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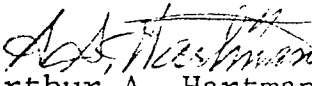
November 30, 1970

TO : The Deputy Secretary of Defense
The Assistant to the President for
National Security Affairs
The Director of Central Intelligence
The Chairman of the Joint Chiefs of Staff
The Deputy Attorney General
The Under Secretary of Interior
The Director, Office of Management and
Budget

SUBJECT: Meeting on Political Status Negotiations
with Micronesia--Thursday, December 3, 4 p.m.--
Issues-Options Paper

Enclosed is a memorandum prepared by the Inter-
departmental Group for Micronesia which reviews major
issues and options on Micronesia's future political
status.

This memorandum will serve as the basis of the
Committee's discussion on December 3 on next steps in
the negotiations with the Congress of Micronesia.


Arthur A. Hartman
Staff Director

Attachment:

As stated.

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November 25, 1970

To: Chairman, NSC Under Secretaries Committee
From: Chairman, Interagency Group for Micronesia
(Trust Territory of the Pacific Islands)
Subject: Negotiations on the Future Political Status
of Micronesia

The memorandum of the Under Secretaries Committee to the President dated September 10, 1970 stated that an options paper would be prepared to serve as the basis for a re-examination of the status question within the Administration. This paper undertakes a review of the question and recommends courses of action to be considered by the Under Secretaries Committee at its December 3 meeting scheduled by Under Secretary Irwin's memorandum of November 10, 1970.

A. Status of Negotiations

The extension of US sovereignty over Micronesia has been a general objective of US policy since 1962. On April 28, 1969, the President approved the recommendation of the Under Secretaries Committee that this be accomplished at an early date, preferably by means of an organic act. No option of independence, or of a unilaterally terminable free association was to be offered. An action program was to be undertaken to improve the US image and promote Micronesian educational, economic, political and social development.

An exploratory round of discussions with a Micronesian Congressional Delegation in October 1969 and a trip to the Territory by the Chairman of the US Delegation in January 1970 produced no agreement but rather made clear that the organic act approach, with no provision for a constitutional convention, stood no chance of acceptance. At the second round of talks in Saipan in May 1970, the US Delegation proposed a permanent association with the United States as a commonwealth, internally self-governing under a Micronesian-drafted constitution, approved by the residents of the islands, and consistent with US enabling legislation.

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The Micronesian Delegation did not seriously discuss the commonwealth proposal, other than to identify the objectionable features from their point of view. In their subsequent report to the Congress of Micronesia, they objected strongly to the lack of a unilateral termination provision, US retention of the power of eminent domain, and the vague but implicitly broad powers reserved to the United States. Rather, the Delegation indicated a preference for "free association" with the United States based on the following "non-negotiable" principles:

- "(a) That sovereignty in Micronesia resides in the people of Micronesia and their duly constituted government;
- (b) That the people of Micronesia possess the right of self-determination and may therefore choose independence or self-government in free association with any nation or organization of nations;
- (c) That the people of Micronesia have the right to adopt their own constitution and to amend, change or revoke any constitution or governmental plan at any time; and
- (d) That free association should be in the form of a revocable compact, terminable unilaterally by either party."

The Delegation's report explained that if the four broad principles were accepted, the more substantive arrangements setting forth the US-Micronesian relationship in areas such as defense, foreign policy, citizenship, economic aid, tariffs, etc. could be negotiated and incorporated in a compact between the two parties.

The full Congress subsequently adopted resolutions (1) endorsing the above four principles; (2) declaring the US commonwealth proposal "unacceptable in its present form;" (3) inviting the US Government to continue discussions; and (4) establishing a congressional status committee which was directed to: a) conduct political education; b) study the economic implications of free association and independence; c) study alternatives regarding internal self-government; d) solicit support within the US and the UN for the Micronesian Congressional position on status; and e) continue negotiations with the US, consistent with stated policies of the Micronesian Congress and subject to ratification.

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The US Congress has been informed of developments since the May 1970 talks, and we have tacitly agreed to consult (the House Interior Committee) with respect to new initiatives.

B. Micronesian Political Situation

The attitude of the Micronesian leadership toward political association with the United States has been heavily influenced by what Micronesians regard as long postwar years of neglect, indifference and arbitrary decisions on the part of the United States. The American presence has also induced fears of, as well as attraction to, "Americanization." In the past three years the greatly increased American attention and resources directed toward Micronesian needs, the current energetic program of "Micronization" of the TTPI Administration, and the initiation of negotiations on the future political status have made some favorable impact on Micronesian outlook. Micronesians also have an underlying admiration and respect for American political traditions and our world position. The sum total is that most of the Micronesian leadership, among the best educated and most articulate in the Pacific region, have a strong desire for benefits of close association with the US, and a deep-seated conviction that they must have control over the direction of Micronesian affairs if their ill-defined aspirations are to be realized.

Against this background the question of future political status is the central political issue in Micronesia today and is likely to remain so. The interest generated and whetted in the period leading up to the first report of the Political Status Commission in July 1969 has continued to increase during the past year. The more recent report and the status issue were actively and vigorously debated in the Congress last summer and, in some districts, in the election campaign in November 1970.

The Congress of Micronesia, due largely to the research done by the original Political Status Commission, is generally familiar with the precedents followed in other dependent areas on questions of status and trusteeship termination. Specific attention has been directed to the Cook Islands and the West Indies Associated States. Micronesians are keenly aware that most dependent territories have been granted independence in the postwar period and that virtually all have been given

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broad powers, with most aspects of sovereignty. Further, the Congress is advised by a competent political consultant with considerable familiarity in the field. The Congress and its advisors are also fully aware of the force of the "right of independence" argument as a bargaining lever.

While, at this time, the status question is understood by and is of deep concern to only a small percentage of the population, it is precisely this minority with which we must deal and which will influence the thinking of the majority. In the absence of progress toward resolving the status issue, there is great danger that agitation for action and stiffening will for separation from the United States will spread and become more active and vocal. The increasing numbers of educated youth would stimulate this trend, which has been virtually universal in comparable areas in the postwar period.

While true sentiment on the status question throughout the territory is difficult to gauge, two facts stand out clearly. First, numerous members of the Congress of Micronesia, whether from conviction or to enhance Micronesia's bargaining position, have taken increasingly hard-line, public stands on the issue; a number are on record as favoring independence, and most have spoken in favor of continued ties only on the basis of their "four principles."

Second, the powerful, popular sentiment in the Marianas for becoming a part of the United States and attaining US citizenship continues. Thus, there have been previous resolutions of the district legislature and unofficial plebiscites requesting reunification with Guam, which is ethnically, culturally and geographically a part of the Marianas. The only members of the Congress who have endorsed our commonwealth proposal are from the Marianas. The recent elections resulted in a clean sweep for those who endorsed commonwealth and defeat of those candidates who questioned it. Following the rejection by the Congress of Micronesia of the commonwealth offer, the Marianas District Legislature passed a resolution which endorsed the US proposal and urged that it be submitted directly to the people of the Mariana Islands for their endorsement and that the United States proceed with its implementation in the Marianas "until the other districts are ready to decide."

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C. Micronesian Economic Conditions

The Micronesian economy is heavily dependent on US Government expenditures. The payroll and purchases of the TTPI administration have constituted a major portion of Micronesian income throughout the postwar period. US direct appropriations for \$50-\$60 million in recent years have swelled the US-originated slice of the economy still further. Of 12,333 reported Micronesian wage-earners, 7,163 are employed by US Government agencies, the vast majority by the TTPI Administration.

While tourism, fisheries and agriculture hold potential for greater self-sufficiency, a self-supporting economy is highly unlikely for many years to come.

D. United Nations - The Trusteeship

Micronesia is the only strategic trust territory in UN history; thus, our legal rights and obligations under the trusteeship are unique. The Security Council has responsibility for any termination of the trusteeship and the United States has, therefore, the power of veto over any termination action. However, the Trusteeship Agreement obligates us to work "toward self-government or independence, as may be appropriate to the particular circumstances" and "the freely expressed wishes of the people."

Micronesia is one of the two remaining trust territories; ten of the original twelve are now independent and New Guinea may become independent as early as 1972. If perceptible progress toward a political status acceptable to Micronesians is not made in the next few years, we might become a focus -- along with Portugal and South Africa -- of the broad anticolonialist sentiment in the UN. The Trusteeship Council (US, UK, France, China, Australia and a relatively passive USSR) and its visiting missions have not pressed us hard on the status question in the past. This year's visiting mission did recommend solution of the political issue "sooner rather than later," and the Trusteeship Council echoed this hope in its report to the Security Council. Thus far, we have fended off the interest of the "Committee of 24," the decolonialization committee whose extreme approach is set by Afro-Asian and East European nations. However, should Micronesian dissatisfaction with progress toward "self-government or independence" become markedly more acute, we could expect this committee to make an issue of the matter within the United Nations.

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To gain express Security Council approval of termination of the trusteeship, it would probably be necessary to have granted the islands independence or to have offered a status approaching it in a UN-observed plebiscite. However, mere notification of the Council should suffice if a new political status receives approval of a substantial majority of the Micronesians. Without such Micronesian support, General Assembly action condemning our position would also be likely.

E. US Interests

1. Political

US history as a former colony and the US role in enunciating and actively supporting self-determination and independence for others, where desired, are highly significant aspects of our world position. It is in our national interest that we act consistent with this tradition. Should we, in the face of an explicit Micronesian demand, refuse them self-determination, our international political standing and image would be significantly damaged.

Resolution of the Micronesian status problem also has implications for our long-term position in the Pacific. Accession of these islands to the US system would preserve and strengthen the US role as a Pacific power both strategically and psychologically. On the other hand, loss of effective US control over Micronesia could augur a long-term reduction in the Pacific role of the US. While some of our friends in the Pacific, such as Australia and New Zealand, are concerned that we fulfill our trusteeship obligations, they are also concerned that relinquishment of effective US control could someday lead to military use of the islands by a hostile power. With Guam just 1500 air miles from Tokyo, Japan would not likely object if Micronesia chose to come under US sovereignty; Japan clearly would welcome the opening of Micronesia to its investment capital. Over the long run, the implications are less clear; because of the islands' proximity to Japan, US activities there (and in Guam) could become a source of tension should Japan's foreign policy take a more nationalistic and expansionist direction.

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2. Strategic

There are three aspects to the US strategic interest in the TTPI: ability to deny access to foreign powers; retention of ICBM/ABM missile testing facilities in the Marshall Islands; and the requirement for other basing options in the future.

a. Denial. In foreign hands, islands of the TTPI could serve as air and naval bases, missile launching sites to threaten Guam and Hawaii, and would constitute a potential major threat to US control of sea and air communications in the central Pacific. In particular, the security of Guam would be severely jeopardized if an unfriendly power controlled the adjacent Mariana Islands.

Even complete control of the TTPI by the United States cannot assure the continued exclusion of potentially hostile powers from mid-Pacific basing sites. The increasing number of independent states elsewhere in the Pacific could provide opportunities for establishment of foreign military bases. Nevertheless, denial of access to the TTPI remains of paramount importance.

b. Retention of facilities in the Marshalls. The Kwajalein Missile Range is utilized in connection with the Safeguard ABM system and is essentially irreplaceable through at least 1978. After Safeguard development testing is completed about 1978, Kwajalein conceivably could be relinquished, but only if the facilities essential to continued ICBM/ABM testing had been duplicated elsewhere -- at an estimated cost in 1970 dollars of \$400-500 million and with a lead time of about four years. Distance from the ICBM launch site and other physical factors greatly limit possible alternative sites; the feasibility, both political and technical, of such sites has not been established.

In addition to Kwajalein, Eriwetok may play an important role in testing after 1975, depending upon decisions concerning the next generation of strategic missiles.

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c. Future basing options. The potentially most important areas in the TTPI for future basing are the Marianas and the Palau Districts. Both provide (forward) areas farthest to the west in the TTPI and have large, sparsely populated areas suitable for military basing. The islands of the Marianas are of primary importance; their proximity to Guam would facilitate establishment of mutually supporting complex.

The Marianas (e.g., Tinian, Saipan, Rota) are needed for possible base facilities through the entire range of future possibilities, commencing with loss of the [REDACTED]

[REDACTED] As one possibility, an air base on Tinian would afford some dispersion of forces and help accommodate contingency surges of up to 80 B-52's and 80 tankers in the Guam/TTPI area. (Construction cost on the order of \$200-400 million). Mounting concern in Guam, due to growth of population and commercial activity, over the amount of land now in use for military purposes makes desirable a US option for both small and large scale basing in the Marianas. The need for such basing options is more acute if flexible use of existing bases on mainland Southeast Asia or elsewhere in the Western Pacific is curtailed.

The Palau District is necessary as a basing option if: (1) the US withdraws from Philippine bases or all US forces are withdrawn from the Ryukyus and Japan and (2) if the US forward basing strategy is to be continued. Replacement military construction in the Guam/TTPI area could cost from about \$800 million (withdrawal from Philippines) up to about \$3-4 billion (withdrawal from Philippines, Ryukyus, Japan). Principal cost elements would be (1) facilities to replace Subic Bay complex in Philippines and (2) relocation of Air Force units, a Marine Amphibious Force, and an Army airborne brigade from Okinawa.

At this time, no requirements are foreseen for basing in the other districts of the territory, although Ponape airfield would be useful as a safe-haven for typhoon evacuation from other areas.

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It is clear that the above preconditions for future basing needs are less likely to occur for Palau than for the Marianas. Hence, priority should be accorded the Marianas in securing basing options.

3. Economic Interests

The TTPI is an economic burden to the United States. At this time, we have no significant economic interest beyond the civil air routes through the area. However, permanent political association could lead to increased US investment, particularly in tourism and fisheries.

F. Optional Approaches.

Four options designed to satisfy overall US national interests are: 1) the present commonwealth proposal; 2) the present proposal modified with regard to eminent domain, federal supremacy and unilateral termination; 3) a district-by-district plebiscite to ensure permanent association of the Marianas with the US; and 4) an offer of Micronesian sovereignty with US responsibility for defense and foreign policy, subject to prearranged agreements for land requirements.

"Free Association" as advocated by the Micronesians is not included here as an option. That status is yet so vague and ill-defined as to make its consideration as an option most difficult. Nevertheless, it is clear that the Federal benefits expected by the Micronesians would be disproportionately large relative to the obligations they would assume.

The options of Micronesian union with Hawaii or Guam were rejected as unacceptable to Micronesia in the foreseeable future. Alternatively, statehood is not considered to be desired by the Micronesians or to be acceptable to the US Congress at this time.

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1. Create conditions conducive to acceptance of present commonwealth proposal.

Definition. Our proposal offers full internal self-government with separation of powers in a framework of: US sovereignty, including eminent domain (with qualified procedures), no provision for unilateral termination of status, unspecified reserve powers, US nationality (or citizenship), and substantial economic benefits.

The US would continue the Trusteeship, keep the commonwealth proposal open, and implement significant organizational and program changes in Micronesia. These changes would inter alia increase internal self-government toward that provided in the commonwealth proposal, thus moving the territory toward a de facto commonwealth status with the objective of gaining subsequent formal acceptance.

We would attempt to induce Micronesian acceptance of commonwealth by such means as:

- Intensified program of political education.
- Increased pace of Micronization in executive branch and organization of TTPI Administration more in line with Micronesian desires. (More Micronesians in Cabinet positions, possibly an executive council, eventually a Micronesian High Commissioner.)
- Increased emphasis upon other Federal agency participation in the TTPI, as desired by the Micronesians, and extension of beneficial Federal programs to the territory (e.g., HUD, HEW, DOT programs).
- Allocation of US grant funds to match local revenues, for unrestricted reappropriation by the Congress of Micronesia, beginning in FY '73.
- Rewarding, to the extent possible through normal political processes, those districts and those individuals/corporations supporting the US proposal.

PRO

1. Creates Micronesian vested interests in continuation of close association with United States.

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2. Continues the legal basis and political authority for retention of current military facilities and acquisition of additional facilities.
3. Continues exclusion of foreign military.
4. Increased self-government in domestic matters should create body of influential Micronesians, to act as counterweight to Congress of Micronesia.
5. Gains time in which Micronesians could acquire greater competence in self-government and familiarity with the way the commonwealth relationship would operate.
6. With increased self-government, Micronesians would become aware of their need for close association with the US as a unifying factor and source of assistance.
7. Focusing attention on increased self-government might divert attention from the status issue.
8. In absence of strong Micronesian protest, probably acceptable to US Congress.

CON

1. Would be difficult for Congress of Micronesia, which has formally rejected commonwealth proposal in its present form, to reverse its strong stand.
2. To the extent that US reticence on the status issue alienates Micronesians, the opportunity for working out at a future date a mutually acceptable status would be jeopardized.
3. Continues US political and financial responsibility for Micronesia.
4. As the Trusteeship continues, international attention to the problem, and criticism of the US, are likely to increase, with consequent damage to our international standing.
5. Risks creation, in the event of strong Micronesian protest, of a US domestic and Congressional issue.

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2. Commonwealth Proposal Modified to Obtain Compromise Agreement

Definition. Maintain commonwealth framework as our basic objective, inform the Micronesians that their "four principles" present no insurmountable problems, and offer to negotiate on the substantive areas of disagreement. Our negotiating limit in each area would be: (1) forego the exercise of eminent domain, provided that use of needed land in the Marianas is assured by other means (such as prenegotiated lease or purchase) and the facilities in the Marshalls are retained; (2) provide for a carefully hedged right of unilateral termination of association; (3) restrict the exercise of Federal supremacy, including the applicability of Federal laws and executive orders to Micronesia. (Examples of possible compromises in these three areas are set forth in Annex I).

PRO

1. Offers good prospect for compromise agreement with the Congress of Micronesia if land issue can be resolved.
2. Most strategic interests assured: denial throughout Micronesia; acquisition of additional land, at least in the Marianas; retention of strategic missile facilities in the Marshall Islands.
3. Carries minimal risk of unilateral termination, as the exercise of self-government and continued economic dependence on the United States makes desirability of Micronesia-US ties apparent.
4. Provides reasonable basis, with strong Micronesian support, for terminating the UN trusteeship.
5. Probably acceptable to US Congress, although opposition expected over limitation of Federal controls and over relative obligations of US and Micronesia to one another.

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CON

1. The possibility of unilateral termination involves some risk to our strategic position if the US-Micronesian relationship sours.
2. Does not assure acquisition of additional base facilities outside the Marianas, should they become necessary.
3. Continues US political and financial responsibility for Micronesia.
4. Emphasis upon land use in Marshalls and potential land needs in Marianas, with consequent issues of revenue sharing and relative contributions to Micronesian economy, is likely to cause interdistrict friction.

3. The Marianas Option: District-by-District Plebiscite.

Definition. Adopt a strategy to assure a permanent association of the Marianas with the US, as a commonwealth or possibly by union with Guam. The most obvious approach would be a territory-wide plebiscite offering the options of commonwealth or independence. Results would be recorded on a district-by-district basis, with those districts making a given choice joining together in their chosen status. We would not offer such a plebiscite until general agreement had been reached with the Micronesians on the specific terms both of commonwealth and of independence. We would insist that the terms for the latter status guarantee, by treaty or other formal agreement, the exclusion of any foreign military presence, as well as continued use of Kwajalein (and possibly Eniwetok). This option requires US acceptance of the possibility of a politically and administratively divided Micronesia and presupposes acceptance of commonwealth by the Marianas.

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PRO

1. Stands a good chance of acceptance by the Micronesian people due to responsiveness to district sentiments.
2. Would assure US sovereignty in the Marianas, exclusion of foreign military presence throughout Micronesia, and continued use of necessary facilities in the Marshalls.
3. Could result in territory-wide acceptance of commonwealth status, as other districts perceive the economic and other advantages.
4. Could be justified on the basis of the districts' diversity of history, culture, and language, which has resulted in differing economic and social goals, and diverse opinions on future political status.
5. If confirmed in plebiscites, provides reasonable basis for terminating Trusteeship; there is UN precedent for division of a territory upon termination.

CON

1. Congress of Micronesia would probably oppose, due to concern for Micronesian unity.
2. Obtaining use agreement for facilities in Marshalls in other than commonwealth arrangement probably would be costly; this expense could be offset by decreased direct Federal grants.
3. Makes denial and land use in non-commonwealth districts entirely dependent on treaty arrangements, with attendant future uncertainties.
4. Risks political and economic instability in non-commonwealth districts, which could result in further fragmentation; this would jeopardize treaty arrangements with US, and could lead to US reinvolverment for maintenance of internal stability and protection of US national security.

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4. Micronesian "Sovereignty" (i.e., independence with prearranged treaty relationship).

Definition. Offer Micronesia an option of "sovereignty," with the United States retaining exclusive authority in the areas of defense and foreign affairs, and with Micronesia granting basing rights. Present needs and future requirements would be secured by long-term lease and option-to-lease agreements plus a status of forces agreement. US economic and technical assistance would be channeled through the foreign aid program. Transition to the new status would be within a specified period (perhaps 5-10 years), with a gradual US administrative phaseout during that period.

This option satisfies the Micronesians' "four principles" and contains some elements of "free association" (e.g., US responsibility for defense and foreign affairs). It provides, however, for a looser relationship than they have described, in that the US would not commit itself to furnish extensive financial and other benefits to Micronesia. Rather, emphasis here is upon quid pro quo compensation for US use of Micronesian lands.

PRO

1. Congress of Micronesia would be hard-pressed to reject proposal, since "four principles" are satisfied.
2. Forces Micronesians to consider practical effects of independence, which might lead them to seek a closer association with the US, thus improving the US bargaining position.
3. Meets security requirements for denial, retention, and foreseeable future base requirements as long as agreements effective.
4. If the US were able to pay for satisfaction of its land needs on a periodic basis, Micronesia would have a vested interest in honoring its treaty obligations.
5. Clearly demonstrates to world community continued US commitment to self-determination and the right to independence, with commensurate political gain.

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6. Relieves the United States of major direct responsibility for Micronesian welfare and the substantial attendant political problems.
7. Provides a good basis for terminating the UN trusteeship, probably with Security Council endorsement.

CON

1. All indications are that the Marianas District would refuse inclusion in an autonomous Micronesia.
2. To the extent the people of the Marianas feel rejected by the US, satisfaction of our interests in this priority district would be threatened.
3. Lack of cohesiveness among districts, intensified by reduction of US unifying influence, could result in fragmentation; this would jeopardize treaty arrangements with US, and could lead to US reinvolvement for maintenance of internal stability and protection of US national security.
4. Emphasis upon land use in Marshalls and potential land needs in Marianas, with consequent issues of revenue sharing and relative contributions to Micronesian economy, is likely to cause interdistrict friction.
5. Substantial grassroot opposition could develop in Micronesia, due to insecurity regarding future.
6. Lease and option-to-lease arrangements would be costly.
7. Makes denial and land-use arrangements throughout Micronesia entirely dependent on treaty relationship, with attendant future uncertainties.
8. Provides no assurance that land not originally reserved can be obtained at a later date.
9. Obtaining US Congressional approval would be difficult.

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ANNEX I

Modifications in Commonwealth Proposal to
Obtain Compromise Agreement

The three principle objections of the Congress of Micronesia to our commonwealth proposal relate to termination of the relationship, eminent domain, and federal supremacy. The Interagency Group believes that some modifications can be made in our present proposal without substantially compromising our strategic interests. Examples of modifications which might be considered are set forth below.

1. Termination: The Status Delegation's Report to the Congress of Micronesia stated that "the single most objectionable feature of the US proposal is that commonwealth status would be permanent and irrevocable." While US interests clearly preclude an arrangement permitting termination of the association at the whim of the Micronesians, adequate safeguards can be provided. Possibilities include:

a) Agree to follow the model of the United Kingdom's association with the West Indies Associated States. (This arrangement was alluded to in the Delegation's report to the Congress and therefore would probably be acceptable to them.) Under the terms of that relationship, ninety days must elapse between the introduction of a bill to terminate the status and its enactment by the legislature. The bill must then pass (both houses of) the legislature by a two-thirds vote. It is then submitted to a referendum and, if approved by a two-thirds majority, is submitted to the Executive for signature. If the bill dies because the two houses of the legislature cannot agree, six-months must elapse before the matter is reopened. (We would add a provision to permit individual districts to remain in association with the US.)

b) Agree to a periodic review of the status. Under this arrangement, there would be no possibility for unilateral termination except at a specifically predetermined time, for example, after 20 years. Such an arrangement would ensure the stability of the relationship for at least the given period; however,

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it would allow separatist sentiment to coalesce as the time for review approached. Such a time period nevertheless would allow for sufficient integration into the US economy and culture that there would probably be little Micronesian inclination to terminate.

c) Agree to some combination of a) and b) which would allow unilateral termination at a specified time with procedural safeguards.

d) Agree to a bilateral review of status at any time at the request of either party. Termination would require the consent of both parties.

2. Eminent Domain: This question has been one of the root problems since the beginning of our discussions with the Micronesians. While assuring us that US needs can be satisfied, they insist that ultimate control over Micronesian lands must be in Micronesian hands. Although we have been willing to modify substantially the normal procedures for condemning land, and to allow the Micronesians a voice, we have not been prepared to surrender the ultimate power of eminent domain.

Some possible compromises might be:

a) Limit maximum interest acquired under eminent domain to a 50 year renewable lease. This would provide sufficient tenure to justify major construction.

b) Limit the exercise of eminent domain to national emergencies proclaimed by the President. The Micronesian Status Delegation earlier had shown some lack of enthusiasm for this approach.

c) Limit the exercise of eminent domain to the Marianas. It could lead the Marianas to have "second thoughts;" acceptability to Congress of Micronesia uncertain.

d) Forego the exercise of eminent domain, subject to satisfaction of our foreseen land needs (e.g., Marianas, Kwajalein, and possibly Eniwetok) and negotiation of outright purchase or long-term lease arrangements with options for renewal.

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3. Federal Supremacy: The Micronesian Delegation so far has insisted that their constitutional convention be free from all outside restrictions and that their constitution and laws need "not be consistent" with the US Constitution and laws. In any commonwealth or other arrangement involving US sovereignty, however, the United States would have to insist that, to the extent the US Constitution applies outside the fifty states to territories of the United States, and their peoples, it would apply in Micronesia. This includes the federal supremacy clause. Nevertheless, we might be able to compromise along the following lines:

- a) agree to explore with them the authority of the Federal regulatory agencies with respect to a Commonwealth of Micronesia and to write into the enabling legislation a specific provision that only those agencies specifically enumerated or subsequently requested by the Micronesians would exercise such authority.
- b) agree that, except in a national emergency, the United States will exercise other federal powers only in the fields of foreign policy and defense; and
- c) agree to accept a parliamentary form of government for the commonwealth and if they desired, some form of plural executive. This could have definite advantages given the lack of unity in the Territory and the jealousies and rivalries existing among the various districts.

4. Summary: US sovereignty in such a modified commonwealth relationship would be maintained, with Federal rights unimpaired and only the exercise of those rights circumscribed. From a point of view of US law, any of the above agreements could be subsequently overridden by a future act of the US Congress. Politically, however, such arrangements would be virtually ironclad.

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General Haig FYI

Action: Holdridge
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