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DRAFTED BY OMSN/JMWILSON:KKC
APPROVED BY OMSN/RYSCOTT

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TO HICOMTERPACIS PRIORITY
INFO COMTWELVE SAN FRANCISCO PRIORITY

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E.O. 11652: NA

TAGS: OFOR, TQ

SUBJECT: MICRONESIAN STATUS NEGOTIATIONS
PASS TO STATUS LIAISON OFFICER BERGESEN
COMTWELVE FOR AMBASSADOR WILLIAMS

1. PLEASE DELIVER TO CONGRESSMAN RAY SETIK FROM AMBASSADOR
WILLIAMS. IT SHOULD INCLUDE AS ATTACHMENT COPY OF JUL 74
DRAFT LETTER ON TRANSITION ON FILE WITH STATUS LNO.

QUOTE

THE WHITE HOUSE
WASHINGTON
OLD EXECUTIVE OFFICE BUILDING
ROOM 361
WASHINGTON, D.C. 20506

FEBRUARY 26, 1975

CONGRESSMAN RAYMOND SETIK
CONGRESS OF MICRONESIA
SAIPAN, MARIANA ISLANDS 96950

DEAR RAY:

THE MNS-COM REPORT OF YOUR REMARKS TO THE CONGRESS OF MICRO-
NESIA ON FEBRUARY 14 HAS RECENTLY COME TO MY ATTENTION. I
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DEPARTMENT OF STATE A/CDC/MR	
REVIEWED BY <u>Hay</u>	DATE <u>MAR. 5 1987</u>
RDS <input type="checkbox"/> or XDS <input type="checkbox"/> EXT. DATE _____	TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS <input type="checkbox"/>	DECLASSIFIED <input type="checkbox"/> RELEASABLE <input checked="" type="checkbox"/>
RELEASE DENIED <input type="checkbox"/>	PA or FOI EXEMPTIONS _____

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REGRET TO SAY IT CONTAINS A NUMBER OF INACCURACIES, MIS-INTERPRETATIONS AND CHARGES WHICH HAVE NO BASIS IN FACT. ALL OF THIS I AM SURE MUST STEM FROM MISINFORMATION AND MISUNDERSTANDING, WHICH I BELIEVE SHOULD BE CALLED TO YOUR ATTENTION AND CLEARED UP AS A MATTER OF RECORD.

FIRST YOU SHOULD KNOW THAT THE OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS (OMSN) IS NOT A SPECIAL BRANCH OF THE DEPARTMENT OF THE INTERIOR. IT IS AN INDEPENDENT OFFICE HEADED BY CAPTAIN RICHARD Y. SCOTT, USN. ITS SOLE PURPOSE IS TO PROVIDE STAFF ASSISTANCE TO THE ONGOING STATUS NEGOTIATIONS ON AN INTERAGENCY BASIS. ITS STAFF IS DRAWN FROM THE VARIOUS EXECUTIVE DEPARTMENTS OF THE U.S. GOVERNMENT CONCERNED WITH THE MICRONESIAN STATUS NEGOTIATIONS. IT HAS NO AUTHORITY OR RESPONSIBILITY FOR TTPI OPERATIONAL AND BUDGETARY MATTERS, WHICH CONTINUE TO REST IN WASHINGTON WITH THE DEPARTMENT OF THE INTERIOR AND THE OFFICE OF MANAGEMENT AND BUDGET.

HOWEVER, AS PART OF THE STATUS NEGOTIATIONS, THE FINANCIAL NEEDS OF MICRONESIA AFTER THE TRUSTESHIP HAS BEEN TERMINATED HAVE BEEN A SUBJECT OF CONCERN TO OMSN, SINCE IT HAS HAD THE RESPONSIBILITY FOR COORDINATING THE VIEWS OF THE EXECUTIVE DEPARTMENTS ON THIS SUBJECT. TRANSITION, THAT IS THAT PERIOD BETWEEN NOW AND THE COMING INTO FORCE OF A NEW STATUS FOR MICRONESIA, HAS ALSO BEEN DISCUSSED IN THE CONTEXT OF THE STATUS NEGOTIATIONS AT THE REQUEST OF THE JOINT COMMITTEE ON FUTURE STATUS. THIS HAS INVOLVED THE EXECUTIVE DEPARTMENTS AND STAFF WORK BY MEMBERS OF OMSN WHICH HAS INCLUDED AMONG OTHER THINGS CONSIDERATION OF THE LEVELS OF ANNUAL APPROPRIATIONS FOR THE REMAINING YEARS OF THE TRUSTESHIP, THE RELATIONSHIP OF THESE LEVELS TO "CURRENT" NEEDS AND TO THE FINANCIAL TERMS OF THE AGREED COMPACT OF FREE ASSOCIATION (TITLE IV).

IN OUR EFFORT TO UNDERSTAND MICRONESIA'S FUTURE FINANCIAL REQUIREMENTS WE HAVE TAKEN INTO CONSIDERATION THE VIEWS OF AND THE INPUTS OF MEMBERS OF THE CONGRESS OF MICRONESIA, THE JCFS, TTPI HEADQUARTERS AND DISTRICT OFFICIALS AND REPRESENTATIVES FROM DOTA AND OMB. YOU MAY RECALL THAT THOSE CONSULTATIONS INCLUDED THE ONES HELD OVER A TWO

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WEEK PERIOD IN SAIPAN A YEAR AGO BETWEEN MR. WILSON AND PEOPLE FROM DOTA AND THE DISTRICTS AND MEMBERS OF THE COM AND JCFS AND OTHERS. THE SOLE PURPOSE OF THIS EXERCISE WAS TO SOLICIT THE VIEWS OF THOSE PRIMARILY CONCERNED AND TO GATHER USEFUL DATA. IN ALL OF THIS YOU SHOULD KNOW THAT OMSN HAS NOT BEEN INVOLVED IN MAKING ANY RECOM-

MENDATIONS, LET ALONE DECISIONS, RELATING TO SPECIFIC LINE ITEM ALLOCATIONS WITHIN THE MAJOR CATEGORIES OF THE TTPI BUDGET SINCE IT HAS NO RESPONSIBILITY OR AUTHORITY FOR SUCH MATTERS.

IN THIS REGARD I WOULD LIKE TO RESPOND TO YOUR REPORTED REMARKS ON THE MARIANAS POWER FACILITIES. LET ME CALL TO YOUR ATTENTION ONCE MORE WHAT WAS SAID BY SECRETARY MORTON IN HIS LETTER TO PRESIDENT NAKAYAMA AND SPEAKER HENRY OF SEPTEMBER 19, 1974 ON THAT SUBJECT WHERE HE STATED THAT "THERE APPEARS TO HAVE BEEN A MISUNDERSTANDING REGARDING AMBASSADOR WILLIAMS' ROLE IN THIS MATTER AND I BELIEVE IT IS IMPORTANT THAT THE RECORD BE SET STRAIGHT". THIS WAS FURTHER DISCUSSED BY ASSISTANT SECRETARY HUGHES IN HIS LETTER TO YOU AND SENATOR OLTER OF SEPTEMBER 17, 1974. I FIND IT DIFFICULT, THEREFORE, TO UNDERSTAND HOW THE ORIGINAL CHARGE, BASED ON FACTUAL INACCURACIES, COULD BE REPEATED UNDER THESE CIRCUMSTANCES INASMUCH AS THE SECRETARY HAS ALREADY MADE CLEAR THAT IT HAS NO BASIS IN FACT WHATSOEVER.

FINALLY, LET ME SAY FLATLY ON THIS MATTER THAT I AT NO TIME SUGGESTED, REQUESTED, OR DIRECTED THE SUBSTITUTION OF A POWER PLANT FOR THE MARIANAS FOR FIELD TRIP SHIPS. I HAVE NEVER AT ANY TIME EVEN BEEN CONSULTED ON FIELD TRIP SHIPS OR ON ANY OTHER LINE ITEM IN THE TTPI BUDGET AND I HOPE YOU WILL SO INFORM THOSE WHO HAVE BEEN MISINFORMING YOU ON THIS SCORE.

WITH RESPECT TO THE MORE GENERAL CHARGES REGARDING THE RELATIONSHIP OF CURRENT BUDGET CEILINGS AND POLITICAL CONSIDERATIONS INVOLVING STATUS, I AGAIN FEEL THAT YOU MUST HAVE BEEN BADLY MISINFORMED. I AM SURPRISED AT THIS SINCE I THOUGHT THAT YOU WERE MORE THAN FAMILIAR WITH

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THE BACKGROUND AND THE TENTATIVE UNDERSTANDING REACHED LAST APRIL WITH THE CO-CHAIRMEN OF THE JCFS AND YOUR COLLEAGUE AND COUNTERPART ON THE SENATE SIDE, SENATOR BAILEY OLTER, ON THE LEVELS OF ANNUAL APPROPRIATIONS TO BE PROVIDED DURING THE TRANSITION PERIOD. WE WERE OF COURSE SORRY THAT YOU COULD NOT BE AT THE CARMEL MEETING. WE WERE EXPECTING YOU BUT WERE TOLD THAT YOU COULD NOT BE THERE BECAUSE OF OTHER BUSINESS. WE HAVE ASSUMED, HOWEVER, THAT YOU WERE SUBSEQUENTLY BRIEFED ON THE TENTATIVE AGREEMENTS THAT WERE REACHED WITH RESPECT TO THE LEVELS OF ANNUAL FUNDING DURING THE TRANSITION PERIOD AND THE RATIONALE BEHIND THESE FIGURES.

THE APRIL 1974 TENTATIVELY AGREED SCHEDULE OF FINANCIAL ASSISTANCE FROM FY 1975 THROUGH FY 1980 WAS DELIBERATELY DESIGNED TO LEAD INTO THE FINANCIAL ASSISTANCE PROVISIONS IN THE COMPACT FOR THE PERIOD IMMEDIATELY FOLLOWING THE END OF THE TRUSTEESHIP. THE NEED FOR GREATLY INCREASED FUNDING FOR CAPITAL IMPROVEMENTS DURING THE REMAINING YEARS OF THE TRUSTEESHIP WAS DISCUSSED WITH THE OBJECTIVE OF LEAVING BEHIND A BASIC INFRASTRUCTURE SYSTEM. AT THE SAME TIME IT WAS AGREED THAT EFFORTS SHOULD BE IMMEDIATELY UNDERTAKEN TO BEGIN A GRADUAL REDUCTION IN THE PERCENTAGE OF THE TTPI BUDGET ALLOCATED TO GOVERNMENT OPERATIONS SINCE BOTH SIDES WERE OF THE VIEW THAT IT WOULD BE IMPOSSIBLE FOR THE NEW GOVERNMENT OF MICRONESIA TO MAINTAIN THE UNUSUALLY HIGH AND RISING COST OF GOVERNMENT AND MOVE AT THE SAME TIME TOWARD THE COM-JCFS GOAL OF PROGRESSIVELY LESS ECONOMIC DEPENDENCY AND TOWARD MORE SELF-SUFFICIENCY AND SELF-RELIANCE.

THE SCHEDULE INCLUDED IN THE DRAFT MEMORANDUM OF UNDERSTANDING TO BE SIGNED BY THE UNITED STATES HAS I BELIEVE BEEN MADE AVAILABLE TO THE CONGRESS OF MICRONESIA BY THE JCFS, BUT IN CASE IT HAS NOT I ENCLOSE A COPY OF THE VERSION GIVEN TO THE CHAIRMAN OF THE JOINT COMMITTEE. AT CARMEL THE CO-CHAIRMEN OF THE JCFS AND SENATOR OLTER AFTER REVIEWING THE PLAN VOICED FULL SATISFACTION WITH THE PROJECTED LEVELS OF ANNUAL FUNDING FOR THE TRANSITION PERIOD. ON THE UNITED STATES SIDE THIS TENTATIVE SCHEDULE

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HAD BEEN DISCUSSED AND APPROVED IN ADVANCE BY INTERIOR AND WAS NOT, THEREFORE, AS SOMEONE HAS FALSELY SUGGESTED TO YOU, AN ARBITRARY OMSN-DICTATED DECISION.

FOR ITS PART THE U.S. GOVERNMENT HAS BEEN TRYING TO ADHERE TO THE SPIRIT OF THE ABOVE-MENTIONED TENTATIVE UNDERSTANDINGS AND THE AGREED SCHEDULE. IT IS FOR THIS REASON THAT EFFORTS HAVE BEEN MADE TO RAISE THE U.S. CONGRESS' AUTHORIZATION CEILING. YOU WILL NOTE IN PARTICULAR THAT THE ORIGINAL SCHEDULE CALLED FOR AN ADJUSTMENT IN LEVELS OF ASSISTANCE IN FY 1977 IN THE EVENT THAT STAGE I WAS EXTENDED FOR SOME REASON. THAT SLIPPAGE NOW SEEMS TO BE OCCURRING AND THE RECOMMENDED ADJUSTMENT IS BEING MADE IN KEEPING WITH THE CARMEL PLAN FOR TRANSITION, WHICH CALLS FOR A COMPENSATORY UPWARD ADJUSTMENT IN FY 1979.

IN SHORT, RAY, WE HAVE BEEN ATTEMPTING IN OUR CONSULTATIONS AND IN OUR NEGOTIATIONS TO TAKE INTO ACCOUNT CURRENT AND SHORT TERM NEEDS AND HOW THEY RELATE TO THE LONGER

TERM FINANCIAL REQUIREMENTS OF MICRONESIA UNDER THE STATUS THE CONGRESS OF MICRONESIA SAYS IT PREFERS--FREE ASSOCIATION. THE LEVELS AGREED TO TENTATIVELY LAST APRIL FOR FY 1975-80 WERE REACHED WITH THE APPOINTED LEADERSHIP OF THE CONGRESS OF MICRONESIA LAST SPRING. WE HAVE SUBSEQUENTLY SAID THAT WE WOULD LIKE TO DISCUSS TRANSITION FURTHER AND HAVE ASKED THAT IT BE PLACED ON THE AGENDA OF OUR NEXT MEETING WITH THE FULL JCFS. WE HAVE REPEATED MORE THAN ONCE THAT THIS WHOLE MATTER IS SUBJECT TO FURTHER REVIEW.

THIS BEING THE CASE IT IS DIFFICULT TO COMPREHEND ANY ALLEGATION OF ARBITRARY ACTION OR DICTATION ON THE PART OF THE UNITED STATES. INSTEAD A CONSCIENTIOUS EFFORT HAS BEEN MADE TO PROCEED ON THE BASIS OF FIRST, SECRETARY MORTON'S STATED DESIRE TO GIVE MICRONESIA AS MUCH HELP AS CAN BE REASONABLY EXPECTED DURING THE REMAINING YEARS OF THE TRUSTEESHIP, SECOND A REVIEW OF YOUR PROJECTED NEEDS, AND FINALLY THE TENTATIVE UNDERSTANDINGS REACHED WITH THE DULY AUTHORIZED REPRESENTATIVES OF THE CONGRESS OF MICRONESIA.

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I HOPE THAT THE FOREGOING WILL SERVE TO PUT THE RECORD STRAIGHT BOTH FOR YOU AND YOUR COLLEAGUES WHO MAY STILL BE UNDER SOME MISAPPREHENSIONS AS A RESULT OF YOUR SPEECH AND ITS PRESS COVERAGE. I KNOW THAT YOU ALWAYS HAVE THE VERY BEST INTERESTS OF YOUR PEOPLE IN MIND AND I HAVE ALWAYS HAD GREAT RESPECT FOR YOUR SENSE OF PURPOSE AND YOUR ABILITY AND SINCERITY. I AM ALSO CONVINCED THAT INTEGRITY MEANS A GREAT DEAL TO YOU AND THAT YOU ARE THEREFORE ALWAYS INTERESTED IN BASING YOUR OPINIONS ON FACTS AND NOT FANCY AND IT IS FOR THIS REASON THAT I HAVE WRITTEN YOU.

WITH MY VERY BEST WISHES AND PERSONAL REGARDS,

SINCERELY YOURS,

F. HAYDN WILLIAMS
U.S. AMBASSADOR
MICRONESIAN STATUS NEGOTIATIONS

END QUOTE.

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