase I:~~

A Joint Marianas-U.S. Commission on Transition

There is a joint responsibility for ensuring that the agreements reached on transitional steps are carried out as planned. In line with this the committee recommends that a Joint Commission on Transition be organized with the following seven members: the Chairman of the MPSC or its successor; the President of the District Legislature; another representative ^{appointed by} of the District Legislature; the DISTAD; the President's Personal Representative for Micronesia Status Negotiations; Director, Office of Territorial Affairs, Department of the Interior; and a third representative to be designated by the U.S.

The Commission should have two Co-Chairmen, and meet on the call of either.

The main functions of the Commission should be:

1. To ensure that the terms of the status agreement, and all related agreements on transition reached by the Marianas and the U.S. are faithfully executed;
2. To provide an institutionalized channel for close and timely consultation and liaison between the Northern Mariana Islands and the U.S. Government on all significant transitional matters;
3. To formulate general guidelines for all necessary planning and research to be carried out during Phase I on matters of joint concern;
4. To provide policy guidance to the Joint Secretariat and perform whatever additional necessary functions it may decide are appropriate to the implementation of the Phase I program, e.g., to review studies or reports prepared by experts or the Secretariat.

A Secretariat

To ensure that the general policy on transition and the specific guidelines of the Joint Commission are carried out, the committee recommends the creation of a full time "executive agent", a Joint Secretariat. This group would in essence be the "operating arm" of the Joint Commission.

It is our recommendation that the Secretariat be staffed by highly qualified professionals appointed by or approved by the Joint Commission, as follows:

1. A Director - preferably a citizen of the Marianas.
2. A Deputy Director, who would act as the Executive Officer - preferably a citizen of the U.S.
3. A political scientist; ideally one who is expert in the field of public administration and constitutional law or state and local government.
4. An economist with substantial experience in dealing with problems of economic development.

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5. A physical planner.

6. A liaison officer, a citizen of the Marianas who would spend much of his time working within Washington agencies and on the Hill.

The Secretariat should be headquartered on Saipan and be fully responsible to the Joint Commission. It will also require a small clerical staff.

The Director of the Joint Secretariat would have the power to hire and fire all but the Deputy Director, subject to the approval of the Joint Commission. He should also have the authority to let contracts or to hire expert consultants, within pertinent guidelines furnished by the Joint Commission.

Funds for
Salaries and other requisite support for the Secretariat should be provided by the U.S. Government through the Trust Territory Government.

Specific Functions or Responsibilities of the Secretariat

1. The primary role of the Joint Secretariat is to "manage" the study program approved by the Joint Commission and to ensure that all of the important steps toward the new political status, such as a constitutional convention, referendum, etc. are carried out on schedule;
2. Be responsible to the Joint Commission for planning, implementation and coordination of all agreed Phase I programs and activities falling under the Joint Commission's responsibility, i.e., serve as the staff arm of the Joint Commission;
3. To utilize in carrying out its responsibilities, to the extent available, the expert advice and services of advisors from the United States Government, the Trust Territory Government and the District Administration;
4. To employ private firms or consultants as may be required to provide special advice or studies;
5. To administer all Phase I funds; and to provide quarterly progress reports to the Joint Commission on Phase I joint activities ~~and to the~~

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~~Joint Commission on Phase I activities of concern on to the Mariana Islands Commission;~~

6. In addition, the Secretariat ^{is authorized to respond to} (should be responsive to) requests from ^{representatives on the Joint Commission} the Marianas ^{side} for assistance in the implementation of ^{these transitional} studies or ^{which are principally} activities ~~falling under~~ the responsibility of the Marianas ^{people.}

WORK PLAN

There are two distinct kinds of activities needed to effect the transition to self-government and to initiate desired economic and social programs:

1. Research and planning activities; and
2. Specific or scheduled events and activities.

The first of these categories, research and planning, should include two major subdivisions:

- a. Studies or planning needs to establish and organize the new government and its initial program; and
- b. Studies or planning required in the economic and social area.

Government Organization Planning

The following main projects are needed in this area:

A. Studies and Planning for a Constitutional Convention

The MPSC or a special planning or preparatory committee of the District Legislature should take the lead in this area, for it is the people of the Marianas who will have to live with the consequences of all planning and related events regarding this critical effort.

The Secretariat should provide all appropriate assistance.

B. Research and Planning re the Organization of a New Government of the Marianas and its initial Legislative Program

These tasks are also of primary concern to the MPSC and other political leaders of the district.

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The principal requirement is to prepare a plan for the reorganization of the current system of government - a blueprint on how best to convert from the present governmental structure to that established by the new constitution.

This will require a careful and discriminating planning effort. Some select research plus expert advice will be required, but the alternatives are clearly limited and there are instructive precedents.

Preparatory work in planning for and drafting an initial legislative program should also be during Phase I, although there should be ample time for the Joint Secretariat to review this requirement during the initial months of Phase I. This project will mainly require experts skilled in drafting legislation needed to effect decisions on governmental reorganization and to get the new government off to a good start.

There is also a need for a plan for the training of public officials and technicians, which should commence early in Phase I.

Economic and Social Planning

Extensive economic and social infrastructure planning should be initiated during Phase I to enable the new government to determine its fundamental goals and policies in this area. Such planning will also facilitate agreement on the kinds of external aid or assistance most relevant to the needs of the Marianas in these areas within the annual levels of assistance provided in the status agreement.

Planning in this area can probably be best done by an appropriate combination of government experts, U.S. or local, and private firms or consultants - including experts in such functional areas as agriculture, tourism, land use and management, fishing, government finance, etc.

This category of planning should include all necessary research and planning for the following - (1) the drafting of a general plan for socio-economic development; (2) a fiscal and revenue plan; (3) a physical (infrastructure) plan; (4) a plan covering the retention or extension of U.S. programs and services; and (5) studies regarding the economic and social impact of relocating the Capital of Micronesia.

Economic and Social Development Planning

First priority should be given to research activities required to form a basis for a development strategy and long-range social and economic development goals and programs - including health and educational goals taking account of demographic trends, resource availabilities, including labor, water, soils, external assistance, etc.

Economic and social development planning should embrace several distinct but inter-related parts - recommendations regarding general development goals - social as well as economic, proposals for long-range government revenues and expenditure patterns plus general goals for the development of the district's infrastructure.

It should be the task of the Secretariat to determine what specific research or planning efforts are required to pose and analyze the principal alternatives and ^{to} suggest solutions most relevant to the situation.

Fiscal and Revenue Planning

The principal need here is to identify possible sources of additional government revenue and to analyze alternative fiscal policies designed to provide a set of incentives for economic growth and an equitable distribution of the burden. Efforts in this particular area need to take full account of any decisions or guidance based on the work being done on the definition of social and economic development goals and programs.

Physical - Infrastructure - Planning

It is clear that a certain amount of planning in this area needs to be done during Phase I, albeit the greater part of detailed planning will inevitably follow-on in the post-Phase I period. The Ad Hoc Committee believes that the main requirement is to identify in the first instance the limitations placed on development by the constraints of the environment - climate, soils, fresh water, manpower, etc. Therefore, the examination of already completed physical planning documents will be an early and integral part of the economic development study.

It is the Committee's opinion that a substantial amount of useful planning has been done in the District. Full account should be taken of this by those charged with developing an overall, integrated plan. Once a general economic strategy begins to take shape, a follow-on study of physical infrastructure requirements will need to be undertaken. The purpose of that study would be the formulation of a time-phased plan of physical improvements essential to the furtherance of economic and social development of the Marianas. It would deal with such matters as urban housing, recreation, schools and hospitals, etc. in the area of social development, and roads, docks, power, water transportation, etc. in the area of economic development infrastructure.

The more detailed planning of individual sectors is likely to overlap Phase I and Phase II, with precise planning for individual projects reserved for the time period when actual implementation is imminent. *Also, additional funds for planning in this area should be provided, if needed.*
Special Impact Studies

There is an obvious need for early and effective planning efforts with respect to the following matters: (1) local impact of relocation of the capital of the TTPI; for example, the need to reassign or find alternative employment for displaced personnel; (2) the use of vacated facilities on

Capitol Hill; and (3) programs needed to train or retrain government personnel in the Marianas.

Studies Regarding the Retention or Extension
of U.S. Programs and Services

It is our recommendation that the Joint Secretariat be instructed to ensure that a thorough review of all U.S. programs and services of potential value to the new commonwealth be undertaken by qualified experts during the early stage of Phase I. This might be done best under the direction of the liaison officer, who would be spending much of his time in Washington, assisted by a team of USG experts or consultants.

Specific Events or Activities

Planning for the following discrete events or activities toward the realization of the new political status should begin early in Phase I and include:

a. A political education program. This should be aimed initially at gaining widespread understanding of and support for the proposed status agreement. In effect this effort has already begun. Local leaders should continue these efforts and be able to look to the Secretariat or local governmental entities for all appropriate support.

b. The status plebiscite. The nature and timing of this should be a matter of priority concern to the Joint Commission and be implemented by the District government prior to the holding of a constitutional convention. Otherwise, serious problems could arise during the drafting of a new constitution and the planning of the new governmental structure.

c. The election of delegates to a constitutional convention and convening of the convention. This should be based on the preparatory work mentioned above and consultations between leaders of the District Legislature and the Administration, once the Joint Commission has had an opportunity to provide general guidelines.

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d. A Constitutional referendum. This should be held after a short but intensive educational effort by the leaders of the constitutional convention and their principal supporters, with appropriate support from the Secretariat and the Administration.

e. Election of a new district government, in conformity with the approved constitution and/or provisions of relevant Secretarial Orders.

Timing

The Committee's recommendations in this area are based on the assumption that the status plebiscite will precede rather than follow or occur simultaneously with the constitutional referendum.

It is assumed that the order of events would be the initiation of a program of education on political status (~~already begun~~), planning for the constitutional convention, the status plebiscite, the ~~draft~~ constitutional convention, a program of popular orientation regarding the constitution, planning the new government, and the installation of the new government, following U.S. Congressional review and approval, ~~etc.~~

Necessary planning and related preparatory work in other areas, such as economic and social planning, should commence as soon as possible after Phase I begins. The Committee recommends that as much as possible in the way of preliminary organization be done before Phase I begins. For example, the lining-up of personnel for the Joint Secretariat.

The Joint Secretariat should, as a matter of first priority, draw-up a more detailed time-phased work program covering Phase I.

PROPOSED BUDGET

The U.S. as the Adminstrating Authority will be responsible for funding all Phase I activities, including the expenditure of any U.S. funds on agreed studies or projects. Therefore, the U.S. contribution to any of the above tasks, whether in the form of grants or payments to cover the

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administrative costs of the Joint Commission or the Secretariat, must be funneled through agents or agencies designated by the U.S.

The proposed budget does not include the significant contributions already made or which will be devoted by the TTG to projects or activities that should also be viewed as an integral part of transition to self-government; e.g., money for land surveys and infrastructure projects, etc.

It should also be recognized that the disbursement of funds for Phase I studies or activities should vary according to the nature of the project. For example, funds for the preparatory work and holding of the constitutional convention should be in the form of direct grants from the U.S. through the TTG to the District Legislature. Conversely, U.S. funds for the support of the Secretariat or for physical planning should pass through the TTG to the Secretariat for appropriate disbursement.

The suggested allocations which follow should be viewed as tentative and subject to transfer to related tasks in accordance with agreed guidelines from the Joint Commission or recommendations of the Secretariat. A high degree of flexibility within broad functional divisions will be required in the interest of good management and timing.

It should also be recognized that additional funds for as yet unidentified special studies or to augment agreed planning tasks may be required during Phase I.

The costs of administration are annual and will continue. Budget estimates for research and planning and scheduled transitional steps are "no year" funds - i.e., they should be sufficient to complete the task or activity. As mentioned above, some additional funds for new or expanded work may be needed.

RECOMMENDED PHASE I BUDGET

Administration

Joint Commission	\$ 10,000
Secretariat	\$ 200,000
Contingencies	\$ 50,000
<u>Sub-Total</u> - - - - -	\$ 260,000

Research and Planning

Government Organization

Studies and Planning Constitutional Convention	\$ 50,000
Research and Planning Government Reorganization	\$ 50,000
Initial Legislative Program	\$ 50,000
<u>Sub-Total</u> - - - - -	\$ 150,000

Economic and Social Planning

Economic and Social Development Planning	\$ 225,000
Fiscal and Revenue Planning	\$ 50,000
Physical Planning	\$ 225,000
Research U.S. Federal Programs & Services	\$ 50,000
Impact Relocation of Capital	\$ 50,000
<u>Sub-Total</u> - - - - -	\$ 600,000

Schedule Transitional Steps

Political Status Education Program & Plebiscite	\$ 50,000
Constitutional Convention	\$ 75,000
Constitution education program and referendum	\$ 50,000
Election new Government	\$ 25,000
<u>Sub-Total</u> - - - - -	\$ 200,000

GRAND TOTAL - - - - - \$1,310,000

ATTACHMENT - TOR for Special Ad-Hoc Committee

TERMS OF REFERENCE FOR THE AD HOC PREPARATORY
COMMITTEE ON TRANSITION

A joint Ad Hoc Preparatory Committee will be appointed forthwith by the Marianas Political Status Commission and the President's Personal Representative to study and make recommendations to the Chairmen of the Marianas and U.S. Delegations before the next negotiating session regarding the scope, organization and timing of studies and programs necessary to an orderly transition to self-government in the Marianas. Specifically, the Ad Hoc Preparatory Committee will recommend to the Chairmen of the two delegations the following:

1. A detailed work plan, including a timetable and sequence of events, for preparing and undertaking:
 - a. A political education program;
 - b. A plebiscite on future political status;
 - c. A constitutional convention and referendum;
 - d. Legal studies relating to the organizational structure and initial legislative program of the new commonwealth government;
 - e. Studies to identify the Marianas' economic, social and physical infrastructure needs, taking into account as appropriate extant studies on these matters;
 - f. Studies to develop an appropriate fiscal and revenue system for the Marianas;
 - g. A study of the economic or social impact on the Marianas of a relocation of the Capital of Micronesia.
2. An appropriate organizational structure for accomplishing the important transitional studies and programs. This recommendation will include a description of how a Joint Commission could be organized to provide general guidance for the implementation of these tasks and how a Joint Secretariat might be established to provide specific direction and continuing administrative support;
3. A detailed budget to cover the costs of essential studies, programs, and events falling within the transition period.

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The Ad Hoc Preparatory Committee will report their recommendations to the Chairman of the Marianas Political Status Commission and the President's Personal Representative no later than March 1, 1974. The Chairman and the President's Personal Representative will meet informally shortly thereafter, and before the next session of negotiations, to discuss how to proceed regarding implementation of the recommendations of the Ad Hoc Preparatory Committee.