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MARIANAS THIRD SESSION

FHW OPENING REMARKS FOR FIRST WORKING SESSION

I - Introduction

- Glad to be able to dispense with formal plenary so pleasantly and expeditiously
- Agurs well for ability of two delegations to get down to work.
- Much still to be done, with long hiatus since last session ended in June, despite good work done by working groups on law and finance over summer and fall months.
- U.S. consultations with U.S. Congressional leaders indicates we are still on right track.
- Now want to get on with it, and will proceed at once to address working agenda and start substantive discussion.

II - Objectives for this session

- Hope for substantial progress in follow-through on subjects covered for first time in May-June.
- Do not expect to wind up negotiations in this short period, but optimistic that we can come very close to real meeting of minds on almost all basic issues if we work hard over next two weeks.
- Pleased with work done by sub-committees
 - Some real progress - and may be useful to put them to work here again when technical points arise which need not take up time of full delegation.
- Do need point of focus this time for discussions.
- Joint releases periodically to press can help.
- But need more concrete means this time for recording our agreements as we go along and to stake out further points on which more discussion needed.

I - Draft agreement

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serve as such a vehicle.

-- Now has draft in very rough and tentative form - a working document.

-- Marianas delegation will of course have its own ideas as well.

-- U.S. has conceived of document recording our agreement as an instrument divided into two parts:

1 - ~~So-called "covenant"~~ ^A with preamble and recitation of general principles which would govern basic aspects of our future relationship.

2 - ~~Articles~~ "Articles of Agreement" which in more specific technical language will spell out various particulars and form basis for necessary implementing legislation by U.S. Congress and future Government of Marianas.

- Will be prepared to surface ^{the outline of general principles} ~~"covenant" portion~~ very early on and individual "Articles" as subjects are brought up on the agenda.

- Do not expect this session to be drafting session, ^{but would not object to any suggestions you have} ~~however, this can come later after all have had time to consider matter further.~~ _{In this regard,}

- U.S. draft will be offered now primarily as guide for our discussions.

IV - Agenda Discussion

- As discussed with MPSC Chairman and Co-Chairman, U.S. has no fixed position on agenda and in general terms ready to accept Marianas suggestions as to order in which topics should be discussed.

- Therefore willing accept MPSC agenda as basis for discussion

- Believe both sides should feel free to move fairly easily from one topic to another, however, where relevant to discussion

- Only U.S. suggestion has been that we consider "transition" somewhat earlier inasmuch as it was barely touched on in May-June session and now appears to us on further study to have great relevance to all three major topics for discussion: political relationship, finance and land.

V - U.S. preliminary views on Individual Agenda items

A - Political Relationship



the table virtually all of its major concerns on the subject.

- Agreement in principle reached on a number of fundamental issues.
- But several "subject to's" still remain outstanding.
- On these working group has had considerable discussion
- Pleased they have reached preliminary understandings on several issues such as citizenship, but believe MPSC will have a number of points it wishes to raise on other items under this heading.

- Here, since concerns expressed at technical level have been primarily on part of Marianas advisors, U.S. will be glad to listen to further views developed by Marianas delegation after their most recent internal discussions.

B - Finance and Economics - Phase I

-- Believe much progress made here at working level discussions between experts towards reaching common understanding on economic goals for future and means for obtaining them.

-- We agreed in May-June that a considerable planning effort would be necessary if desired economic development was going to be accomplished intelligently and rapidly. - We called it Phase I

-- U.S. agreed in principle to assist in financing agreed parts of that effort.

-- Clearly this is also part of other planning efforts which will be necessary during transition phase to new government in areas other than economics; We have talked of constitutional conventions, government reorganization, relocation of activities and individuals, political education, etc.

-- These transcend economics, and for this reason on reflection "Phase I" has seemed to us more logically to fall under "transition" heading.

-- Have therefore suggested "Phase I Transition" to be separated out from "Finance and Economics" and treated as separate agenda item in this round



-- We will consider this topic at greater length this afternoon and outline our ideas a bit more fully so MPSC can be thinking it over prior to full discussion of the item.

C.- Finance and Economics - Phase II

-- In expert working group U.S. members have put forward proposition that in planning economic development we need to agree on realistic and obtainable goals.

-- Basic objective of course is ultimate economic self-sufficiency.

-- Goals would take into account experience of other developing areas of the world, absorptive capacity of Northern Marianas, development of skills and resources, etc.

-- Would plan on maximum realistic rate of growth and gear financial assistance to this optimistic expectation.

-- Figure put forward by our experts was average figure of 10% growth per year; we think it unrealistic to plan on anything higher; even this has been realized only rarely in other rapidly expanding economies.

-- Also consider Capital input ratio of 3:1 to be not unreasonable.
-- Silver will expand on this at much greater length when we get to the specific item on the agenda.

-- Will also want to take into account a number of other factors, such as;

--- Amounts of revenue Northern Marianas themselves can be expected to raise over the years, given the anticipated growth in income and the adoption of an intelligent tax system geared to local conditions, needs and growth.

would be returned. *The payment of Federal income tax on non residents that*
--- Anticipated availability of foreign investment capital, specifically Japan, Taiwan and the Philippines in addition to the mainland United States; it will be up to you in the last analysis to decide how you want to encourage this and how you want to control it.



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---Anticipated revenues from the public lands turned over to the Marianas districts and the funds made available by the U.S. military for the lands it will be using; we think it prudent for you to devote these as well ~~to~~ to your own economic development pool of resources.

-- We will talk U.S. financial assistance in four other forms: assistance to meet your government operational needs during Phase II, grant assistance for ^{capital improvement} ~~economic development~~ projects, loan assistance for ^{private sector} economic development; and the large range of assistance which can be made available through ~~the full run of~~ federal programs and services.

-- We will be prepared to talk specific amounts before we are through this session in each of these categories except the last, which of course will be considerable but unquantifiable inasmuch as it will be up to you to make as much use of programs and services as you are capable of doing.

D.- Land

1 - Public Land

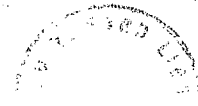
-- New U.S. public land policy announced the first part of last month should in our view go all the way towards meeting the MPSC wishes and concerns in this regard.

-- Accompanying special ~~in~~ new cadaster program for public land should meet MPSC survey requirements under Phase I and permit us to jump this high hurdle once and for all.

-- We will want to hear your views on how you propose to establish a legal entity in the Marianas to serve as trustee for the public land when it is transferred to the Marianas.

-- We will be prepared to answer your questions on what specific parts of the new policy mean.

-- Implementation, however, is a matter for Interior and HICOM at the moment and we may have to turn to them to get some of the answers which the



-- On our military retention land, which is not included in the definition of public land used in the new U.S. policy statement, we stand by our earlier promise to return to the public domain all military retention land not needed to meet our current military needs as we hope to work them out with you during these negotiations.

2 - Land alienation

-- We will want to hear any further view of the commission on how you propose to protect your own birthright in land from being taken away by strangers.

-- This becomes doubly important now in our view since the public land will soon be your responsibility as well.

3 - Military land

-- We will want to review with you once more in ^{great} detail the U.S. military land needs and discuss how we can go about realizing them.

-- Have looked entire matter over as you requested in May-June and will have answers we hope to many if not all of the questions MPSC posed to us then on this score.

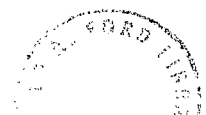
-- Will want to talk about how payment is to be made for the land needed by the U.S. military and see if we can't reach some preliminary understandings at least on a formula for determining value.

-- Will want to nail down with you exactly who it is on your side who can commit land definitively for U.S. military use in the Marianas.

E - Transition

-- Much of this will be covered in discussion of Phase I as we have attempted to re-define it.

-- Will be prepared to consider any other items remaining under this heading, however, when we reach this item on the agenda and list any



Vi - Transition - Phase I

- In order not to take anyone by surprise later would like at this time to sketch out briefly some of ideas U.S. has developed on this score so that MPSC can be thinking about them in time intervening before this agenda item comes up for discussion.

- First consideration is timetable: what do mean by Phase I in terms of timing?

- After thinking it over and discussing views expressed in May-June and in experts working group sessions in Washington, believe Phase I should begin when we have reached agreement between ourselves on the new arrangements and are ready to submit them for approval to the District Legislature, the people and the U.S. Congress.

- Critical factor ^{in getting} ~~on both sides will be financing and how to get necessary~~ funds from U.S. Congress. ^{be our capacity to tell Congress} ~~Congress in turn will want to know what is nature of~~ arrangement for which it is being asked to finance ² planning phase. So we must have agreement between ourselves.

- How soon can this begin? It is up to us, perhaps as early as next spring if we can wind up our work by then.

- How long would Phase I last?

-- In our view till Northern Marianas is able to establish and install new government pursuant to its new constitution:

-- This could be well before end of Trusteeship if Joint Committee discussions long delayed or other considerations intervene.

-- It could be 18 months, two years; don't really know yet.

- What would Phase I include?

-- Certainly would include necessary economic development planning for Phase II, within guidelines of agreed U.S. financial support

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-- Will get into details of that and necessary funding when this comes up on the agenda.

-- Would not specifically include land surveys, but this would be going on concurrently under guidance of TT Administration and district administration and is intended to be completed three years from now - two years for actual surveys, another year to clear up adjudications - assuming U.S. Congress provides funds as requested (Need Marianas support here)

- Would also include constitutional convention, government reorganization, relocation studies, also political education.

- How do we do it?

-- In U.S. view political projects, e.g., constitutional convention, are peculiarly and unilaterally Marianas responsibility.

-- U.S. would expect to fund (we will go into details later) but MPSC/District Legislature would be responsible for execution and would be free to take on own advisors, counselors, experts as necessary.

-- For economic items, as we said in May-June and in working group, believe joint effort appropriate because long-term use of federal appropriated funds involved and Congress needs to be assured.

-- Silver suggested Joint Secretariat idea in working group.

Joint Commission -- Believe this has great merit, especially if Joint Secretariat responsible ^{at policy level} to steering group made up of U.S. and Marianas representatives.

-- Details later, but thinking in terms of Marianas director, with U.S. deputy and very small expert staff.

-- Highly important jobs which would be salaried and well paid.

-- Would be able to contract out certain studies and call on resources of HICOM, DISTAD and U.S. federal agencies for other services help and advice as needed.

including a committee report of its secretary & made up of...

details and amounts to be discussed later.

- Want you to consider all of this with idea of coming back to it in much greater depth after we have gone over agenda item one on political and legal matters.

- Will also want to consider under this heading other related questions such as extent to which new arrangements can be put into effect prior to termination of trusteeship and how we handle inevitable dislocations, adjustments and uprootings.