

THE WHITE HOUSE

WASHINGTON

Old Executive Office Building
Room 373
Washington, D.C. 20506

November 17, 1975

MEMORANDUM

To: The Secretary of the Interior

From: Ambassador F. Haydn Williams, The President's
Personal Representative for Micronesian Status
Negotiations

Subj: Proposed OMB 77 Budget for TTPI

I have reviewed with some concern the new proposal from OMB regarding FY 77 budget allowances for the Trust Territory of the Pacific Islands, and in light of the President's instructions to me and the political status negotiations with the Northern Mariana Islands and the Congress of Micronesia, I request that the Department of the Interior appeal the OMB recommendations to delete transition funds for the Northern Mariana Islands and to reduce CIP authorization levels for the Trust Territory.

Of particular concern is the OMB proposal to delete transition funds for the Northern Mariana Islands "due to uncertainties about the time when all the necessary steps will have been completed that would make the Mariana Islands eligible for the increased amounts which the Covenant would authorize, if enacted". The basis for the OMB proposal is in error. First, the transition funds for the Northern Mariana Islands are not part of the funds, which the Covenant would authorize. These funds were authorized on March 24 of this year, in P.L. 94-27, with the proviso that no part of the funds may be obligated or expended until the Covenant has been approved by Congress. The Covenant was approved without dissent by the House of Representatives on July 21, 1975 and has been approved by the Senate Interior Committee. Action by the full Senate is anticipated before the Christmas recess.

The Northern Mariana Islands transition funds of P.L. 94-27 were authorized in recognition of the urgent need to begin preparations for the new political status and government of the Marianas upon approval of the Covenant. This transition

phase is both sensitive and complex inasmuch as the Northern Mariana Islands will remain under the Trusteeship Agreement but will be separated and administered apart from the other districts of the Trust Territory. In view of the pressing need to initiate planning for transition even prior to actual receipt of these funds, the Coleman Ad Hoc Committee for Administration Contingency Planning for the Marianas separation was established. However, transition requires further extensive research, analysis and planning and if the United States is to retain the good will of the peoples of the Marianas who have relied on the representations of our government, made on the strength of Presidential instructions, the U.S. must provide the requisite funding for the transition phase. Furthermore, these funds must be made available for obligation immediately upon approval of the Covenant by the Congress. The OMB recommendation should reflect this on-going requirement and previous commitment of the U.S. Government.

An equally important matter relates to the OMB proposal drastically to reduce funds for capital improvement projects during FY 77. Throughout the complex status talks with the Micronesian negotiators, a paramount issue has been that of future financial assistance from the United States under the new political status relationship. The United States has been asked to provide a formal commitment to complete, prior to the end of the Trusteeship, the capital infrastructure system which the U.S. Government itself has proposed and planned for the TTPI. The Department of the Interior undertook to respond to these concerns by incorporating into its budget for the TTPI those funding levels for CIP and Operations which were agreed to, ad referendum, by the Micronesian status delegation and the United States at Carmel in April 1974. The Micronesians were assured at informal status meetings at Carmel, Guam, and Hawaii, that the United States would in fact complete an infrastructure system for Micronesia to enable it to undertake a sound economic development program for self-sufficiency. Doing so will enable the United States to begin reducing its financial assistance to the new Micronesian government over the duration of the Free Association relationship. The Micronesian leadership has accepted and relied on the assurances and actions by the Department of the Interior to reflect in its budget the Presidential commitment to complete the infrastructure system for Micronesia.

An interrelated matter to this reliance by the Micronesians is the current attitude within Micronesia. The Constitutional Convention has just completed work on a new Constitution for Micronesia. The creation by Micronesians of their own government and of their own political system is both commendable and

exemplary. The Micronesians are, expectedly, quite proud of their achievement and look forward to being able to install their own government. The Micronesians, of course, have been led to believe the U.S. supported their efforts and would provide an atmosphere of certainty and stability to enable the new government to become established. The OMB proposal to eliminate the majority of the capital improvement programs for Micronesia in the FY 77 budget, however, probably will be interpreted by Micronesians as displeasure by the United States at their efforts by withdrawing U.S. assurances for a viable economic infrastructure. This may well work directly against our interests by eroding their confidence and trust in our government.

The President has instructed me to conclude a future political status with the peoples of the TTPI and the people of the Northern Mariana Islands that will enable the U.S. to meet its obligations under the Trusteeship Agreement to promote local self-government and self determination and that will enable the U.S. to bring the Trusteeship to an honorable conclusion.

The agreements reached thus far with the Marianas and the Micronesians have gone far to reestablish their trust and confidence in the United States as Administrator of the Trust Territory. Our assurances and representations on future support, including financial assistance, have given these peoples confidence they can look positively to the end of the Trusteeship and can feel confident their needs and aspirations for local self-reliance can be attained. It is my view that the Interior Department proposals for Northern Mariana Islands transition funds, for a basic infrastructure programs and the constant dollar factor for assistance to the Territories must be reinstated in the FY 77 budget if U.S. interests in the Mariana Islands and in the remainder of Micronesia are to be protected.