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TO: Jack Froebe

FROM: John Dorrance

Attached are my personal and informal comments on the Carmel Agreements package now on your desk in connection with Haydn Williams' new instructions. Though attached as no official status, substance of concerns expressed represents not only my views, but also those of OMSN, Interior, and other offices of State -- all at working level. In short -- the working stiffs think Williams has been had. However, there now appears to be no alternative but to see out the present scenario and keep our fingers crossed. \$

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Comments on Carmel Agreements

General--At the Carmel meeting the Micronesians unexpectedly and with little discussion accepted US positions--or offered better (from our point of view) positions--on many issues which previously had been major obstacles to completion of a free association compact. The following reasons appear to be behind this sudden change of position and tactics:

-- The Micronesian Delegation is deeply concerned that the US will be attracted to the Marshallese call for a separate status and separate status negotiations. The rush to conclude a draft compact covering all of Micronesia (excepting the Marianas) undoubtedly is designed to create a vested US interest in a unified Micronesia, and thus to discourage any US inclinations toward separate negotiations with the Marshalls.

-- Such a tactic provides the Micronesians the time they need to resolve in-house the revenue-sharing problems which have led to Marshallese separatist moves.

-- The Micronesian Delegation thus probably considers any agreement to the present draft compact a temporary holding action which as a practical matter can be altered at a later and more propitious time. Within Micronesia, the draft compact will be subjected to review not only by the full Micronesian Delegation, but also by the full Congress of Micronesia, the Micronesian Constitutional Convention,

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



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and by a popular plebiscite. These review processes, plus the present six-year time-table for implementation--and at least three intervening Micronesian Congressional elections--assure ample opportunity to the Micronesians to whittle away at the Compact in all those areas which may be considered unsatisfactory, but necessary to the present need to buy time to sort out Micronesia's internal problems.

-- The beginning of this "whittling process" may be the review by the full Micronesian Delegation scheduled for this week. Immediate actions may include: (a) rejection of major parts of the draft compact coupled with counter-offers of new and less acceptable language; (b) stalling for an indefinite period on the basis that more time is needed to study the draft; or (c) acceptance in toto with all fingers and toes crossed and a postponement of the whittling process to the full Congress of Micronesia and/or the forthcoming constitutional convention.

Against the above background, our problem is to find means to minimize any unraveling of the Carmel agreements while moving toward termination of the trusteeship.

Part and parcel of the above background is the overall question of whom time is running against. With respect to Micronesian unity, there is little question but that Micronesians favoring unity seek and need time to iron out

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internal differences presently contributing to centrifugal separatist forces. The present Micronesian negotiating tactics are designed to buy that time, while also assuring continuing flexibility with respect to future Micronesian/US relationships.

On the latter, time still appears to be running against the US, i.e. events and attitudes within Micronesia, the UN, and possibly within the US would all appear to make more difficult, as each year passes, the implementation of the kind of agreement presently contemplated.

Major Problem Areas

Implementation Timetable-- The timetable agreed upon at Carmel provides for a six-year transition period to termination of the trusteeship--a period during which there will be three Micronesian Congressional elections, three US Congressional elections, possibly a change in the US administration, and the Micronesian constitutional convention. The first two years of the transition period provide for Micronesian Congressional approval of the compact, completion of the Micronesian constitution, and a plebiscite in which the compact and constitution are to be approved (or rejected) by the Micronesian people. The following four years will be utilized to establish a Micronesian Government, and obtain

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US Congressional and UN approval of termination of the trusteeship and of the new political relationship.

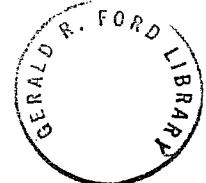
The entire six-year transition period also provides for phased completion of a major capital improvement program.

The major problems appear to be as follows:

-- The span of time between agreement on and implementation of Micronesia's new political status and intervening events (including shifting political attitudes in both the US and Micronesia) are almost certain to result in major efforts at unraveling the present agreement. The Micronesians undoubtedly fully appreciate this situation. This may partly explain their "lack of fight" at this time. In the meantime, though, they will fully benefit from implementation of the financial provisions of the present agreement on transitional preparation for the new status.

-- Under the proposed time-table, the Micronesian plebiscite (and possibly Micronesian Congressional action) on the compact will follow the constitutional convention. The convention thus will have no binding mandate and is likely to write a constitution which will effectively negate key provisions of the compact in areas of importance to the US, e.g. a constitutional provision banning the storage of nuclear weapons in Micronesia and other restraints on the use of present or potential defense bases in those islands.

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This problem, and the associated need for a plebiscite prior to the convention were addressed in depth in ~~the attached~~
^a ~~study~~ study prepared for OMSN.

Nature of the Plebiscite

At the behest of the Micronesian Delegation Chairman, tentative agreement has been given to a "yes-no" plebiscite on free association, with the understanding that other options could be examined should there be a majority of "no" votes. Since virtually all observers believe that independence would be rejected in any plebiscite which also offers free association, it is not clear why Senator Salii favors a "yes-no" vote. Possibly (and such devious thinking is well within the cultural capacities of a Palauan) Salii and others favor defeat of the draft compact in a "yes-no" plebiscite as a means of enhancing negotiating leverage in subsequent negotiations directed at a looser association. Aside from Salii's questionable motivations, the following problems arise from a "yes-no" plebiscite--as against a plebiscite which provides a clear choice between free association and independence.

-- All elements unhappy with the draft compact, i.e. those favoring the status quo, commonwealth status, Micronesian fragmentation, looser free association, or independence would gravitate to the "no" vote. Grouped together,

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these various elements could easily defeat free association in a "yes-no" vote--and leave neither the Micronesian negotiators nor the US with a clear mandate for an alternative forms of status. However, the odds are that (in the event of defeat of the compact) we would be faced with demands to negotiate a far looser free association relationship and the probability of then having also to offer an independence option.

-- It is extremely unlikely the UN Security Council would approve the results of a "yes-no" plebiscite, and termination of the trusteeship. We would then be faced with the choice of either mounting another plebiscite with an independence option, or unilaterally abrogating a treaty commitment. To the extent that the sanctity of treaties remains important to us, this would be a major and unfortunate precedent--and an embarrassing one given US support of recent ICJ decisions to the effect that South Africa cannot unilaterally terminate its mandate and obligations in Southwest Africa.

-- The independence issue would remain unresolved in Micronesia; the absence of an opportunity to formally accept or reject independence would provide a rallying point for dissident political elements.



Absence of the Independence Option

Some of the problems associated with the absence of an independence option are outlined above. But there are others.

State, since at least 1971, has consistently maintained the position that any Micronesian act of self-determination must include an independence option: (a) to resolve the independence question in Micronesia and in the UN; and (b) as an important negotiating lever with the Micronesians. Most recently this position was taken within the context of last summer's NSC Under Secretaries' study of Micronesian future status. State's position at that time was cleared through EA, PM, L, and IO. The arguments made then for use of an independence option remain valid today in the context of the Carmel developments. Aside from the points made above:

-- Without an unattractive contrasting independence option, it will remain difficult to resist Micronesian pressures for changes in the draft compact. With the option made public, the Micronesians can be told to take a choice between a mutually advantageous free association arrangement, and impecunious independence. In short, with the option, we can effectively draw lines beyond which change is unacceptable; without the option drawing such lines becomes more difficult.



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-- Without a clear alternative choice, it seems likely that both the Congress of Micronesia and the constitutional convention will attempt unilaterally to alter beyond recognition the present draft compact.

-- The above processes will continue into the transition period at least until the plebiscite, and possibly beyond that event.

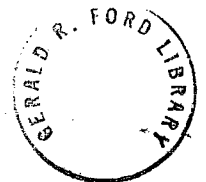
Political Change in the Transition Period

Under the proposed transition arrangements there is no provision for political change in Micronesia prior to completion of a Micronesian constitution. Thus needed transitional changes which have little or no relationship to any future constitution remain postponed for at least two more years, and the present heated US/Micronesian adversary relationship will continue to sour the atmosphere surrounding the status negotiations.

Military Land Negotiations and Approval of the Compact --

The Carmel agreement provides that the compact cannot be signed, or considered for approval by the Congress of Micronesia until the land negotiations in Palau and the Marshalls have been completed. This would seem to assure an undesirable delay in nailing down the compact--perhaps beyond the constitutional convention. In the circumstances, it would be better to move ahead as quickly as possible on

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signing and approval--with implementation conditioned on completion of the defense land negotiations.

Conclusions and Recommendations

Our main task now is to prevent an unraveling of the draft compact as time passes and future events overtake present understandings. This would appear to argue for the following actions.

-- Insistence on a much shorter time-frame for transition to termination of the trusteeship. We should strive for: (a) full approval of the compact (including a plebiscite) within one year, and in any event before the constitutional convention (in order to provide that body with a firm mandate); and (b) termination of the trusteeship within two years of the plebiscite, i.e. in 1977 instead of 1980 or later. The proposed six-year financial timetable providing for capital improvements could remain essentially as presently proposed and continue on without reference to termination of the trusteeship until scheduled completion.

-- The proposed shortened timetable should be surfaced as soon as possible to force the pace of Micronesian decision-making while conditions in Micronesia remain conducive to close political association with the US.

-- The independence option should be surfaced as soon as possible. It must be available for consideration by the

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Congress of Micronesia during its review of the draft compact to provide the necessary contrast, and must be included in the act of self-determination.

-- Major political steps toward increased self-government should be introduced immediately to improve the atmosphere in Micronesia, and as essential steps toward early and orderly transition toward termination of the trusteeship.

-- All of the above steps are logical and defensible within the UN context. We should therefore seek Trusteeship Council support for these actions to counter any Micronesian resistance.

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