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By MA NARA Date 1/21/95

THE UNDER SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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March 31, 1971

MEMORANDUM FOR THE PRESIDENT

Subject: Trust Territory of the Pacific Islands --
Future Political Status

On February 3, 1971, the Under Secretaries Committee reviewed Micronesia's future political status and the options open to the United States for resolving this issue (Tab B).

I. Status of Discussions

The Committee agreed that negotiations and other contacts with the Congress of Micronesia have failed to produce appreciable progress beyond clarifying the respective positions.

The most recent U.S. proposal, advanced in the May 1970 discussions, envisaged that Micronesia would become a U.S. commonwealth, in permanent association, under U.S. sovereignty. (The proposal explicitly protected Federal Supremacy, so as to avoid the constitutional ambiguities of Puerto Rico's status.) Our delegation stated that the United States could not now foresee when a status of independence "might be appropriate to the circumstances of the Territory."

The Micronesian Delegation advanced four "non-negotiable" principles which affirm Micronesia's

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sovereignty and right to independence or unilaterally terminable "free association with any nation." The Congress of Micronesia subsequently endorsed these four principles and declared the U.S. offer "unacceptable in its present form."

Micronesian leaders recognize the Territory's economic dependence on the United States. Most are convinced that if limitations can be placed on U.S. powers some form of association with the United States would best preserve the unity of the islands and their political and cultural identities. These leaders strongly object to retention by the United States of the power of eminent domain -- in view of the importance of land in local culture -- and to the vague but implicitly broad powers which the United States would reserve under Federal Supremacy provisions. Many also believe that a provision for unilateral termination is essential to preserve the concept of Micronesian sovereignty and to protect basic Micronesian interests. (We have indications that some formula, carefully circumscribed in law and difficult in practice, might be acceptable.) Their proposed solution is a "free association" -- a status which would recognize Micronesian sovereignty but generally leave defense and foreign affairs responsibilities to the United States.

More recently, there are increasing indications that it may be difficult, if not impossible, to obtain a single solution for the Territory as a whole in view of the growing alienation between the Marianas, where pro-U.S. sentiments are strong, and the other five districts, which desire a looser form of association. Culminating ten years of agitation, the Marianas District Legislature last month adopted a resolution stating the District's intention to secede

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from the Territory -- at an unspecified time. Thus, we may be required -- or, depending upon developments, may prefer -- to deal with the Marianas separately.

Under these circumstances, some of the following options, although they were developed as Territory-wide solutions, would become applicable to the five remaining districts. We would not expect any major difficulty in reaching agreement with the Marianas.

II. Options

The Committee agreed that we cannot hope simply to maintain the status quo, politically and administratively. The United States should, of course, take all possible steps to improve conditions for the status talks, such as improvements in administration and increased Micronesian responsibility for the government of the Territory. The Committee does not believe, however, that such actions alone will win Micronesian acceptance of the U.S. proposal in its present form.

The United States can approach the problem in several different ways:

- We could try to make the continuation of the Trusteeship acceptable to the Micronesians by giving them full self-government under it, subject only to U.S. security requirements, with the expectation that this could later result in a more favorable permanent solution than now attainable.

- We could continue to seek the extension of U.S. sovereignty over the islands. Thus,

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we could modify the U.S. commonwealth proposal in an attempt to make such an arrangement acceptable to the Micronesians; or, alternatively, we could, by means of a plebiscite, give those districts which would prefer to become part of the United States (e.g., the Marianas) the opportunity to do so, and seek to negotiate a separate arrangement with the remainder of the Territory.

- We could abandon the objective of U.S. sovereignty and seek to construct a looser, but still close, relationship ("free association") that would reflect U.S. strategic interests and largely satisfy Micronesian desires.

These broad approaches have been developed into a number of specific options summarized at Tab A and described in detail at Tab B.

III. Recommendations

The Committee is uncertain which of these approaches and options are negotiable. Moreover, approaches negotiable with the Micronesians might not be acceptable to senior members of the U.S. Congress. Thus, before proceeding with further negotiations with the Micronesians, we would propose to undertake appropriate Congressional consultations (Tab C).

In light of these uncertainties, our recommendations are presented in terms of a general negotiation sequence setting forth a series of steps, each of which might constitute an acceptable solution to the status question.

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The departments differ on what would be the desirable initial step (Step A vs. Step B below). Furthermore, beyond the initial steps, the sequence is necessarily tentative and should be kept under review. We will continue to report on the progress of the negotiations and, as necessary, seek revalidation of the proposed negotiating authority in light of new developments.

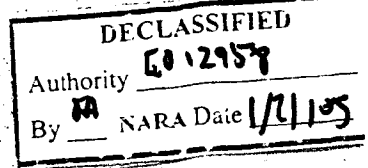
Following is the general negotiation sequence for which the Committee requests your decision and approval.

Step A: Micronesian self-government under Trusteeship (Tab B, pp. 11-15 -- recommended by Interior as initial step; opposed by State and Defense).

The United States would, for the time being, discontinue efforts to end the Trusteeship. Meanwhile, the United States would undertake to turn over to the Micronesians, as rapidly as possible, the full administration of the Trust Territory, including relations with foreign countries other than military involvements. A commitment would be required by the United States to continue financial support at approximately present levels (\$50-60 million), without limitation on the use of such funds. The Micronesians would be free to reorganize the present administration, draft a constitution, and establish governmental bodies of their own devising.

The United States, by maintaining the Trusteeship, would continue its rights to exclude any foreign military presence and to retain or condemn land for military purposes.

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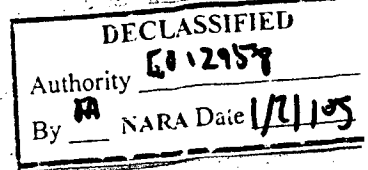
Step B: Modified Commonwealth (Tab B, pp. 19-20 -- concessions limited to eminent domain and Federal Supremacy: recommended by State and Defense as initial step; by Interior as second step).

With the aim of extending U.S. sovereignty over the Territory as a whole, we would, within predetermined limits, continue to seek a solution along the lines of a commonwealth relationship modified only where essential to obtain Micronesian agreement. We would not accept a provision for unilateral termination. The U.S. negotiating limits would be:

- a. Eminent domain: Forego the exercise, as distinguished from the inherent power, of U.S. eminent domain, provided that long-term use of needed land in the Marianas is assured by prenegotiated arrangements (option, lease or purchase) and that present facilities in the Marshalls are retained. We would make every effort to obtain basing options in Palau for future contingencies; we would forego such options only as a last concession in exploring this Step and only if it were reasonably clear that a settlement of the status question was obtainable within the modified commonwealth framework.
- b. Federal Supremacy: Limit the exercise of Federal Supremacy where such is practicable, legal and not in derogation of overall U.S. national interests. We might agree that the United States would exercise Federal powers only in the fields of foreign relations and defense, except as agreed by the Micronesians or required by a national emergency.

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Step C: Modified Commonwealth (Tab B - pp. 19-20; Step B with addition of concession on unilateral termination).

If the concessions on eminent domain and Federal Supremacy (Step B) fail to produce agreement, we would offer the Micronesians a provision for unilateral termination, carefully circumscribed, possibly through a complex procedure and after a specified period of years. (For example, Micronesia might be given the right to terminate the commonwealth relationship, after a specified period, upon approval by a two-thirds majority of the Micronesian Congress and the Micronesian electorate.) Individual districts voting against the termination, e.g., the Marianas, would have the right to remain with the United States.

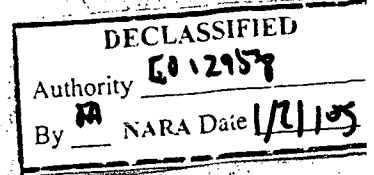
A termination provision would be offered only if two conditions were met: (a) it were clear that all other provisions of the modified commonwealth proposal (Step B) were acceptable to the Micronesians and that the addition of the unilateral termination clause provided a basis for final agreement; and (b) there were explicit agreement that the prenegotiated strategic arrangements (i.e., denial and basing rights) would legally survive a possible termination.

Step D: Multiple Solutions (District-by-district plebiscite option, Tab B, pp. 21-22, or variations thereof, as described below).

As a result of the most recent developments in the Marianas, we may be unable to find a single solution which will satisfy all districts -- i.e., a modified commonwealth (Steps B or C) may be unworkable as a Territory-wide solution.

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Should this occur we would agree to offer the Marianas -- and any other district that found the option attractive -- the choice of joining with the United States. We should remain flexible as to the form of such an association, e.g., union with Guam or a separate territory/commonwealth, depending on which districts chose to join with the United States.

As regards the remainder of the Territory*, we would initially attempt to find a single separate solution, preferably by continuing the exploration of Steps B and C. Should this prove unsuccessful, we would consider further whether we should: (a) propose a "free association" type arrangement or a status of full independence to these remaining districts as a group; or (b) try to deal with each district separately.

At some point, we may find it useful to suggest a plebiscite that would offer each district a clear, hard choice between commonwealth status and full independence, with those districts choosing independence hopefully joining into a single entity (Tab B, pp. 21-22). Such a suggestion may have utility as a negotiating tactic at an early stage. In view, however, of the separatist sentiments in the Marianas and the mutual antagonism between the leaders of that district and those of the rest of the Territory, there is a distinct possibility that such a suggestion would be accepted, thus prematurely committing the United States to this approach.

* The Trusteeship agreement can legally be terminated only for the Territory as a whole. Thus, the United States cannot terminate the Trusteeship only for parts of the Territory or arrange for termination at different times.

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Step E: "Free Association" (Tab B, pp. 23-25)

Under this step, we would explore a relationship of "free association". While abandoning the goal of U.S. sovereignty to satisfy key elements of the Micronesian position, we would attempt to negotiate a compact terminable only by mutual consent. We would insist on exclusive control over foreign relations and defense. Moreover, in most other respects, we would seek to establish a pattern of close relationships similar to that existing under a modified commonwealth to build up vested Micronesian interests in the association (e.g., participation in Federal domestic programs, access to the U.S. judicial system, rights of U.S. nationality, etc.). Finally, we would also insist upon prenegotiated arrangements, which would be designed legally to survive the association, to provide for strategic denial of the area and the same degree of access to land for military needs as under the modified commonwealth (Steps B or C).

Discussion:

The positions of the departments and agencies differ with regard to the merits of Step A:

Should the United States offer full self-government within an overall framework that would maintain the Trusteeship?

Interior believes that we should now proceed with this approach, thereby making time work in our favor. This approach will give the Micronesians a better appreciation of the problems of self-government, thus enabling us to strike a better bargain at some future date.

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State and Defense agree that increased self-government is advisable but believe that this approach -- aside from serious practical problems, including acceptability in the Marianas -- would at best deflect the Micronesians only temporarily from the status issue. Having established a fully self-governing and functioning Micronesian state, and allowing it to forge unrestricted political and economic links with other nations, we would, as a practical matter, find it very difficult to ignore a petition for the lifting of the Trusteeship a few years hence under terms desired by the Micronesians.

In summary, the Committee requests your decision on the general negotiation sequence:

(a) Beginning with Step A
(favored by Interior)

(b) Beginning with Step B
(favored by State and
Defense)

Disapprove

(The approved sequence will also serve as the basis of early consultations with the U.S. Congress).

* * *

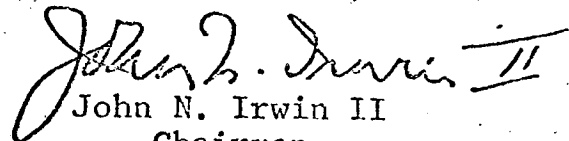
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In addition to the Committee's regular members, the Departments of Justice and of the Interior (which chairs the Interagency Committee on Indonesian status) and the Office of Management and Budget (OMB) have participated in this review.


John N. Irwin II
Chairman

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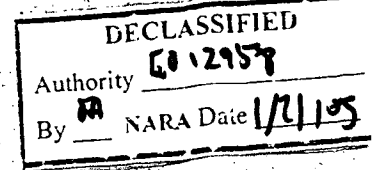
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Enclosures:

- Tab A - Summary of Options
- Tab B - Report of Interagency
Committee
- Tab C - Proposed Congressional
Consultations

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SUMMARY OF OPTIONS
(as considered by the Committee)

Approach:

Make maintenance of Trusteeship acceptable to Micronesians.

- Option: Continuation of the Trusteeship; Micronesian self-government subject to U.S. security requirements.

The Micronesians would fully manage their own affairs, including relations with foreign countries other than military involvements; the United States, by maintaining the Trusteeship, would continue its rights to exclude any foreign military presence and to retain or condemn land for military purposes (Tab B, pp. 11-15).

Approach:

Maintain objective of U.S. sovereignty.

- Option: Modification of the U.S. commonwealth proposal.

We would, within predetermined limits, be prepared to modify the U.S. proposal in an attempt to gain Micronesian acceptance. This might entail concessions in one or more of the three critical areas -- eminent domain, Federal Supremacy, and termination (Tab B, pp. 19-20).

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-- Option: District-by-district plebiscite

To obtain a permanent association with the United States of at least the Marianas, probably Yap, and possibly other districts, we would offer each of the six districts a choice between accession to the United States and independence (Tab B, pp. 21-22).

Approach:

Seek close relationship short of U.S. sovereignty.

-- Option: "Free Association" (i.e., Micronesian "sovereignty" recognized by compact, with the United States assigned exclusive control over foreign relations and defense).

While granting Micronesian "sovereignty," this arrangement could result in a relationship approaching that of a modified commonwealth at its limits. Strategic denial and basing rights would be secured both by the compact and specific pre-negotiated arrangements. In return, while granting Micronesia full internal autonomy, we could offer a variety of benefits to tie Micronesia more closely to the United States, such as participation in federal domestic programs, access to the U.S. judicial system, the rights of U.S. nationality, etc. (Tab B, pp. 23-25).

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Approach:

Approaches not currently considered feasible long-term solutions.

- Option: Continuation of the Trusteeship, attempt to create conditions conducive to acceptance of the recent U.S. commonwealth proposal.

We would keep the commonwealth proposal open and hope to build future Micronesian support for it through administrative improvements and increased Micronesian responsibility for governing the Territory (Tab B, pp. 16-18).

- Option: Micronesian sovereignty (i.e., independence with prearranged treaty ties, Tab B, pp. 26-27).

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To: Chairman, NSC Under Secretaries Committee
From: Chairman, Interagency Committee on Micronesian Status
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 sets forth alternative courses of action to be considered by the Under Secretaries Committee. After such consideration, it is anticipated that the final version will become the basic attachment to a memorandum for the President.

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.

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

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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:

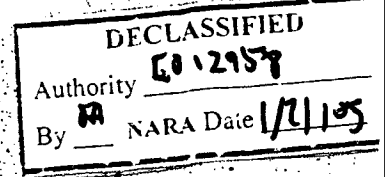
- "(a) That sovereignty in Micronesia resides in the people of Micronesia and their duly constituted government;
- (b) That the people of Micronesia possess the right of self-determination and may therefore choose independence or self-government in free association with any nation or organization of 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 of Micronesia 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

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US, consistent with stated policies of the Micronesian Congress and subject to ratification.

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. While American presence has induced fears of, as well as attraction to, "Americanization," it also continues to be a source of friction. In the past three years the greatly increased 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.

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 of Micronesia 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

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most dependent territories have been granted independence in the postwar period and that virtually all have been given broad powers, with most aspects of sovereignty. Further, the Congress of Micronesia is advised by a competent political consultant with considerable familiarity in the field. The Congress of Micronesia 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 danger that agitation for action and desire 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 post-war period. On the other hand, some traditional leaders and others oppose altering the present status, either from a fear of change, fear of autocracy, or a desire for more time to permit further economic and political development.

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." Nevertheless, most favor continued association with the US, whether for economic or other reasons.

Second, the powerful, popular sentiment in the Marianas for becoming 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 of Micronesia 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.

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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."

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 United States has the power of veto, through both the terms of the Trusteeship Agreement with the Security Council and our membership on the Council, over any termination or amendment of the trusteeship. 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; nine of the original eleven are now independent and New Guinea may become independent as early as 1976. 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

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report to the Security Council. Thus far, we have tended 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.

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 an effective US control could someday lead to military use of the islands by a hostile power. Japan would not likely object if Micronesia chose to come under US sovereignty and 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.

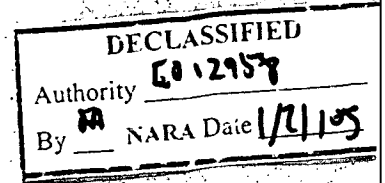
Included in the concept of denial should also be the ability to control any future foreign political and commercial involvement that presents a threat to US security interests.*

*Interior does not concur in this statement regarding denial. Interior believes that military arrangements are the only US needs and that these need not be served by control of foreign political and commercial involvement. Such control would make a sham out of Micronesian self-determination.

State, OSD, and JCS believe it is clear that threats to our security interests can be posed by foreign political and commercial activities, both in the US and its territories. US law recognizes this fact, by limiting foreign control in certain key areas (e.g., natural resources, communications, banking) and by controlling certain activities (e.g., trade with Communist China, North Vietnam, North Korea; and foreign ship visits). Under various alternative status possibilities, the US ability to exercise such controls might vary; however, if the US is unable or unwilling to exercise any such controls, it is quite possible that a situation seriously threatening our interests might develop which eventually could be met only by military force, with attendant political consequences.

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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. 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, Eniwetok may play an important role in testing after 1975, depending upon decisions concerning the next generation of strategic missiles.

c. Future basing options. (The term "basing" includes not only permanent military facilities but also use of lands for such things as training exercises, requiring little or no permanent construction.) The potentially most important areas in the TTPI for future basing are the Mariana 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 a 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 U.S. option to store nuclear weapons on Okinawa in 1972. 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

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order of \$200 - \$400 million). Mounting concern in due to growth of population and commercial activity 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; however, other districts would be considered if anticipated needs in Palau or the Marianas are not satisfied.

It is clear that the above preconditions for future basing needs are less likely to occur for Palau than for the Marianas. While priority should be accorded the Marianas in securing basing options, acquisition of an option to use land in the Palau District would be highly desirable.

In concluding any land agreements with the Micronesians, we must include legal provisions, so that agreements protecting US strategic interests would survive termination of any US-Micronesian association. In addition, we should seek to guarantee a minimum of 50 years tenure after exercise of an option, when necessary to provide reasonable amortization of major US investment in bases or satisfy underlying strategic requirements.

It should be remembered, in any event, that future political and technical developments, including future generations of strategic weaponry, cannot be predicted with certainty, and that the US, therefore, should seek the broadest future range of choice in military arrangements that is reasonably attainable and consistent with other US interests.

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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.

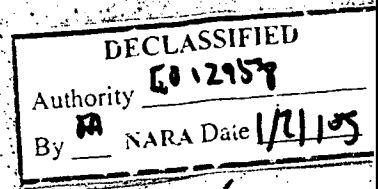
F. Optional Approaches

Six options designed for consideration by the Administration are: (1) continuation of trusteeship, with granting of Micronesian self-government, subject only to US security requirements; (2) work toward acceptance of present commonwealth proposal; (3) the present commonwealth proposal modified as necessary with regard to eminent domain, Federal Supremacy and unilateral termination; (4) a district-by-district plebiscite designed to ensure permanent association of at least the Marianas with the US; (5) "free association" with close ties to US; and (6) an offer of Micronesian sovereignty with US responsibility for defense and foreign policy, subject to prearranged agreements for land requirements.

The options of Micronesian union with Hawaii or Guam were not included here as options because they are unacceptably to Micronesia in the foreseeable future. Also, statehood is not considered to be desired by the Micronesians or to be acceptable to the US Congress at this time and, therefore, was not included.

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1. Continuation of Trusteeship, with granting of Micronesian self-government, subject only to US security requirements.

Definition. Micronesia would have self-government under arrangements of its own devising. The US would continue to provide financial assistance, initially through grants at approximately present levels (\$50-60 million annually) or through matching funds equivalent to local revenues, whichever is greater. These US funds would be for local appropriation, with no US limitations on their use.

The US would retain its ability, under the Trusteeship Agreement, to deny foreign military presence, as well as to retain and acquire, through US eminent domain procedures, such land as might be required for protection of strategic interests. (See Annex I.) The Micronesians would be prohibited from any military involvement, with any government, affecting US security interests, except with permission of the United States. Commercial and administrative arrangements with other nations would be the prerogative of the Micronesians. In the field of foreign affairs, the US would continue to afford diplomatic and consular protection to Micronesians outside the trust territory. The actions contemplated in this option would not be inconsistent with the Trusteeship Agreement.

This option could be an acceptable, permanent solution*; however, it would not preclude eventual movement toward some political arrangement.

PRO

1. Would continue US legal basis and ability to accommodate its present and future military needs in Micronesia, including exclusion of foreign military presence.
2. The US could maintain it was meeting its express obligation to promote self-government even though not terminating the Trusteeship.

*State, OSD, and JCS believe that this statement of possibility should, at best, appear as a PRO. While it is possible that the Trusteeship could be maintained for an indefinite, undefined period, there is grave doubt, as expressed in the CONS, that it can be maintained permanently.

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3. Increased self-government would probably make Micronesians more aware of their need for close association with the US, as a unifying factor and source of assistance, and might later lead at least a part of Micronesia to propose commonwealth status.
4. Except for financial commitment, US would be relieved of administrative involvement in Micronesian affairs.
5. Micronesians would welcome self-government, particularly with the local control of \$50-60 million or more annually from the US for unrestricted use. (In addition, Micronesia would receive full reimbursement for land, if any, acquired in the future for US military purposes.)
6. This would be a major step in ending unwanted US dominance over Micronesian affairs and minimize US presence in Micronesia, thus eliminating a major source of friction.
7. The several Micronesian ethnic groups could remain as a single political unit or separate into several entities according to Micronesian desires.
8. US retains US residual legal rights under Trusteeship, which can be used in event of any emergency.

CONS

1. This revised operation under the Trusteeship likely would be unacceptable to the Congress of Micronesia as a permanent solution.
- *2. Retention of unrestricted US right of eminent domain for military purposes, even if not exercised, would be objectionable to the Micronesians. Moreover, its exercise, particularly in the absence of prior specific definition of our anticipated needs, is likely still to encounter substantial Micronesian political opposition.

*Interior says this is not a valid argument. Any arrangement for US military purposes would be objected to by Micronesians.

State, OSD, and JCS point out that a US military presence in the Marianas - the area of highest

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US interest - has been requested by the people of the Marianas and presumably would be welcomed in the future. Moreover, arrangements in other areas may be acceptable, depending in part upon the compensation offered. Certainly, unrestricted US eminent domain, as the method of meeting our land requirements, would be least likely to receive Micronesian acceptance.

- *3. Retention by US of full Trusteeship powers (equivalent in scope to federal supremacy), even though we agree not to exercise them, is likely to be objectionable to Micronesians, since ultimate authority would remain with the US.

*Interior says that the degree of Micronesian objection diminishes in proportion to the reduction of US exercise of US trusteeship powers.

State, OSD and JCS note that CONs 3 and 4 and the Interior footnotes thereto are simply differing estimates of Micronesian attitudes. To date, the Micronesians have insisted not only on limits to US Federal Supremacy (i.e., reduced US exercise of its powers) but also on a right of unilateral termination, which would recognize their ultimate authority. On the other hand, there has been no indication that the Micronesians would reduce their objections to long-term retention by the US of full trusteeship powers.

- *4. Micronesians are likely to resent suspension of negotiations to end Trusteeship. In any event, they are likely to view new arrangement as opportunity first to solidify Micronesian control over most internal and external matters and then press for termination of Trusteeship (the legal basis for US rights).

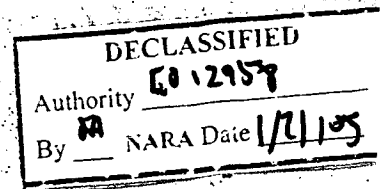
*Interior says that reduced US exercise of trusteeship powers will lessen Micronesian desire to terminate the trusteeship.

State, OSD and JCS (see comment following Con 3).

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5. If Micronesia repealed local condemnation procedures under which US currently has power of eminent domain, it would necessitate enactment of US eminent domain procedures covering Micronesia; this could focus greater attention on a sensitive issue.
6. Would violate US public commitment to pursue status issue and end Trusteeship; moreover, as a permanent solution, does not meet the implicit international obligation to terminate the Trusteeship through self-determination (i.e., choice of political status) and is in conflict with expressed Trusteeship Council view that early termination is appropriate.
7. Continuation of the Trusteeship focuses international attention on Micronesia and is likely to increase world criticism of the US, whether justified or not. Moreover, permits Micronesians continued access to UN for expressing grievances and bringing pressure to bear on US, which would continue to be legally accountable for the territory.
- *8. All indications are that Marianas District, with its strong desire for immediate accession to the US, would be opposed to this arrangement, with resulting loss of good will toward US.

*Interior says that this option actually facilitates the Marianas District becoming a part of the United States.

State, OSD and JCS can visualize no way whereby the execution of this option can lead to satisfaction of the Marianas desires unless this option is explicitly viewed as an interim arrangement. If the Marianas were to be split away from the rest of the territory and made a part of the US, this would legally and practically require termination of the trusteeship over all districts, thus ending the US authority essential to the option (See also option 4).

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*9. Micronesian freedom to enter into commercial and administrative arrangements with foreign powers and nationals, in the absence of US controls, could result in a serious threat to US strategic interests.

*Interior says the US cannot afford to serve US strategic interests by exercising control over Micronesian commercial and administrative matters.

State, OSD, and JCS point out that most commercial and administrative matters would not be subject to such controls. (See further discussion in State, OSD, and JCS footnote, page 7.)

10. US Congress may not accept an open-ended financial commitment and uncontrolled use of appropriated funds; moreover, certain influential members may object to indefinite continuation of Trusteeship.

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

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

As an interim measure, the US would continue the Trusteeship, keep the commonwealth proposal open, and implement significant organizational and program changes in Micronesia. These changes would increase internal self-government toward that provided in the commonwealth proposal and encourage closer ties with the US, with the objective of gaining subsequent formal acceptance of commonwealth status. Such actions would not be inconsistent with the Trusteeship Agreement.

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 the US.

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2. Continues the legal basis and political authority for retention of current military facilities, acquisition of additional facilities and exclusion of foreign powers.
3. Increased self-government in domestic matters--by increasing the power of the Micronesian Executive Branch--would create a body of influential Micronesians which should act as a counterweight to the Congress of Micronesia.
4. Gains time in which Micronesians could acquire greater competence in self-government and familiarity with their role in a federal-territorial relationship.
5. Increased self-government would probably make Micronesians more aware of their need for close association with the US as a unifying factor and source of assistance.
6. Focusing attention on increased self-government might at least temporarily divert Micronesian attention from the status issue.

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, with decreasing effective control as self-government increases.
4. As the Trusteeship continues, international attention to the Micronesian situation 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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6. In the absence of rapid and visible progress toward final resolution of the status issue, probably unacceptable to US Congress, except over short-term.

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3. Commonwealth proposal modified to obtain compromise agreement.

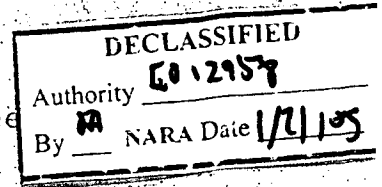
Definition. Retain commonwealth framework (US sovereignty) as the basic US objective. Inform the Micronesians that while we have definite strategic interests which must under any future status be protected, their "four principles" present no problems which cannot be resolved, and offer to discuss the apparent areas of disagreement. These are: (1) the US right of eminent domain, (2) the provisions for termination, and (3) the extent of US Federal Supremacy.

The US aim would be to achieve a solution which is acceptable to both parties, makes the fewest significant concessions and best satisfied US national interests. The US negotiating limit for each critical area would be: (1) to forego the exercise of US eminent domain; provided that long-term use of needed land in the Marianas is assured by other means (prenegotiated options, lease or purchase), and further provided that the facilities in the Marshalls are retained;* (2) to provide for a carefully circumscribed right of unilateral termination, possibly through a complex procedure or after a specified period of years; and (3) to restrict the exercise of Federal Supremacy (i.e., applicability of Federal laws, regulations and executive orders) where such is practicable, legal, and not in derogation of overall US national interests. This will require, as a first step, the identification of those Federal laws which must, as a minimum, apply to meet these criteria.

(Examples of possible compromises are set forth in Annex II.)

While implementing this option, the US would not slow down its current action program for improving conditions in Micronesia and increasing self-government, and perhaps would accelerate that program to include steps such as those proposed in option 2.

* OSD/JCS observe that basing options in the Palaus are also extremely important (see pages 8 and 9, paragraph 2c). The U. S. cannot forego future access to the Palaus without accepting the possibility that a major modification in U.S. forward basing strategy in the Pacific may become necessary as a result of basing limitations in the Philippines and Okinawa/Japan. Only before rejecting a status agreement that otherwise meets the requirements of this limit and assures U. S. sovereignty, should the U.S. forego such access.



(NOTE: Pros and Cons are based on reaching agree-
US negotiating limits specified above.)

PRO

1. Offers good prospect for compromise agreement with the Congress of Micronesia.
2. Most anticipated strategic interests provided for: denial throughout Micronesia; acquisition of necessary land in the Marianas; retention of existing strategic missile facilities in the Marshall Islands.
3. Involves little 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. Interior Committees of US Congress are aware of and generally not unfavorable toward present commonwealth proposal; modifications possibly acceptable to US Congress, although opposition expected over limitation of Federal controls and over contributions of Micronesia relative to substantial US obligations.

CON

1. Congress of Micronesia likely to oppose any security and basing agreements that do not expire upon a termination of Commonwealth.
2. Any unilateral termination by Micronesia would involve considerable risk to our strategic position.
3. Does not guarantee satisfaction of unanticipated base requirements.
4. Does not provide for basing options outside the Marianas, particularly for those anticipated for Palau.
5. Emphasis upon land use in Marshalls and potential land needs in Marianas, with consequent issues of

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revenue sharing and relative contributions to Micronesia economy, is likely to cause interdistrict friction.

6. Continues US political and financial responsibility.
7. Generous concessions to Micronesia could set an undesirable precedent for other US territories, with possible resultant Congressional opposition.

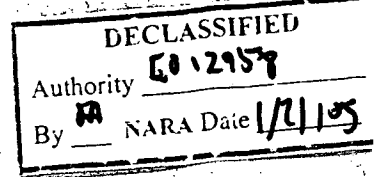
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4. The Marianas Option: District-by-District Plebiscite.

Definition. Adopt a strategy to assure a permanent association of the Marianas with the US, as a commonwealth or possibly by union with Guam, assuring US eminent domain in at least that district. The most obvious approach would be a territory-wide plebiscite offering the options of commonwealth or independence. The US, prior to the plebiscite, would indicate the terms of association with the United States (e.g., the present commonwealth proposal) as well as assistance which might be provided to those districts choosing independence. Results would be recorded on a district-by-district basis, with each district making its own choice of status. With those districts choosing independence, the US would subsequently seek to enter into treaty relationships to satisfy US strategic interests. This option requires US acceptance of the possibility of a politically and administratively divided Micronesia and presupposes acceptance of commonwealth by the Marianas.

PRO

1. Such a choice might be acceptable to a majority of the Micronesian people (due to responsiveness to divergent district sentiments).
2. Would assure US sovereignty in the Marianas.
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. Offering of clear choice between internal self-government and independence is consistent with goals of Trusteeship Agreement.
6. If confirmed in plebiscites, provides reasonable basis for terminating trusteeship; though this would be a complicated situation, there is UN precedent for division of a territory upon termination.
7. Sharply reduced US political and financial obligations to districts choosing independence.

CON

1. Most members of Congress of Micronesia would probably oppose, due to concern for Micronesian unity and distaste for imposition by US of hard choices; leaders might encourage public boycott of plebiscite and lodge international protest.
2. Makes denial and land use in districts choosing independence entirely dependent on ability to negotiate treaty arrangements, posing potential serious risks to US strategic interests.
3. The obtaining of use agreements for facilities in Marshalls in other than commonwealth arrangement would be uncertain and probably costly.
4. Risks political and economic instability in districts choosing independence, which could result in further fragmentation; this would jeopardize possible treaty arrangements with US, and could lead to US reinvolvement for maintenance of internal stability and protection of US national security.

5. "Free Association" (i.e., Micronesian "sovereignty recognized by Compact, with US assigned exclusive control over foreign relations and defense.)

Definition. This option explicitly accepts their "four principles," and avoids legal and practical problems attendant upon extension of US sovereignty, while striving to protect US strategic interests by a variety of legal safeguards and close ties to the US. Moreover, in most respects, it incorporates our understanding of the Micronesian concept of "free association."

Micronesia and the US would enter into a Compact placing sovereignty basically with the Micronesian people and their duly constituted government; however, the US would be assigned exclusive authority over foreign relations and defense. The Compact would contain specific provisions for denial of access to foreign powers and assure long-term basing rights. Denial and basing rights would also be secured through long-term lease and option-to-lease agreements, plus a status of forces agreement. In such agreements, we should seek a guaranteed minimum fifty year tenure (as necessary) after exercise of an option; moreover, they would be designed to survive any termination of the Compact. The Compact would require Micronesia to guarantee certain essential rights and freedoms. Micronesians would be authorized to adopt a constitution which could be amended consistent with the terms of the Compact. The US negotiating limit regarding unilateral termination of the Compact would be a carefully circumscribed right of either party, possibly through complex procedures or after a specified period of years.

Although granting Micronesia full internal autonomy, the US could offer a variety of benefits which the Micronesians have already requested: appellate jurisdiction of a US court over Micronesia could be established; economic and technical assistance could be channeled through direct grants (at approximately current levels) or Federal programs made applicable to Micronesia; application of (or exemption from) various federal laws and regulations would be through mutual consent, subject to the US authority for foreign relations and defense; Micronesians would be entitled to US diplomatic and consular protection when outside Micronesia or the US, and to few, if any, restrictions on immigration and travel to the US; the status of US national might even be conferred.

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Transition to the new status would involve a gradual phaseout of US administrative control over domestic affairs. This option would establish a flexible relationship wherein the US would not commit itself to a fixed level of financial and other assistance. The level of US assistance could vary, depending upon Micronesian attitudes regarding military facilities and land requirements.

PRO

1. Congress of Micronesia would probably accept proposal, since their desired status would be realized and their "four principles" recognized.
2. Provides legal basis for denial, retention and anticipated future base requirements.
3. Extensive benefits from and ties to US would give Micronesians vested interest in maintaining political relationship.
4. Absence of US sovereignty involves fewer constitutional uncertainties and practical problems than in a modification of commonwealth (Option 3).
5. Offers demonstration to world community of US fulfillment of its obligation under Trusteeship Agreement and of continued US commitment to self-determination.
6. Provides basis for termination of trusteeship, consistent with UN concept of "free association."

CON

1. Congress of Micronesia likely to oppose any security and basing agreements that do not expire upon a termination of Compact.

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2. Any unilateral termination by Micronesia involve considerable risk to our strategic position.
3. Does not guarantee satisfaction of unanticipated base requirements.
4. Would be opposed by people of Marianas, since it does not meet their strongly expressed desire for integration with US. Although likely to be ultimately accepted, possible loss of good will toward US could result in substantial difficulty in satisfying our extensive strategic interests there.
5. Emphasis on land use in Marshalls and potential land needs in the Marianas and Palau, with consequent issues of revenue sharing and relative contributions to Micronesian economy, is likely to cause considerable inter-district friction.
6. Obtaining US congressional approval would be difficult, due to: lack of US sovereignty, legal uncertainties regarding extent of Micronesian sovereignty, and continuing US responsibility for a foreign people.
7. Continues US financial and some measure of political responsibility for Micronesia, with uncertainty to control.
8. Generous treatment of Micronesians might stimulate unfavorable reaction in other US territories, particularly in Guam.

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6. Micronesian Sovereignty (i.e., independence treaty relationship).

Definition. Offer Micronesia an option of sovereignty, with prearranged treaty relationship under which the United States would retain exclusive authority in the areas of defense and foreign affairs, and Micronesia would grant basing rights. Present needs and anticipated future requirements would be secured by long-term lease and option-to-lease agreements, plus a status of forces agreement. In these agreements, we should seek a guaranteed minimum 50 year tenure (as necessary after exercise of an option. US economic and technical assistance would be channeled through the foreign aid program. We might agree to limit restrictions on Micronesian immigration and travel to the US. Transition to this new status would involve a gradual US administrative phaseout of control over domestic affairs.

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 furnish the extensive financial and other benefits to Micronesia envisioned in Option 5. 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. If the US were able to pay for satisfaction of its land needs on a periodic basis, Micronesia would have vested interest in honoring its treaty obligations.
4. Provides legal basis for denial, retention, and anticipated future base requirements for duration of treaty relationships.
5. Relieves the United States of major direct responsibility for Micronesian welfare and the substantial attendant political problems.

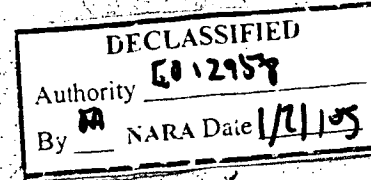
6. Clearly demonstrates to world community US commitment to self-determination and the right to independence, with commensurate political gain.
7. Provides a good basis for terminating the UN trusteeship, probably with Security Council endorsement.

CON

1. Makes denial and land-use arrangements throughout Micronesia entirely dependent on treaty relationships, with rising financial demands.
2. Should Micronesia abrogate any of the security and basing treaties, there would be considerable risk to US strategic interests.
3. Does not guarantee satisfaction of unanticipated base requirements.
4. Substantial Micronesian opposition likely as the result of the withdrawal of existing US programs and concern regarding their financial future.
5. All indications are that the Marianas District would refuse inclusion in an autonomous Micronesia. To the extent the people of the Marianas feel rejected by the US, satisfaction of our interests in this priority district would be threatened.
6. Emphasis upon land use in Marshalls and potential land needs in the Marianas and Palau, with consequent issues of revenue sharing and relative contributions to Micronesian economy, is likely to cause substantial interdistrict friction.
7. 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 reinvolve-ment for maintenance of internal stability and protection of US national security.
8. Obtaining US Congressional approval would be difficult, because of skepticism regarding permanence of treaty relationships.

Harrison Soesch

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ANNEX I

NOTE WITH REGARD TO TRUSTEESHIP AGREEMENT:

The Trusteeship Agreement authorizes the US "full powers of administration, legislation, and jurisdiction over the territory," subject to the provisions of the Agreement. The US may also apply its own laws to the Trust Territory (T.A. Art. 3).

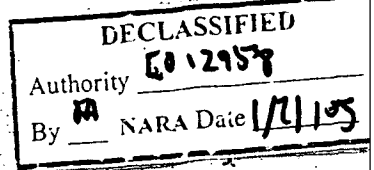
For the maintenance of international peace and security, the United States is entitled: "1. to establish naval, military and air bases and to erect fortifications in the trust territory; 2. to station and employ armed forces in the territory; and 3. to make use of volunteer forces, facilities and assistance from the trust territory . . ." (T.A. Art. 5).

This authority to establish and maintain bases does not, however, itself provide a means of acquiring land for base facilities; this has been done in the past under local condemnation procedures, which under Option I would be subject to repeal or modification by the Government of Micronesia. It, therefore, will be necessary to make Federal condemnation procedures directly applicable to Micronesia, as well as to provide for Federal court jurisdiction. This is our prerogative under Article 3 of the Trusteeship Agreement. Further, Article 6 of the Agreement obliges the US to "protect the inhabitants against the loss of their land and resources." However, the applying of US eminent domain procedures would "protect the inhabitants against the loss of their lands and resources" by compensating them in full for any taking.

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ANNEX II

Modifications in Commonwealth Proposal to Obtain
Compromise Agreement

The three principal objections of the Congress of Micronesia to our commonwealth proposal relate to termination of the relationship, eminent domain, and Federal Supremacy. It is possible 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 US Delegation stated during the May 1970 discussions that the US would agree to a bilateral review of status at any time at the request of either party, but that termination would require the consent of both parties. The Status Delegation's Report to the Congress of Micronesia, however, 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 might 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 cited in the Delegation's report to the Congress and 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

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of the relationship for at least the period; however, 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.

2. Eminent Domain: This problem has been basic since the beginning of our discussions with the Micronesians. While assuring us that US needs can be satisfied, they have insisted that ultimate control over Micronesian lands 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) Forego the exercise of eminent domain, subject to satisfaction of our anticipated land needs (e.g., Marianas, Palau, Kwajalein, and possibly Eniwetok) and negotiation of outright purchase or long-term lease arrangements with options for renewal. Such arrangements would be designed to survive a termination of the commonwealth relationship.

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

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US sovereignty, however, the United States would insist that certain minimal Constitutional guarantees apply in Micronesia. We might be able to modify our current commonwealth proposal by means such as the following:

- a) agree to explore with them the authority of Federal agencies and the applicability of Federal laws with respect to a Commonwealth of Micronesia and to write into the enabling legislation a specific provision that only those laws and agencies specifically enumerated by the United States or subsequently requested by the Micronesians could operate in Micronesia; or
- b) agree that the United States will exercise Federal powers only in the fields of foreign relations and defense, except when a national emergency requires exercise of other Federal powers; or
- c) agree not to apply Federal law to Micronesia (except as provided in b above) without the request or consent of the Congress of Micronesia.

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Proposed Congressional Consultations

The Executive Branch is committed to consult with the House Interior Committee before proceeding with the next steps on the Micronesian political status problem. In addition, owing to the far-reaching nature of some of these steps, consultations with the Congressional leadership and other key committees will probably be required.

It is proposed that these consultations be undertaken jointly by the three departments under Department of the Interior leadership, subject to direction by the Under Secretaries Committee. White House assistance may be required to gain the concurrence of key Congressional figures in these proposals and their limits. (We foresee a problem in protecting our negotiating position against unauthorized disclosure; except for a few senior members of Congress whose support will be essential, consultations will be conducted in more general terms designed to seek reactions to a range of alternatives.)

The U.S. Congress can be expected to have difficulties with these proposals for several reasons:

- The variety of views within the Congress on the status issue: for example, some are concerned that the islands may eventually slip out of the U.S. orbit; others are disturbed by the international and domestic repercussions of limiting Micronesia's choices for self-determination; still others may oppose in principle the continuation of these overseas obligations;

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TAB C

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- Congressional concerns as to the nature of the precedents created by a loose Commonwealth relationship, particularly the implications for Puerto Rico and other U.S. territories of such an arrangement;
- The long-term financial costs to the United States associated with the permanent assumption of responsibility for foreign peoples, who have few historic ties to the United States and will be unable to support themselves over the foreseeable future.

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NSC CORRESPONDENCE PROFILE

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 TS _____ SENSITIVE _____

SUBJECT: *Trust Territory of the Pacific Islands -
 Future Political Status.*

REFERENCE: S/S 7104207 OTHER _____ NOT XEROXED _____

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STAFF SECRETARY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
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SUB-SAHARAN AFRICA			
NR EAST/NORTH AFRICA			
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<u>7/17</u>		DAVIS	S	<i>Dispatch or Distribution 7/19</i>

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