

ATTACHING CONDITIONS TO FINANCING OF TRANSITIONAL
FIVE YEAR PLAN

1 - Background

a - U.S. urging of Micronesians to call a constitutional convention and get on with self-government

(1) U.N. trusteeship obligations

(2) FHW remarks from Hans on.

(3) U.S. initiative and follow-up in financing constitutional convention.

(4) U.S. positions in U.N. and remarks to U.S. Congress

(5) Morton January speech

b - Assumption that constitution would be developed along guidelines in draft compact

(1) Provisions of Preamble and Article I.

(2) Implicit assumption that while constitution could be put into effect, ~~before compact became effective~~, compact would have been completed before constitution drawn up and adopted.

c - Recent developments

(1) Accelerated election of delegates to constitutional convention (Marianas and Marshalls problems as motivation?)

(2) Salii and JCFS report on Micro 7 that constitution to shape compact and not vice versa (chicken and egg).

2 - Dilemma presented

a - U.S. firmly committed to promotion of progressively greater degrees of self-government in Micronesia.

(1) Commitments and pledges to U.N. and public.



- (2) Can slow it down, but not stop or reverse, and even a slow down would be subject to severe criticism.
- b - Five year plan discussions in recent months geared to transition; but in Salii treatment transition described as transition from present form of government to new one, not transition to new political status at end of trusteeship.
- c - U.S. (Morton) also on record as promising new CIP at substantially increased levels over next 3-5 years, but as part of program designed to launch Micronesians on road to new status, not necessarily on road to self-government alone.
- d - If Salii permits in foot dragging or worse, some means needs to be found to hold back on financial inducements related to new status in order to disillusion Salii.
- 3 - Possible solution in making clear to Salii early in talks that in U.S. view new 3-5 year plan conditioned on following:
- a - Successful constitutional convention and referendum.
- (1) "Successful" means consistent with compact.
- (2) Constitution of course must be approved by Admin Authority before it can be put to people.
- b - Completed compact to be approved by COM and people via plebiscite within same time frame.
- (1) Preferably approved by COM before constitutional convention, but could be contemporaneous or follow very shortly thereafter.
- (2) Plebiscite on status before or contemporaneous with constitutional referendum.
- (3) If things do not happen as in (2) above, 5 year program to be reexamined, since based on assumption people want free association.



- 4 - Meanwhile U.S. proceeding in good faith with plans for five year program and implementing it on year to year basis.
- (a) First two years of plan (FY 76 & 77) being reflected in present effort to obtain three year authorization (FY 75, 76 & 77).
 - (b) U.S. will ask Congress approval for full five year program just as soon as compact is signed.
 - (c) If compact fails U.S. must reexamine entire plan since based on transition to new status, which we have assumed to be free association; if transition not to take place or to be transition to a different status, JCYS can't expect U.S. to continue plan in same terms.
- 5 - Foregoing based on following assumptions re timetable.
- (a) Compact signed in fall of 1974.
 - (b) COM approval winter 1974.
 - (c) Plebiscite spring or summer of 1975.
 - (d) Five year program begins FY 76.
- 6 - Can be adjusted if number of years or timetable change.

