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To: Mr. J.M. Wilson

From: Mr. Stephen Loftus

Subj: Regarding Alternative U.S. Positions in Event Impasse and Indefinite Recess.

Following are my quick reactions to alternative U.S. positions raised in your memo of 20 March - attached.

Let situation cool

Pros

- Would give JCFS time to gain better appreciation weaknesses in its position - i.e., gaining strength of separatists or independents. *or anti-independent*

- Permit us to strengthen pro-U.S. sentiments through improved administration

- Allow us to complete Marianas negotiations and time for others see benefits of close association with U.S.

- Would test ability 5 districts to hold together.

Cons

- Might permit independents to gain upper hand

- Might cause demise of JCFS or COM if fragmentation spreads.

- Would cause renewed criticism in U.N.

Report to President and suggest; . . . ;

(1) Imposition U.S. version of FA via Presidential edict -

Pros

- Would preempt drift toward looser form of association

- Could ensure continued satisfaction U.S. strategic interests.

- Would permit full internal self-government in Micronesia.

- Would relieve us of all government responsibilities except in areas of prime concern to U.S.

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- Could be portrayed as meeting all our U.S. obligations, providing plebiscite endorsed this solution.

Cons

- Would stimulate widespread criticism and opposition as "undemocratic act"

- would preclude possibility gaining closer and more viable status alternative, e.g. Commonwealth with Marshalls, etc.

- might result in furthering rather than halting fragmentation, i.e. might fall apart or fail produce friendly or reliable leaders required sustain this relationship;

- would fail ^{to} meet U.N. obligations unless supported by majority of the people in a free plebiscite

- would thrust too much responsibility on weak or reluctant local leaders not yet prepared for self-government - i.e., permits no orderly or smooth transition as promised by us at Koror and in Washington, etc.

(2) Put U.S. proposal to people in a "take-it-or-leave-it plebiscite"

Pros

- might reinsure military rights

- forces Micronesian leaders assume responsibility for internal self-government via "democratic" process

- precludes independents gaining upper hand, unless FA rejected

- would give Micronesian constitutional convention firm basis for drafting new constitution

- might head-off further fragmentation

Cons

- would arouse opposition in Micronesia, U.S. Congress and in U.N. because alternatives excluded.

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- would preclude "better deal" - possible commonwealth status
- might lead to greater instability, fragmentation, unless strong leaders emerge.

- would be "unfair" to those not yet "educated"

(3) Same but include alternatives

This would permit stronger pros - i.e., U.N. approval but would run risk of some districts opting for independence or a majority vote for independence or both. Also, unless Marianas vote taken first, it could undermine our policy vis-a-vis Marianas.

(4) Abandon all efforts - status quo

Pro

- would permit time for Micronesians gain ^{greater} ability to govern

- would permit continued economic and social progress

- ^{might} would head-off dangerous trend toward fragmentation

- would allow for more orderly ^{pol.} education and transition to

self-government;

- would ensure U.S. military - strategic - rights and interests

- would permit good example of Marianas to "sink in"

Cons

- would be condemned in U.N. and by ~~those~~ favoring early resolution status matter

- might ~~form~~ ^{ment} more opposition to any future close association through frustration, etc.

- would continue ^{US} in increasingly unpopular and difficult role as "colonial power" - "Portugal of the Pacific"

- could be more costly to U.S., at least in financial terms

(5) Same, but announce willingness negotiate with Marshalls and/or

Pros

- might better ensure retention our basic strategic interests;
- would preclude takeover by independents, assuming Palau amendable to satisfactory formula of association;
- would provide time for other districts decide on viable status alternative;
- could be less costly to U.S.

Cons

- would cause furor in U.N. - charges of divide and conquer, etc.
- might fail gain acceptable agreements with either Palau or Marshalls or both;
- would doom any chance of ever obtaining stable, unified Micronesian entity and condemn Yap and Ponape to "shot-gun marriages" with Truk or others, unless we were prepared accommodate them separately.
- might not be acceptable on the Hill - or cause real battle ending in an impasse.

(6) Postpone negotiations until Micronesian have established new government - see my paper on transition for Carmel; i.e., main problem with this is that it gives Micronesian leaders "best of both worlds" - eliminates main incentives to negotiate an acceptable status agreement and may give birth to weak or dangerously unstable government.

(7) Establish joint U.S.-Micronesian Commission to explore matter again

Pros

- provides way out of impasse with JCFS
- would permit fresh Micronesian look at Commonwealth association
- accommodates Marianas solution

- gives us more time to reassess our position, alternatives to FA
- permits more time for orderly transition to internal self-

government

- prolongs our military presence

Cons

- keeps us "on the hook"
- allows fragmentation to gather strength
- permits independents more time to gain support
- may result in less cohesive or tractable Micronesia coalition

than current one - JCFS

- might be condemned in U.N. as delaying tactic

(8) Ask NSC to reassess U.S. military needs, etc.

Pros

- same as above

Cons

- same as most of above, plus no assurance NSC will agree to anything different.