



United States Department of the Interior

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OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

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APR 13 1976

Memorandum

To: All Members of the Interagency Group for Micronesian Status Negotiations

From: Deputy Director, Office of Territorial Affairs

Subject: Draft Study of U.S. Policy on Micronesia's Future Status

I have carefully reviewed the draft study on Micronesia's future status together with proposed Presidential instructions for the President's Personal Representative. I find a number of problems with both. The study is a combined IAG product and it accommodates, to the greatest extent practicable, the views of all participants. This could be a part of the problem, and could well cause the entire work product to have assumed an unrealistic overview in some respects.

It is my strong feeling that there are existing "knowns" and "hard facts" that the study did not address. Any study of this nature which is of such vital importance to the U.S. interest should begin by addressing hard facts and by accommodating them as a cardinal prerequisite.

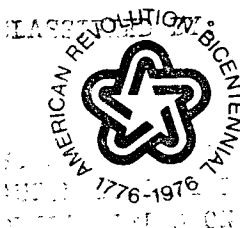
Summarily, these facts are:

1. The concept of representative government in the Trust Territory is still in its infancy and does not yet realistically exist. Reorganization of the JCFS and comments made by the old JCFS both tacitly and expressly recognize this fact. It is questionable that the new Commission, if it pursues the same type of negotiating scenario as the old JCFS, will be any more successful than its predecessor. First, to negotiate with such a body is to court prolongation of the Trusteeship and failure of the U.S. effort. There is no substitute for candor and honesty. Neither the people of Micronesia nor the United Nations will be satisfied with anything less. Accordingly, it is my strong feeling that the United States should first develop political status alternatives it can live with and offer them as soon as possible to the people of Micronesia in a plebiscite. Realistic alternatives will be later discussed in this text. Once such a vote has been accomplished, the negotiations between the U.S. and the Micronesians should be confined to the status alternatives chosen by the districts, collectively or singularly.

Office of Micronesian Status
Negotiations

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REVIEW AT TWO-YEAR INTERVALS
EXPIRES ON NOVEMBER 31, 1984 (year)

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2. The United States should disabuse itself of the idea that unity exists in Micronesia. It does not. Unity does not exist even within single districts. Absent the U.S. presence or some other polarizing element, islands within a district would soon fragment as would the districts from each other. So long as there is U.S. control, an artificial unity can be maintained. However, should independence or full internal self-government be granted to a unified Micronesia, fragmentation will soon occur and the U.S. may well have difficulty in enforcing prior agreements made in the U.S. interest. Certainly it is more "convenient" to negotiate with a unified Micronesia. It is not however realistic. Policy made for the sake of "convenience" now can lead to greater expense and difficulties in international affairs at a later date. It is my strong recommendation that the U.S. look at this factor in the strong light of day at the present time and negotiate accordingly.

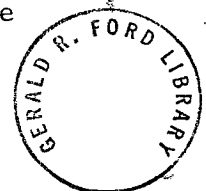
3. Political and economic factors dictate that we must eventually negotiate separately with those desiring it and in unison with those wishing unity. Palau will support unity only if it can control the rest of Micronesia. Since the advent of the superport opportunity, this desire for control and dominance has given way to a feeling of separatism in Palau because, with the superport, Palau does not need association with the other districts. As the superport becomes a reality, we can anticipate that a combination of Iranian, Japanese, and American oil interest, coupled with the Palauan interest, will create such a strong lobby in Washington that separate negotiations with Palau will be dictated regardless of whatever policy we make now to the contrary. The superport is the best chance the Palauans may ever have for economic development. This opportunity may well transcend anything that any of the other districts of Micronesia may ever achieve. The Palauans are not about to let it slip through their fingers. In order to get the superport the Palauans will probably endorse any logical status alternative. They would of course prefer as much autonomy as possible although I suspect they would readily endorse commonwealth if necessary to achieve their ends. During my recent visit to Palau leaders continually expressed "we want the same thing the Marianas have." It was also expressed in Palau that the Marianas have shown them the way and that although they are rebuffed ten times they will pursue commonwealth and separate negotiations with the U.S. to ultimate success. A U.S. attempt to keep Palau in the "fold" will result in Palauan action that will create more disunity than unity, as the Palauans will not consent to any sort of unity unless all of their desires are fulfilled, which of course include the superport and Palauan dominance of the rest of Micronesia. This is evidenced by the Palauan demands at the recent constitutional convention.

The Marshalls also want to go their own way and do not want to be unified with the rest of Micronesia. Marshallese thinking has become more modern than that of the other districts. The Marshalls are

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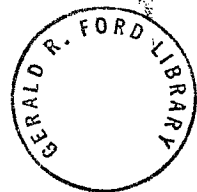
warmly welcoming foreign investment and new citizens. They have a very progressive outlook on economic development. They realize that their major asset is the Kwajalein Missile Range and do not want to share this with the other districts. The statement made in the draft study that the Marshallese achieved their ends in the constitutional convention is entirely incorrect. It should be remembered that the Marshallese representation to the constitutional convention was disputed. The Marshallese today do not feel that there was anything binding for them in the constitutional convention since they were not represented by appropriate delegates. I will not go into this matter further in this text, but all interested parties should carefully review the Marshallese participation in the constitutional convention.

The Marshallese, according to Amata Kabua and Oscar DeBrum, are thinking about any one of several political status alternatives. They might want to be a county of Hawaii in the future. They would probably accept commonwealth. They would probably also accept free association looking forward to some sort of close economic association with Nauru as well as hoping to bring Kusaie and the Polynesian Island of Kapingamarangi into this association at a later date if possible. The analysis completed by the Australian lawyer for the Marshalls Political Status Commission should be carefully read by all concerned as it generally reflects Marshallese thinking on unity in general and on the draft constitution specifically. It cannot be stated too strongly that the Marshallese will never accept the concept of a central government negotiating with the U.S. or anyone else for Marshallese land. They are not satisfied with current revenue sharing nor will they ever be satisfied with a 50-50 split with a central government. This factor, standing alone, further negates the idea of unity for the Marshallese.

4. Indications are that Yap and Ponape will probably ratify the draft constitution since it incorporates most of the things that they desire. Although the draft constitution incorporates some Trukese demands, Truk, because of its large population, has problems that the other do not have. In the near term it is unlikely that Truk will agree to any political status other than status quo. Termination of the Trusteeship Agreement by 1981 puts many Trukese in a state of panic. If the U.S. places no time constraints upon termination of the Trusteeship Agreement, I would suspect that the Trukese, joined by the Yapese and Ponapeans will tend toward a continuation of the Trusteeship Agreement in order to develop themselves economically and secure the greatest ultimate benefits, before they launch upon their own under what I suspect will be an independence option with very hard terms for the United States.
5. Kusaie, an embryo district at this time, is an unknown. It may well go along with Ponape, Truk and Yap or it may go along with the Marshalls if the relationship can be developed. I would suspect the

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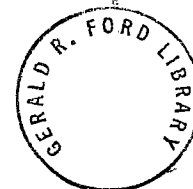


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latter will be the case since the Marshalls will probably have a more attractive future. This is somehow indicated by the Kusaiean demand for an expatriate distad.

6. Micronesia is essentially divided into two classes--"haves" and the "have nots." The Marshalls and Palau are "haves" as a result of U.S. installations interest, the superport and continuing U.S. interests. Truk, Yap, Ponape and Kusaie are "have nots" in that the only U.S. interest in these areas is that of strategic denial. Truk is populous and has limited land. Its destiny must therefore be closely connected with the destiny of areas having more land and more natural resources. We can therefore look for Truk and Ponape to form a bloc in any determination for future political status, possibly joined by Yap.
7. Commonwealth is a viable option for the Marshalls (possibly joined by Kusaie) and for Palau, but probably not for the "have nots" (Yap, Truk, and Ponape). The Marshallese seem to have a natural love for the United States and there was extreme pressure on my last trip for us to permit them to enlist in the United States Armed Forces. They are essentially a gentle, intelligent, warm, friendly people who would probably fit very nicely into the U.S. political family despite the traditional system that exists there. The traditional system would accommodate itself, I believe, to the U.S. political system without any problem at all. Because of the Kwajalein Missile Range, the proximity to other U.S. islands, including Hawaii, and Marshallese desire and potential loyalty to the U.S., I feel that a Marshalls commonwealth could be acceptable to the United States Congress.
8. The Palauans would also fit into a commonwealth scenario, I believe. They are aggressive, possess initiative and imagination, and are given to nationalism which, over time, might transfer to the U.S. Their thinking has become Westernized, and they are motivated by their ambition for the superport and for a better life. U.S. military interests along with the Iranian/Japanese/U.S./Palauan lobby could make Palau a saleable commonwealth package in the U.S. Congress.
9. I do not believe that the other districts are saleable to the U.S. Congress as a commonwealth, singularly or collectively. The inclusion of the other districts will increase the responsibility of the U.S. financially, politically and defensively and will find strong opposition in the U.S. Congress. Their cultures and desires also do not lend themselves readily to a concept of commonwealth and U.S. sovereignty. I believe it would be far better to seek a treaty type arrangement with Yap, Truk, and Ponape (possibly also Kusaie depending upon the way it goes) than it would to attempt a territorial solution. We could also point up to the United Nations that

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those who wish independence with simply a strategic denial relationship are receiving it. This would make the fragmentation of the Marianas, Palau and the Marshalls perhaps more palatable in world opinion.

10. If the U.S. continues to "stiff arm" the Marshalls and Palau in their desire for separate negotiations, internal Micronesian policy will be decided by the "have nots." This will mean that Micronesia will agree to nothing with the United States unless it gets precisely what it wants, which is status quo on a prolonged basis. This way the Micronesians will get what they need from the United States Congress on an annual basis while building toward fuller economic development and fuller self-government until they are at a point of negotiating strength. Concurrently, the U.S. will lose the minimal political control it has left. At this future point in time, U.S. interests are likely to cost the United States much more money ultimately than now and what we can get will be far less than what we desire.

The Micronesians are not now sure of the amount of future assistance they need or want. This is their basic reason for the UNDP study. I anticipate that they will not fully listen to the UNDP recommendations and will only extract what they desire from those recommendations and forget those recommendations that they do not desire (such as austerity, doing for themselves, etc.). In other words they will ultimately forge the UNDP report and recommendations into a negotiating wedge to be used with the United States and in the world forum. By letting this condition continue we will, in the meantime, have alienated the warm feelings in Palau and the Marshalls toward the United States that exist at this time.

In other words the negotiating scenario set out in the draft study, in my opinion, will simply serve only to force the friendly districts of the Marshalls and Palau away from us by imposing upon them a political status that they do not want and a unity with other districts that they intensely resent.

I do not feel that the draft study realistically places a value on U.S. interests in dollar amounts. It is realistic if one considers U.S. concepts of fair market value and of minimal payment for its needs. The Micronesian view is that the dollar amount should be a product of U.S. needs plus Micronesian needs and should not be based upon fair market value for land acquired. I believe that we might have had a draft compact already signed if the President's Personal Representative had had more financial latitude. We may have been penny wise and pound foolish in prior negotiations. Can one logically state that \$100,000,000 per year is too great for U.S. interests in the Pacific? This is particularly true in view of the fact that the U.S. pays close to this amount annually for some bases in Europe. Basing rights plus strategic denial over such a large area as the Pacific should certainly be worth as much in

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dollars as a single base in Europe. By placing strict financial limitation upon acquisition of U.S. interests in the Pacific or upon the way the funding is divided among the Micronesians, the U.S. team may well be following the same path as those who thought that the prices paid for Alaska and the Louisiana Purchase were too much at the time. A longer range view should be taken.

The Micronesians simply, as a matter of hard fact, will not agree to any financial package which will not support them in the manner to which they have become accustomed over the past 30 years of U.S. administration. This applies both to the haves and the have nots. It is already stated openly in Micronesia that the amount of U.S. financial assistance should be the same regardless of the political status arrangement. Micronesians feel that they have a right to self-determination in status alternatives but that the money from the U.S. should be the same. It would be difficult to disabuse them of this idea and will only result in a prolongation of the Trusteeship Agreement which will be a continuing political and financial expense to the U.S. As stated before, if the status quo continues, Micronesia will become more economically self-sufficient and the U.S. will lose political control. Micronesia will negotiate from a position of greater strength and the ultimate cost will be more for less. At that point in time the U.S. will be negotiating from a standpoint of weakness due to world opinion (U.N.) and it is unlikely that all of our strategic interests could be accommodated. I therefore think it is far better to take a more liberal view toward the financial package.

In this regard, I could support continuation of the present instructions which allow for \$60,000,000 annually inclusive of land payments. If it appears, as I predict it will, that a free association agreement with a unified Micronesia carrying this price tag for 15 years is unobtainable, the American negotiator should have the additional authority to present to the people in a plebiscite or to the Micronesian negotiators the following option:

Palau and the Marshalls will separate and work out distinct arrangements with the U.S. These arrangements will probably approximate the commonwealth status we have given the NMI. Each would receive approximately \$15,000,000 annually for a set period of years. The other districts would remain unified, enter into a strategic denial treaty with the U.S., receive \$30,000,000 annually from this country for a set number of years, and constitute a sovereign nation. The total amount paid by the U.S. would be approximately equivalent save for Federal programs in Palau and the Marshalls. Additionally, our political status settlement would reflect the value we place on individual districts.

It might even be possible to negotiate an arrangement with the have nots that could be unilaterally terminable by the United States upon the payment of some certain guaranteed sum should future events

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not dictate a continuing U.S. need. This would probably be very saleable to the U.S. Congress. It might also be interesting to know just what value Defense would place upon U.S. interest in the Pacific and upon the entire political status package should the money have to come from the Defense budget.

11. Delay beyond 1981 will cause a serious problem with the Marianas Commonwealth. By entering into the Covenant we have placed ourselves on the horns of a possible dilemma. If we terminate early before "Micronesia" is "ready," then we risk condemnation by not only Micronesia but by the U.N. as well. If we do not we have perhaps broken trust with the Marianas by delaying their Commonwealth which we promised. This reason, along with reasons already given regarding value of ultimate bargain and the injury to be occasioned by delay, dictates that we follow the State Department's original recommendation for a speedy termination and culmination of negotiations. Again the only way that I can see to secure U.S. objectives at reasonable cost and with alacrity is to negotiate separately with those so desiring it and in unison with those desiring a form of unity. This will prevent the have nots from delaying the termination of the Trusteeship Agreement.

12. I feel that we must also recognize that we will never get full U.N. approval for termination of the Trusteeship. Obviously the Soviets will never agree to any alternative whereby the United States retains base rights in Micronesia. A Security Council veto is therefore probably inevitable if the United States is to acquire any base rights at all. The only way that I can foresee that we would ever have full concurrence of the Security Council would be to present the alternative of full independence, no base rights, plus a financial package designed to give Micronesia economic development. I can see little U.S. motivation for this alternative. I would also strongly suspect that the Soviets would prefer continuation of the Trusteeship rather than making permanent U.S. bases in Micronesia. Under continuation of the Trusteeship, the Soviets would at least hope that Micronesia might finally achieve independence without a U.S. presence. Anything less than full independence without U.S. base rights will probably result in a declaration of an illegal act along the lines of the South African situation as pointed out in an appendix to the study. Realism therefore dictates that we must "bite the bullet" now and be ready to accept U.N. condemnation which will ultimately result anyway. The more we seek to avoid it the weaker we will look and the more condemnation we will get. We must look at the matter realistically and be prepared to accept whatever condemnation will be forthcoming from the U.N. It can further be argued that we have already set the stage for negative U.N. action by our commonwealth arrangement separately with the NMI. We can of course attempt to minimize the condemnation but it will certainly come and our guiding motivation should be the U.S. interest and not the U.N. interest.

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13. I am not at all satisfied that the IAG has realistically assessed the draft constitution of the Federated States of Micronesia. We cannot be at all sure that political status was fully considered in the formulation of this draft constitution. We must remember that it was drafted by elected representatives throughout Micronesia and that it does not necessarily represent the view of the prior or future JCFS or the status views of the people of Micronesia. I think it merely represents what the Con Con delegates would "desire" if there were no constraints. Unfortunately there are realistic constraints and one cannot assume, as the drafters possibly did, that Micronesia can "afford" the draft constitution. Again referring to the Marshallese analysis of the draft constitution, there are many internal problems with it. These problems are not exclusively confined to the Marshalls District and many of the comments made in this analysis will apply to other districts as well.

The United States made a grave error in not providing some guidance to Micronesia before drafting its constitution as to what would be realistic. We must now do just this. I think that it is imperative that in the immediate future the United States issue a type of white paper or analysis of the draft constitution for the edification of the Micronesians. This analysis should not be confined to a comparison with the draft compact. The draft compact as such is not a living document. We must remember that it has been rejected and not just for financial reasons but for political reasons as well. It would certainly be helpful to incorporate a comparison with the draft compact but this should not be the only point covered. One must also realize that the draft constitution in many respects is a product of political tradeoffs between various districts. Some of these tradeoffs are even now not satisfactory to the original traders. The Congress of Micronesia, with its legal staff, is already attempting to find loopholes by which it can avoid many of the provisions of the draft compact, e.g., avoidance of the provision to renegotiate all indefinite land use agreements.

14. If we are to sell anything to the United States Congress, the Department of Defense must be prepared to testify more strongly than it did during the hearings on the Covenant for the Northern Marianas. In essence DOD testimony was weak, and did not support the Covenant to any large measure at all. I believe there was a point at which the success of the entire effort hinged upon DOD testimony and that members of the U.S. Congress, despite the weak testimony, went ahead and made a strategic determination on their own. The Defense view in the draft study is fairly strong. The rationale is good. However, Defense should be prepared to strengthen this rationale in its testimony when it comes down to final hearings before the U.S. Congress, whatever the status arrangement agreed upon.

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RECOMMENDATIONS

1. The U.S. should first develop all possible alternatives for Micronesia and present them generally in a U.S. policy paper. This should be done before any vote on the draft constitution. The same paper should point out the inconsistencies between these alternatives and the draft constitution which is probably not acceptable under any future political status.
2. The U.S. should then see that an extensive education for self-government program is carried out in Micronesia. This should not be left to the Public Affairs Office at Headquarters in Saipan. It should be a coordinated joint effort between the new JCFS and the United States Government. The people should be thoroughly educated on all possible alternatives and U.S. preferences should be expressed.
3. An official plebiscite should then be held in each district. It should have been pointed out that any district voting for separate negotiations will be able to achieve this result with the U.S. The same political status alternatives should apply to a district and to Micronesia whether negotiating in unison or separately as districts except that it is not deemed realistic to offer the have nots or all of Micronesia together a commonwealth status. This should be pointed out to them.
4. When the plebiscite has been completed the United States should negotiate with appropriate entities, collectively or singularly, pursuant to the status preferences manifested in the plebiscite.
5. Negotiations should be accomplished as rapidly as possible in order to terminate the Trusteeship by 1981.
6. The President's Personal Representative should not be confined to unity or to restrictive formula regarding U.S. financial assistance authority. This will only result in failure of the entire mission and prolongation of the Trusteeship to the detriment of the United States. It will also result in further criticism from the U.N. We should of course attempt to keep the alternatives and dollar amounts within an educated assessment of what the U.S. Congress might possibly accept with prior full consultation with the leadership of the U.S. Congress.
7. I am not at all sure that composition of the U.S. delegation should not be altered for this exercise to include appointees of both the House and the Senate to sit on the delegation. This would prevent later allegations that the Congress had not been advised and would give full Congressional input at every step of the way and would more greatly assure U.S. Congressional acceptance of an ultimate product.
8. We should also assess the U.N. issue and Security Council approval at this time and be prepared to do what is in the U.S. interest as cosmetically as possible. There is no possible way that we can fully

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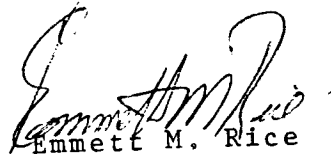


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accommodate the U.S. interest and U.N. concerns together. A strong policy must be developed at this time and we must adhere to it in the conduct of negotiations. The U.S. should not conduct the negotiations with anxiety at every turn of the road over what the ultimate U.N. reaction will be. It can easily be projected in advance and we must be willing to accept some measure of condemnation, which is inevitable, if the U.S. interest and the interest of world peace are to be accommodated in the Pacific. Our interest in Micronesia is obviously strategic. Humanitarian concerns are secondary. To attempt to hide this for cosmetic nicety only makes us look more devious, less determined, and subjects us to greater criticism and condemnation. We have every right to retain a presence in Micronesia. We earned this right during World War II. The U.S. further has great additional responsibilities in the maintenance of world security and of world peace. I feel that we should come out openly with this policy now and not attempt to avoid it. We will ultimately have to face it anyway.

SUMMARY

The scenario presented in the draft study of the Interagency Group unduly restricts the President's Personal Representative in continuation of the negotiations as respects alternatives for political status, the unity issue, and dollar amounts. In view of political realities the recommendations of the study are most probably unrealistic and unworkable. If the study with its recommended Presidential instructions is adopted a stalemate will result after agonizing attempts to carry through the mandate. Another study will be necessary and the delay will serve to occasion prolongation of the Trusteeship, deterioration of relations with Micronesia, injury to the current relationship of relations with Palau as respects the United States, expense, further condemnation in the world forum, and inactivity. Realities should be addressed now, alternatives developed and complete flexibility should be given to the negotiator to pursue the task to ultimate success.


Emmett M. Rice



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