

## THE WHITE HOUSE

WASHINGTON

ACTIONSECRET

April 28, 1969

MEMORANDUM FOR DR. KISSINGER

FROM: Richard L. Sneider

SUBJECT: Future of the Trust Territory of the Pacific Islands

Attached is a memorandum to the President with recommendations of the NSC Under Secretaries Committee. These recommendations were worked out at the Under Secretaries Committee meeting on Saturday and have been endorsed by the Secretaries of State, Defense and Interior. The recommendations cover both the future status of the Trust Territory and a program of action to improve our administration of the Territory.

The recommendations represent a major turning point in our Trust Territory policy in that all three Departments concerned are agreed on a status proposal which does not provide an option for independence and on an action program to quickly improve the caliber of U.S. administration of the Territory.

## RECOMMENDATION:

That you sign the attached memorandum to the President.

ATTACHMENT

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DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines  
By HR, NARA, Date 9/14/99

14  
May 3, 1969

MEMORANDUM FOR THE UNDER SECRETARY OF STATE

The President has approved the recommendations of the NSC Under Secretaries Committee on the future status of the Trust Territory of the Pacific Islands, including authorization for Secretary Hickel to propose an Organic Act during his current visit to the Trust Territory.

The President has also approved the program of action prepared by Secretary Hickel for presentation to the Micronesians during his visit.

*HAK*

Henry A. Kissinger

*f*

cc: The Acting Secretary of the Interior

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THE WHITE HOUSE

WASHINGTON

April-29, 1969 ACTION*res. has seen*

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## MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger *HK*

SUBJECT: Future of Trust Territory of the Pacific Islands

At your direction, U.S. policy towards the Trust Territory of the Pacific Islands has been reviewed by the NSC Under Secretaries Committee with participation of the Under Secretary of Interior. The Committee has forwarded to you the attached recommendations (Tab A) which have the concurrence of the Secretaries of State, Defense and Interior. If you approve these recommendations, Secretary Hickel will use them as a basis for his discussions during his forthcoming visit to the Trust Territory beginning May 3.

The major issue considered by the Under Secretaries Committee was the position of your Administration with regard to the future status of the Trust Territory. The Committee considered various options, including:

- a. Continuation of the UN Trust agreement;
- b. A referendum or plebiscite under UN auspices which would include the option of full independence;
- c. Revival of legislation for a status commission; and
- d. Proceeding directly to the drafting of the Organic Act defining the Territory's future status but not including the offer of the option of independence.

The Committee recommendations are that:

- a. High priority be given to the bringing of the Territory under U.S. sovereignty at an early date;

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E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines

By *HR*, NARA, Date *9/14/99*

b. The U.S. cannot give the Territory an option of independence or free association due to overriding security and strategic interests;

c. An Organic Act, drafted in consultation with the Micronesians, is the most promising approach since it would give the Micronesians an opportunity to freely express their views. Your Administration should preserve substantial flexibility with regard to the specific terms of status in the Organic Act (excluding independence or free association), to maximize Micronesian support and minimize difficulties with the United Nations.

It is recommended that Secretary Hickel be authorized to propose during his visit to Micronesia an Organic Act for the Territory in the preparation of which the Micronesians would participate, but not present a specific proposal on status.

In addition, Secretary Hickel would present to the Micronesians his program of action set forth in Annex A of the Under Secretaries Committee paper if this is approved by you. (The action program is summarized at Tab B.) This program of action includes using military construction units to undertake much-needed public works projects in the Territory. This can be done without adversely affecting our military effort in Vietnam. The program is very broad and represents a major step forward in improving our image in Micronesia.

Some aspects of the program will require legislative action, but much can be done with the current legislation and financial resources.

RECOMMENDATIONS:

1. That you approve the recommendations of the NSC Under Secretaries Committee on status, including authorization for Secretary Hickel to propose an Organic Act during his forthcoming visit to the Trust Territory.

Approve                       
Disapprove                     



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2. That you approve the program of action (summarized at Tab B) prepared by Secretary Hickel for presentation to the Micronesians during his visit.

Approve \_\_\_\_\_ (*assent approval*)

Disapprove \_\_\_\_\_

Attachments

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DEPARTMENT OF STATE  
WASHINGTON

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April 28, 1969

MEMORANDUM FOR THE PRESIDENT

Subject: Future of Trust Territory  
of the Pacific Islands

Secretary Hickel will be visiting the Trust Territory of the Pacific Islands beginning May 3.

In this connection, major issues to be resolved are:

-- what position your Administration should take with regard to the evolution and future status of the Territory; and, more specifically,

-- what position Secretary Hickel should take while in Micronesia with respect to these questions.

RECOMMENDATION:

The NSC Under Secretaries Committee, with the participation of the Under Secretary of the Interior, has examined these questions and has reached the following conclusions and recommendations:

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By H72, NARA, Date 9/14/99

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1. Your Administration should give high priority to a program which will bring the Territory under U.S. sovereignty at an early date. No firm timetable, however, can be set at this time.

2. The most promising approach is the preparation of an Organic Act for the Territory, drafted in close consultation with the Micronesian leadership, on which -- prior to enactment by the U.S. Congress -- the Micronesians are given an appropriate opportunity freely to express their views. To accelerate this process, a representative group of Micronesian leaders might be invited to Washington to participate in the consultations and drafting.

3. In view of our overriding security and strategic interests, the United States cannot give the Territory an option of independence or of free association which would give the Territory the right to end the relationship. Within these limits, the Administration should preserve substantial flexibility with regard to the specific terms of status -- under the broad heading of unincorporated territory -- reserving resolution of the specific terms for the drafting of the Organic Act.

4. Termination of the Trusteeship poses an international problem -- inasmuch as we administer the Territory as a "strategic trust" under an agreement with the UN Security Council. This problem will be made easier by more internal self-government rather than less -- but there will be considerable Congressional reluctance to accord the Territory a status which seems to give it favored treatment relative to Guam or American Samoa. -- On the other hand, we shall have to enlist maximum support of the Micronesians for any such Organic Act. Their support will be essential when we unilaterally terminate the Trusteeship with the United Nations. On the

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basis of legal and political considerations, as well as practice, we would be expected to have offered them a wider range of choice.

5. During his forthcoming visit to the Territory, Secretary Hickel should highlight the annexed program of action (Annex A). Secretary Hickel should also be authorized to respond to Micronesian inquiries by proposing an Organic Act for the Territory, in the preparation of which the Micronesians should participate, and on which they would be offered an appropriate opportunity to express their views. On the other hand, the Secretary should not, on this forthcoming trip, label or present a specific description of the political status we envisage.

6. Preparation of the Act shall be under Department of the Interior leadership, in consultation with other interested Departments. In view of the international and strategic implications, the progress of this effort shall be kept under review by the NSC Under Secretaries Committee on behalf of the National Security Council.

DISCUSSION:

Need for Action

The United States should bring the Territory into a full and permanent association with the United States because

-- in concept, the status of a Trust Territory is, of necessity, temporary;

-- if political pressures cause future denial to, or curtailment in, the use of certain of our forward bases, these islands provide the





only suitable territory, with the exception of Guam, on which the required capability to disperse nuclear weapons and project U.S. power into the Western Pacific could be securely based;

-- there is increasing restiveness and dissatisfaction in the Territory with respect to the present status.

Basic Approaches

The Committee considered several alternative approaches:

-- to offer the Micronesians a referendum on the principle of the new status;

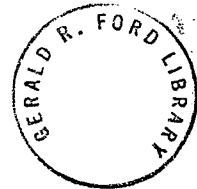
-- to revive legislation for a Status Commission -- legislation to that effect has been reintroduced into the current session of the Congress -- which would engage the Micronesians in a dialogue on their future status;

-- to proceed directly to the drafting of an Organic Act which would define the Territory's future status within the constitutional system of the United States.

On balance, the Committee felt that the latter was the preferable choice, because:

-- to offer a referendum on status at once raises the problem of whether the United States is required by the UN Charter and the Trusteeship Agreement to offer an option of full independence;

-- the deliberations on an Organic Act would offer an opportunity to demonstrate to the Micronesians the advantages of a permanent association with the United States -- as well as acquaint them with the requirements and constraints of the U.S. political system.



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The latter course also requires, however, that the Micronesians be given appropriate opportunities to express their views on the provisions of this Act. The Committee felt that this requirement could be met:

-- by engaging a representative group of Micronesian leaders to help draft the Act;

-- by giving the people of the Territory an appropriate opportunity to express their views on the proposed legislation before its enactment by the U.S. Congress.

#### Terms of Status

There are four sets of considerations bearing on the Territory's future status within the political system of the United States:

-- strategic requirements;

-- acceptability to the Micronesians;

-- acceptability to the U.S. Congress;

-- compatibility with our obligations in the United Nations and our traditional position on self-determination.

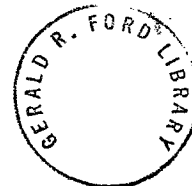
Within the limits set by these criteria, definition of the new status should be worked out pragmatically through the preparation of the Act.

The Administration should make a maximum effort to obtain Congressional agreement to an arrangement which

-- would constitute a considerable advance in internal self-government; and,

-- include a commitment to progressively greater internal self-government on a fixed schedule.

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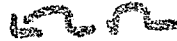
Program of Action

The Under Secretaries Committee endorsed the program of action laid out in Annex A.

Specifically, it agreed with the proposal to use Army (or Navy) construction units, if desired by the people of Micronesia, to undertake public works projects in the Territory. (This can be done without adversely affecting our effort in Viet Nam.)

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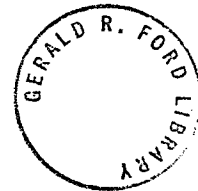
The Secretaries of State, Defense, and Interior concur in the foregoing conclusions and recommendations.



Elliot L. Richardson

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ANNEX A

Program of Action

1. Obtain a construction battalion from the Army or Navy in Southeast Asia to undertake immediately a series of projects desired by the people of Micronesia. If from Viet Nam, this could be billed as a "plowshare" type of operation and would be a specific demonstration of the kind of constructive peacetime military assistance available from the United States. The battalion should arrive in the Trust Territory before September 1, 1969.

a. Water and sanitation projects are needed in virtually every community in Micronesia.

b. Roads outside of District centers are virtually non-existent and the former Japanese roads have fallen into dis-repair. There is a need to reopen the old roads; to extend new ones and to upgrade and pave existing roads.

c. Airfields require improvement and heavy maintenance. Air travel is essential to both administration of this far-flung area and to its economic development.

d. Small dock, channel, and seawall work. The outer islands are dependent upon small vessel operation. In many cases, docks, seawalls, or channel work through the reefs are necessary to improve sea transportation. These projects are relatively small but important to the local people.

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2. Invite the Congress of Micronesia to form a budget committee to work with the administration in developing budgets within the ceiling authorization established by the U.S. Congress. The Congress of Micronesia would vote the budget as a recommendation to the High Commissioner. The existing Secretarial Order already gives the Congress of Micronesia this authority. It remains to be fully implemented. Actively participating in budget development and voting on recommendations as to the final submission to the Secretary of the Interior will give the Congress of Micronesia a sense of participation and develop their skills as legislators and budget experts. This invitation should be extended during the Secretary's trip.

3. As soon as possible bring more Micronesians into high ranking and responsible positions in the government. No Micronesian now serves as District Administrator. Some are assistant district administrators. Others are in the second or third echelon in various departments. A positive talent search will be initiated immediately to recruit, train and place Micronesians in responsible government jobs where they will be brought into the planning and decision processes as full and equal participants with American personnel. A program to train more Micronesians for more responsible positions will be started before August 1, 1969.

4. Health and Education: Insufficient amounts of money have been allocated for these. Great emphasis will be placed on all aspects of health and education to accelerate existing programs and to develop new ones.

5. The dual wage system which presently exists in the Territory is objectionable and is inconsistent with American concepts of

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equality and justice. A formula must be developed before the end of calendar 1969 that will remove inequities in the pay schedules and provide equal pay for equal qualification and equal work.

6. Develop by June 30, 1970, a modern land tenure and acquisition system which will provide procedures for government land takings fully protecting Micronesian land claimants. Prompt and adequate compensation to the landowner will be a central feature of the system. The land tenure system in the Territory varies from district to district. There is a need for accelerated surveying and land registration programs and improvements in the existing Trust Territory eminent domain statute. Military land requirements, particularly future land requirements, need definition. Prompt payment should be made for any lands taken in the future, preferably by negotiation with condemnation a last resort. In the interim, before conveying to private parties public lands which are designated by Defense as priority areas, consultation should be held with appropriate Department of Defense authorities.

7. All authorized and funded projects will be accelerated. This will account for an estimated expenditure of \$39,000,000 in fiscal year 1969, the current year. Stimulate the existing construction program by awarding contracts on schedule on all authorized projects and by following through on contract supervision.

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\* The Under Secretaries Committee recognized that this recommendation might raise some problems of its own by disrupting the pay scales of the local economy. However, the Committee held to the recommendation as right in principle from a political and equity point of view.



8. Recommend legislation in the First Session of the 91st Congress to remove the tariff barrier against Micronesian products. Removal of the barrier will stimulate the Micronesian economy. Products of American territories can enter the United States duty-free. Products of the Trust Territory today are foreign and subject to the same duties as similar products from any other foreign area. The proposed legislation will give Micronesian products the same preferential tariff treatment afforded products of American Territories.

9. Recommend legislation in this session of Congress to grant United States travel access to Micronesians comparable to that of any American citizen or national residing in any American territory. Micronesians today are aliens and subject to American entry and immigration restrictions applicable to aliens. Removing these restrictions will facilitate travel to the United States for education, employment, and permanent residence.

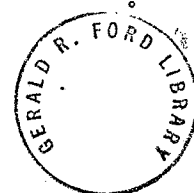
10. Establish incentives for industries which need strong developmental encouragement. Tourism, marine resources, and, in some islands, agriculture represent the major areas of economic potential. Micronesian participation in economic planning will be invited. Consideration needs to be given to territorial tax incentives on an expedited basis.

While American investment is now encouraged, government needs to provide the basic infrastructure which will support economic enterprises.

Resolution of the political future question will remove an uncertainty for prospective investors.

Financing for entrepreneurs is needed because local sources are not available in

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adequate supply. Legislation now pending before the United States Congress would provide a \$5,000,000 economic development loan fund.

11. Propose legislation at this session of Congress for increasing revenues available to the Micronesians by extension of the U.S. income tax as a local tax.

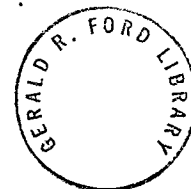
Announcing the Program

The U.S. intent to launch the above programs would be announced by the Secretary of the Interior during his visit to the TTPI during the first week in May. Programs that do not require Congressional action would be announced as firm. Programs requiring Congressional action would be announced as programs which we will attempt to develop.\*

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\* Tactically, in presenting these programs the Committee felt that it may be desirable to leave vague the relationship of these legislative efforts to the proposed Organic Act.

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## SUMMARY OF PROGRAM OF ACTION

### I. Actions Within Current Budget and Legislative Authority

1. Obtaining Army or Navy construction battalion by September 1, 1969 to undertake long-needed public works programs, including water and sanitation, roads, airfields, docks and seawalls. (Note: Defense is prepared to do this without degradation of the Vietnam war effort.)

2. Allocate greater funds for health and education.

3. Accelerate implementation of all authorized and funded projects, particularly those for the existing construction program.

4. Invite the Congress of Micronesia to participate in the budgetary process within ceiling authorization established by Congress.

5. Bring more Micronesians into high ranking and responsible government positions.

6. Develop a formula for removing inequities in pay between Americans and Micronesians performing the same job.

7. Develop a land tenure and acquisition system permitting acquisition of necessary land for U.S. Government uses but protecting Micronesian land claimants.

8. Establish incentives for investment in tourism, marine resources and other industries.

### II. Recommended Legislative Program

1. Remove in the first session of the 91st Congress tariff barriers against Micronesian products.

2. Grant to the Micronesians U.S. travel access comparable to that of American citizens.

3. Seek Congressional approval on pending legislation providing a \$5 million economic development loan.

4. Seek Congressional authorization to extend the U.S. income tax as a local tax, thus making increasing revenues available to the Micronesians.

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