

Alton

JMW REMARKS TO CONGRESSIONAL STAFF - MARCH 25, 1974

I - Introduction

- Refer back to November meeting with staff, which reviewed results of Micro-7
- Recall inability to agree on level of future U.S. assistance to Micronesia under compact of free association - \$85 million vs \$43 million (for five districts)
- Recall Micronesian refusal to proceed further - two choices: accept Micronesian figure and proceed or accept U.S. figure and reopen Titles II and III of draft compact (on foreign affairs and defense).
- Recall U.S. had surfaced remainder of compact (text in proceedings) with substantial agreement on language for finance, termination and application of U.S. laws, but not on dollar figures or number of years, and possible technical difficulties with survival of defense rights (bases and denial).
- Recall agreement on return of public land to districts.
- Recall that FHW then switched to preparations for Marianas-3.

II - Marianas-3, December 1973, Saipan

- (Consult published proceedings, especially joint communique)
- Highlights of productive meeting
- 1 - Substantial agreement in principle on basic political relationship
  - U.S. sovereignty unquestioned.
  - No unilateral termination
  - Plenary federal powers in internal affairs except where mutual consent specifically required in instrument of agreement for any changes.
  - Instrument of agreement to be approved by U.S. Congress and people.
  - Marianas to have own constitution (also to be approved by U.S. Congress) and be called commonwealth.

- U.S. citizens or nationals.
- In other respects to enjoy no more and no less privileges and advantages than other U.S. territories.
- 2 - Discussion of financial arrangements in two phases (Phase I-planning period between signature of agreement and installation of new government; Phase II-implementation period lasting for five years afterwards).
  - Joint planning effort in Phase I covering organization of new government and planning economic development (ad hoc committee).
  - U.S. proposal for Phase II assistance.
    - \$11.5 million per year in direct grants and loans (\$7.5/\$3.0 \$1.0) for five years plus federal programs and services (\$3MM approximately)
    - Other economic benefits
      - Land use payments and returns from use of public land.
      - Federal income tax rebate
      - Military expenditures.
  - MPSC response.
- 3 - Discussion of U.S. land requirements
  - Farallon de Medinilla - lease ok
  - Saipan
    - Isely Field - lease 250 acres ok (out of 500), restrict remainder.
    - Tanapag Harbor - Reserve 320 ok, but U.S. Memorial Park proposed.
  - Tinian discussion
    - Overall acreage
    - Use of harbor
    - Movement of village
  - Lease versus purchase
- Agreement to meet again in spring (now April/May).



III - Intervening events

III - House sub-committee visit - Jan.

A - Jan-Feb informal discussions Saipan

- FHW meetings with Pangelinan and Salii
- JMW meetings with JCFS, HICOM, experts and DISTAD's on financial needs.
  - Retention of momentum
  - Exchange of views on needs and consequences.

B - Relevant actions by COM (Jan 14-Mar 4)

- Constitutional Convention
  - Salii timetable
  - INclusion of Marianas.
- Inaction on public land
  - Military retention land
  - Eminent domain
  - Military requirements.
- HJR-88
- SJR-102
- Inaction on revenue sharing - Marshalls reaction.

C - Honolulu meetings with MPSC last week

- Land issues
- Separate administration

D - Carmel meetings with Salii/Silk - April 1-12

- Attempt to reconcile differences.
- No Micro-8 until precooking possible.
- Possible June meeting

E - Upcoming UNTC



IV - Problems for Discussion

A - Objective: keep Congress fully informed and in return get from Congress as much as possible in advance in the way of views and guidance in order to smooth the way for approval of agreements when completed.

B - Issues on which views may differ:

1 - Marianas Discussions

a - Limitations on federal plenary authority

- MPSC insistence on maximum internal authority.
- Article 4 Sec 3, Clause 2 of the Constitution
- Compromise; only limitations those specifically contained in agreement which can be modified by mutual consent - Congressional approval required.

b - <sup>A Agreement</sup> Constitution versus organic act

- Form of agreement

- Preamble
- General principles
- Articles of Agreement
- Both political document and legal instrument
- Own constitution & exec
- Consequences for Guam, Virgin Islands and Samoa (Power to Pass?)
  - Opinions in the territories
  - How far is Congress willing to go?

c - Applicability of Laws

- Guam formula
- Joint Commission

d - Extent of U.S. financial assistance

- Amounts - grants, loans



- Phase I financing prior to final approval of agreement
- 5 year authorizations and appropriation
- Rebates of taxes and customs duties
- e - Future internal tax structure
  - Guam precedent
  - Phased in system of graduated income tax
- f - Military land requirements
  - Justification
  - Lease versus purchase
  - Construction schedule
  - Memorial Park

2 - JCFS Negotiations

a - Financial levels

- \$43 versus \$85 million
- Increased 5 year CIP
- Constant dollar clause
- Federal programs and services
- Multi-year authorization and appropriation
- Movement of capital.

b - Termination and survivability

- 15 versus 5 years before unilateral termination possible
- Survival of defense rights
- Form of survival arrangement

c - Transition timetable

- Constitution and new government
- Transitional phase-in



- d - Separatist tendencies
    - Nitijelo request
    - East and West summer discussions
    - Delaying sentiments
  - e - U.N. attitudes.
- C - Desirability of further briefings on specific issues with experts aboard
- Schedule
  - Participants
  - Other committees of the Congress
  - Interested individuals.

