

THE WHITE HOUSE
WASHINGTON


2.2.76

TO: ^{NSC} Steve McCloskey

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RL
Robert D. Linder



Congress of Micronesia

LEIFOLD HILL SAIPAN MARIANA ISLANDS 96950

Phone
Telex

February 2, 1976

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Mr. Fred M. Zeder
Office of Territorial Affairs
Department of the Interior
Washington, D.C.

Dear Mr. Zeder:

Thank you for meeting with the leadership of the Congress of Micronesia on January 17, 1976, and sharing with us your frank thoughts on several key issues.

One of the more important issues to you and to us is that of decentralization. We agree to the principle of decentralizing decision-making. This is the only way that there can be any kind of unity and is consistent with the thrust of our Draft Constitution. We must, however, reserve comment on the plan to physically decentralize. The necessity of a reduction in the size of the central government is in itself a non-issue. However, we feel that a thorough unbiased study is necessary to determine the best way to carry this out. We also fail to see the urgency of the timing you suggest to physically decentralize. Rather, with a referendum on the Draft Constitution forthcoming, and the indicative development plan underway, it seems that it would be in all our best interest to delay implementation of a plan until the course becomes more clear.

Recently, the High Commissioner met with the leadership to discuss several matters, primary of which was decentralization. It was his impression that your mind was made up to physically move the departments, leaving behind a handful of executives and staff, and that Mr. Rice would arrive to work out the mechanics of the dispersal. This was not the impression you imparted to us in our meeting. We understood that a full assessment would be made as to various concepts of decentralization. It is clear from your report that one of the prime motivations to decentralize in the manner you propose, is to save money in meeting the obligation to assist in the funding of the new capital. Although this motivation is reasonable and desirable, it must yield to the overriding consideration of efficiency and effectiveness of government. Perhaps your idea is the best method to achieve this but there is an uneasiness that you are getting ready to put the cart before the horse.

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We again urge you to bring us fully into the planning process. As you said in your letter of November 25, 1975, ". . . it is in this atmosphere that we are able to not only accomplish more, but have a better time doing it." Allow us to work with you on this plan rather than have us react to a predetermined concept. The Draft Constitution and the Development Plan must be taken into consideration in this effort.

Speaking of the Development Plan, we noted that the Pacific Daily News, on January 22, 1976, quoted you as addressing the Development Plan vis a vis DOTA's plan for the Trust Territory. The quote was "if the U.N. has funds and the Congress of Micronesia has funds they want to use--great. But I don't want anyone to think the U.N. can solve all the problems." It is always dangerous to react to something taken out of context, but so there is no misunderstanding, it may be useful to set forth the background of why UNDP is involved.

1. The United States Congress was justifiably upset that there was, and as yet is, no rational development plan. This problem was one of the key reasons you and the task force came to the Trust Territory in July, 1976.

2. The Congress of Micronesia appropriated \$70,000 to initiate such a plan. The High Commissioner had \$150,000 in the FY 1975 Supplemental request to complement this. The United States Congress deleted this when they made their appropriation.

3. The Congress of Micronesia appropriated \$100,000 more and made a request through the High Commissioner to UNDP for assistance in developing such a plan. UNDP was contacted not only because of the reservoir of technicians, but also because they were willing to make \$150,000 available to this effort. This money was only enough for an "indicative plan." Your office modified our request by imposing certain limitations, then gave approval for implementation. In doing so we assumed that this plan had your full support and would serve as a sound basis to guide our financial and manpower resources.

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This is by no means saying that the U.N. can solve all the problems. Rather, it is a purely technical exercise using experts in various disciplines. We view this effort as something which is in the best interest of both the U.S. Government and the people of Micronesia. Let us both consider this as a means to direct our efforts into more productive economic channels.

As far as specific development projects, we were very interested in your plans for Saipan, particularly the possibility of a clinic with related development. Ideas like these are a welcome stimulus. We naturally hope that you will also focus on the other five districts which did not receive many of the benefits related to being designated as the provisional capital.

An integral part of the steps now being considered to end the trusteeship, is the timeframe. 1980 is a date used frequently by Ambassador Williams and apparently has been adopted by the Department of Interior as the final word. We strongly feel that while it is desirable to mutually set a target date, it has become clear that 1980 is no longer realistic. Politically, this date may be acceptable, but it is obvious that a basic infrastructure as envisioned by the \$145 million Department of Interior five-year CIP transition plan (later addressed in your report in terms of \$220 million in constant 1975 dollars) cannot be installed by 1980. It will take several years to begin to receive beneficial economic impact from this and any reallocation of resources as set forth in the Comprehensive Development Plan. We do not feel it is in either your or our best interest to set a termination date until a clear picture emerges as to the potential of our economy. Now we have nothing more than a smattering of what can really be termed economic development and no new government can stand unless it is able to guarantee some measure of economic and social well being to its people. In short, economic development related events have overtaken the 1980 target date idea. We cannot terminate into an economic void where national income levels are determined through the most part by U.S. grant assistance for a set number of years.

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There is one more issue that was touched upon in our discussion but not fully explored. You expressed the need and hope for our support in your various undertakings such as decentralization, and changes in management. Frankly, we are looking for your support also, and we are a bit apprehensive as to how you stand on certain issues. We mentioned that your office has not officially acknowledged to us the existence of the Draft Constitution to create the Federated States of Micronesia, let alone give us a reaction. Perhaps there is a great disparity in the significance each of us attaches to our own Constitution. We are looking towards ending the Trusteeship honorably and equitably and assume you accept this obligation as paramount-- your major objective. This Constitution can be the cornerstone.

In closing, we reaffirm our support of your efforts to tighten fiscal controls and provide efficient management. We applaud and stand behind your sincere efforts to develop our economy. Our dialogue has been candid and we want it to remain that way, thus we feel free to frankly state our impressions to you.

Again, we appreciate our continuing talks and look forward to working closely with Mr. Rice during his trip to Saipan in February.

Sincerely yours,



FOSIWO NAKAYAMA
President
Senate



BETHUEL HENRY
Speaker
House of Representatives

Enclosure

cc: Representative Raymond Setik,
Chairman, Joint Committee on Program & Budget



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