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SPECIAL STUDY ON LONG-TERM ASPECTS
OF U.S. MICRONESIAN RELATIONS

PROPOSED TERMS OF REFERENCE

Background

As indicated by Mr. Irwin in his memorandum of December 23, 1972 to the Chairman of the Interagency Group on Micronesia, the Departments of State, Defense, Interior and the Chairman of the JCS have agreed that a "special study of the long-range aspects of U.S. - Micronesian relations" should be prepared for consideration by the Under Secretaries Committee.

This effort is but one of three new studies for the USC bearing on U.S. policies in this area. The other two are related specifically to negotiations with the Marianas and to the question of continued negotiations with the Joint Future Status Committee of the Congress of Micronesia, particularly the advisability of agreeing to negotiate an independence option.

At a meeting of the principals of the IAG on December 29, 1972, it was agreed that three separate working groups would be formed to undertake these studies. It was also agreed that priority should be given to the studies of more immediate relevance to the negotiations with the Marianas and the JFSC. Captain Crowe (OMSN) will chair the first two study groups; I have been designated to head the study of the long term aspects of our relations with Micronesia.

Principal Points of Inquiry

General

The Irwin memo on the study of the long term aspects of U.S. - Micronesian relations calls for a "reassessment of the basic U.S. objectives

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E.O. 12958, Sec. 3.5

State Dept. Guidelines

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in Micronesia, an update of the NSC-USC 1971 paper on Micronesia, and a thorough review of U.S. programs in the TTPI to determine the degree to which they are supportive of U.S. national interests and objectives."

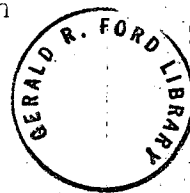
The study group is directed to take the needs of our negotiations on the future political status of the TTPI into careful consideration "as the major controlling element in future U.S. policy towards Micronesia."

The group is asked to examine, in depth, new policy options and alternative course of action, together with data on other considerations supporting or arguing against them.

This study should be of sufficient breadth and quality to serve as the basis for determining the basic thrust of U.S. plans and policies in Micronesia during the second Nixon Administration.

Specific Aspects requiring a "fresh look" are:

1. The role of Micronesia in terms of our larger strategic interests in the Western Pacific. In short, a reaffirmation or restatement of basic U.S. interests and objectives vis-a-vis Micronesia and in light of the nature of the UN mandate and other relevant international factors.
2. A review of any possible ^{serious} conflicts of interests, e.g. U.S. versus Micronesian objectives;
3. A judgment regarding the strategic relationship between the TTPI and other segments of the Pacific, e.g. Guam;
4. Alternative time-tables/scenarios for the termination of the trusteeship; preparations for a plebiscite and all other related UN questions, should negotiations succeed in 1973.
5. Alternatively, should these negotiations fail, recommendations for future U.S. policies in the territory, including possible special relations with the Marianas or other parts of Micronesia. This section would assess



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the pros and cons of promoting, or responding favorably to, separatist tendencies in the area; e.g. the Marianas and the Marshalls. It would also consider possible forms of political association of parts of the territory with Guam or other entities in the Western Pacific, e.g. the Gilberts.

6. The substantive improvement of U.S. sources of information on what is happening in Micronesia. This would also include better intelligence on Micronesian activities in the U.S., particularly Hawaii; and Japanese plans and activities.

7. Means of strengthening the "image of the U.S. in Micronesia and improving the negotiating environment for attaining U.S. objectives." This section will require a critical review of current U.S. plans and programs in the territory plus a sophisticated evaluation of alternative means of effecting substantive improvements in a given period of time or at a given level of funding.

8. The pros and cons of alternative foreign trade and investment policies in the area; i.e. opening the door to Japanese investments.

9. The extent to which specific U.S. programs support U.S. objectives; e.g.

- 1) The Leader Grant Program
- 2) DOD public impact programs, such as the Civic Action Teams
- 3) The Peace Corps
- 4) OEO programs
- 5) Micronization of the administration.
- 6) etc.

10. We should also attempt to assess the relationship between our ability to obtain or retain critical military rights and the level of



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nature of U.S. commitments re future assistance - concessional or technical - i.e. the sensitivity of the aid issue in light of a realistic appraisal of foreign aid requirements and availabilities and the potential for growth during the next twenty years.

The Irwin memo notes that the foregoing list should in no sense be considered as limiting the field of inquiry, which should cover all relevant U.S. governmental activities.

Summary Conclusions

A final section summarizing U.S. objectives, the pros and cons of several policy alternatives, and the assessment of current U.S. programs.

Methodology

The comprehensive scope of the task, the work loads imposed by the other two studies and the overlapping nature of the basic issues involved, suggest the following general approach to the drafting of a useful document for the policy level:

1. The organization of an inter-agency working group whose main functions would be to provide guidance to those working on specific aspects of the analysis, to review progress and to agree upon a final draft for the USC. The initial task of this group would be to review the 1971 NSC paper in light of developments since that time, ^{including any} or new policy guidance, and to agree on questions or issues deserving more in-depth analysis. The second ~~or-continuing~~ task of this group would be to monitor the progress of any studies on discrete aspects of the problem, e.g. foreign investment, and to provide appropriate guidance to those charged with the evaluation of U.S. plans and programs in the area. Its final, and most important task would be to agree on a set of conclusions, options or recommendations

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fully responsive to the Irwin memorandum and to the needs of the negotiating team.

Recommended Composition:

Mr. John Dorrance	State
Captain G.J. Schuller, USN	DOD (ISA)
Lt. Col W. Kenty	JCS
Mr. T. Whittington	Interior
Mr. S. Loftus, Chairman	OMSN

plus others as needed

To provide the requested "in-depth analysis" of the key issues relevant to U.S. interests in the area and of our programs there the following assignments or primary responsibilities are suggested:

1. U.S. strategic interests and objectives in the area - DOD in coordination with appropriate elements of State.
2. UN and related political questions - including the views or interests of Micronesian political leaders and other interested third parties, e.g. Japan - State, in coordination with Interior.
3. Time-tables or scenarios for termination, plebiscite issues, etc. should negotiations succeed - State, in coordination with Interior.
4. Recommendations for future U.S. policies should negotiations fail or be postponed indefinitely - Interior in coordination with State and the DOD.
5. Strengthening of the U.S. image and improvement of the negotiating environment - OMSN and Interior assisted by State, USIA and DOD, and possibly outside consultants.

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6. Improvement of information - State in coordination with Interior, OMSN and possibly the CIA.

7. Evaluation of key U.S. programs in the area - OMSN and Interior, including initial inputs from the HICOM and supported by experts from other agencies or non-governmental institutions.

8. Alternative foreign investment policies - State, assisted by or in coordination with Interior and DOD.

9. Future U.S. assistance programs in the area, both quantitative and qualitative, related to the two contradictory assumptions regarding the success of negotiations in 1973 - State assisted by Interior and DOD.

N.B. It is clear that the substance of much of the early parts of this study must reflect policy determinations and basic U.S. objectives relevant to negotiations with the Marianas. Consequently, it will be necessary to reach early agreement ^{on assumptions re} with Saipan. These assumptions will also influence our thinking on other parts of the paper, including the shape of future programs. Also, if any conclusions are reached on the independence option or other key negotiating points, as a result of the second study on status, this study will "take full account" of these determinations.

Schedule

The deadline for this study is March 1, 1973. We should, therefore, have initial drafts on the first few matters, at least, by January 31. The analysis of individual programs will require more time but should be completed, in draft, by no later than March 1, so that an appropriate inter-agency review can be made in the ensuing several weeks.

The final submission to the USC on the major strategic and political issues, those bearing directly on the next round of negotiations with the COM or an alternative course of action, should be no later than March 15.

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