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MEMORANDUM FOR MR. HELFER

Subject: Supplemental Submission for the Senate  
Armed Services Committee

As I mentioned, several questions were raised during the hearings yesterday which were never answered satisfactorily. I think we should consider a supplemental submission which attempts to deal with some of these matters. I have in mind nothing more than about a paragraph on each point, if it seems to require a response, and I hope that Jim Leonard can help on a few of these matters.

1. Based upon the administration testimony, the several Senators in attendance were left with the clear impression that all appropriate U.S. defense interests could be adequately protected through a status of free association, through treaty or some other mechanism. Accordingly, they argued that it was not necessary to enter into a Commonwealth relationship with the Marianas in order to protect these national interests.

I think the answer ought to stress that it takes two parties to reach agreement on the availability of land in the Marianas for U.S. defense purposes. Our tactical question is whether to assert that it is unlikely that the Marianas would make the necessary land available if the Covenant is rejected. Perhaps it will be sufficient to state that the general bargain was for the political status desired by the people in return for the land desired by the United States for defense purposes and it is far from clear that the Marianas would make such substantial concessions with respect to land if the United States deny them the Commonwealth status desired by the people.

2. Senator Bartlett elicited from Ambassador Williams the statement that the Ambassador's first preference was for reunification of Guam and the Northern Mariana Islands. Senator Bartlett thereupon suggested that approval of the Covenant did not point in the direction of eventual reunification.

1) Greater premises  
there is an alternative  
2) preferred: this  
is preferred:  
a) political -  
b) US ship obligations -

2) to be ways not  
available

subsequent

1) performance  
2) political  
3) way to root out...  
US ship  
relations between people

building on foreign  
soil - risks -

only way that fulfills obligations  
US ship A

I think we should suggest that approval of the Covenant, which brings the Northern Marianas under U.S. sovereignty, is indeed the first logical step toward reunification between Guam and the Northern Marianas. Once both are U.S. Territories, there will be increasing ~~continuity~~ of interests, economic interdependence, etc., which eventually will create an environment within which reunification can be discussed rationally. We ought to suggest, however, that reunification in the near future is not a feasible alternative, citing the 1969 vote of the Guam electorate and the significant disparities in population, economic development, educational level, etc.

3. Senator Byrd was most concerned about the eligibility of the Marianas citizens for welfare and other programs once they became U.S. citizens. He seemed to assume two critical facts: (1) that all programs applicable within the United States are or would be applicable in the Marianas; and (2) that the standards of eligibility for such programs would be the same in the Marianas as in the 50 States.

I do not know that we wish to discuss this matter. If we do, I suppose we should emphasize that the programs applicable in the Marianas will be limited to those applicable to Guam and that any other treatment of the Marianas people would be inequitable. We might also wish to point out, if we can, that some of the programs are not applicable to U.S. Territories and that, in any event, there is some administrative discretion (?) to define standards of eligibility in accord with local conditions.

4. Senators Bartlett and Byrd were very upset by the fact that the Marianas citizens would not be paying U.S. income taxes to the federal government and that the local government would have full authority to rebate any taxes paid to it.

I suppose it would not be tactful to point out that the Marianas preferred negotiating position was based on the "State" model providing for full applicability of the U.S. income taxes. I think probably we should point out, however, that the federal income tax makes special allowance for citizens of our dependent Territories in the sense that they are not typically taxed on locally-earned income. In other words, the members of the Committee are basically unfamiliar with the special tax treatment

of U.S. Territories and will, undoubtedly, disagree vigorously with them. We perhaps also should point out the fact of Congressional oversight with respect to Marianas taxation and emphasize the wide range of programs and other services which will be required under Commonwealth status.

5. Senator Scott asked a series of confusing questions with respect to citizenship. He seemed to be primarily concerned with local laws at the present time, although his questions also suggested some concern about the relationship between the Marianas and the remainder of Micronesia after termination of the Trusteeship.

I suggest we duck this area, since I believe that the U.S. undertook to attempt to answer some of these questions. You probably should find out what they are doing in the way of a response. However, we may wish to emphasize our client's concern about immigration and the fact that, under the provisions of the Covenant, persons outside the United States would not be able to become U.S. citizens as a general matter by virtue of residence within the Northern Marianas.

6. Questions were raised during the hearing about the nature and extent of the self-government provided under the Covenant. It was suggested, for example, that the Marianas people cannot truly have self-government so long as there is a mutual consent provision. It was also suggested that the Marianas people could not truly have self-government when they do not vote for representatives in Congress.

I do not know whether we should try to answer this question. It raises, incidentally, the entire question whether we are going to try to answer McHenry and Cabranes and the general questions of fragmentation, self-determination and self-government.

7. There were many questions regarding the level of income in the Marianas, with the U.S. advancing a figure of nearly \$5,000 as the per capita income per family. There was much confusion and I asked Jim Leonard to try to write a paragraph which might be submitted on our behalf.
8. During our testimony we were asked how the appropriate levels of U.S. financial assistance were arrived at before we undertook the social, economic and physical planning efforts which have been provided upon approval of the Covenant. The answer given was not completely

satisfactory and I asked Jim Leonard to write a paragraph on this subject as well.

HPW