

6/20/75: As taken over phone from Larry Cardwell 9:30 a.m.
OMB proposal for insert to page 3 preceding last paragraph
of the draft letter of the President to the U.S. Congress.

All of the provisions of the Covenant are the product of detailed negotiations extending over a two year period and reflect reasonable compromises by both sides. I want to call your attention particularly to the financial assistance provisions in light of the new procedures established by the Congressional Budget Act. Article VII of the Resolution specifically constitutes a commitment and pledge of the full faith and credit of the United States for the payment, as well as an authorization for the appropriation, of guaranteed levels of direct grant assistance totaling fourteen million dollars per year, in 1975 constant dollars, to the Government of the Northern Mariana Islands for each of the first seven full fiscal years after approval by the Federal Government of the locally adopted Constitution. The same amount would be paid in future years unless changed by the Congress. A pro rata share of the fourteen million dollars is authorized to be appropriated for the first partial fiscal year after the Constitution has been approved.

Article VIII of the Resolution authorizes the appropriation of nineteen million five hundred twenty thousand six hundred dollars to be paid to the Government of the Northern Mariana Islands for the 50 year lease, with the option of renewing the

the lease for another 50 years at no cost, of approximately eighteen thousand one hundred eighty two acres of lands and waters immediately adjacent thereto.

In addition to these specific authorization for appropriations, Article VII authorizes the Government of the Northern Mariana Islands to receive the full range of federal programs and services available to the territories of the United States, as well as the proceeds of numerous federal taxes, duties, and fees.