



DEPARTMENT OF STATE

Washington, D.C. 20520

April 29, 1976

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MEMORANDUM TO: S/P - Mr. Veliotos
 Mr. Armacost
 Ms. Froebe
 EA - Mr. Edmond
 EA/ANP - Mr. Williams
 PM - Mr. Leonard
 IO/UNP - Mr. Macuk-
 L/UNA - Mr. Surena
 NSC - Mr. Taylor
 Interior/OMSN - Ms. Trent
 Interior/DOA - Mr. Zeder
 DOD/ISA - Mr. Abramowitz
 CIA - [REDACTED]

Subject: Future Status of Micronesia

Attached is a paper I have done on this subject. It reflects my own observations and conclusions and is intended to present some differing points of view and emphasis from the interagency study even though it is not radically different in its major recommendations.

I would appreciate your comments on any points of fact or interpretation by c.o.b. May 7. Hand-written comments on the draft will be quite acceptable.

RAF

Richard B. Finn
Member, S/P

Attachment

DECLASSIFIED • E.O. 12958 Sec. 2.8 3.4
 With PORTIONS EXEMPTED
 E.O. 12958 Sec. 1.5 () 1.5 (c)

MR-NLF-00-19-23

By TTPI, NARA, Date 4/19/00

Project

JR 6/19/00

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REVIEW OF U.S. POLICY TOWARD THE FUTURE POLITICAL
STATUS OF MICRONESIA

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PREPARED BY THE:
INTERAGENCY GROUP FOR MICRONESIAN STATUS NEGOTIATIONS

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With PORTIONS EXEMPTED

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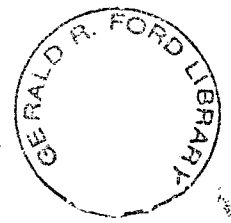
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REVIEW OF U.S. POLICY TOWARD THE FUTURE POLITICAL STATUS OF
MICRONESIA

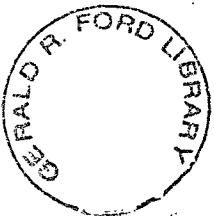
I. BACKGROUND

The Under Secretaries Committee (USC) has been requested to review U.S. policy toward the future political status of Micronesia, including the negotiating instructions to the President's Personal Representative for Micronesian Status Negotiations. This study, submitted by the Inter-agency Group for Micronesian Status Negotiations (IAG), deals only with the Carolines and the Marshalls.

It has been almost three years since the approval of the last comprehensive USC study concerning the negotiations on the future political status of the Trust Territory of the Pacific Islands, which served as the basis for the latest negotiating instructions to the President's Personal Representative for Micronesian Status Negotiations.

During this period a number of significant events bearing on the final outcome of these negotiations has occurred. Foremost among these were (1) the completion of the status negotiations with the leaders of the Northern Marianas; (2) the overwhelming acceptance of the proposed Commonwealth Covenant by the people of the Northern Marianas in a United Nations-observed plebiscite, followed by final U.S. approval last month; (3) a formal seventh round of status negotiations with the Joint Committee on Future Status (JCFS), followed by three working sessions between the President's Personal Representative and the Chairmen of the JCFS--which produced a draft Compact of Free Association in October 1974 which was the subject of ad referendum agreement by the negotiators. Later the Congress of Micronesia (COM) failed to approve the draft Compact on the grounds that the levels of financial assistance were too low; (4) the

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holding of the Micronesian Constitutional Convention, which in November 1975 produced a draft Constitution for the proposed Federated States of Micronesia; (5) the creation of a new and enlarged COM political status commission; and (6) increasing indications of political separatism in Palau and the Marshalls.

With regard to the current situation the following events and considerations are particularly pertinent: (a) the success of the President's Personal Representative in negotiating a draft Compact of Free Association with the leaders of the JCFS of the COM; the JCFS had made it clear that Free Association was the preferred status option early in the negotiations, and in late 1974 its Chairmen agreed ad referendum to a draft Compact covering all points of mutual concern; (b) following the failure of the COM to endorse the Compact, various leaders, including the Chairmen of the JCFS, stated that the status accord must provide for additional Micronesian authority in the area of foreign affairs, especially with regard to Law of the Sea and international commerce; (c) attempts by the President's Personal Representative to reopen the negotiations were rejected in mid-1975 by the JCFS on the grounds that the resumption of negotiations would be "unavailing and inappropriate" until the Micronesians were able to assess the results of the territory-wide informal status referendum, the results of the Constitutional Convention (CONCON), and the Geneva Law of the Sea Conference; (d) the results of an informal status referendum, which failed to clarify basic attitudes regarding the status issue, due in large part to the multiplicity of options offered and poor turnouts in three of the districts, the Marianas, Marshalls and Palau. The referendum did, however, indicate strong support for unity in four of the six districts--Palau, Ponape, Truk and Yap.

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The extremely light vote in the Marshalls was split about evenly on this question. The conclusion of the U.S. Status Liaison Officer on Saipan was that "the low turnout, the number of blank or void ballots and the number voting for the status quo make it clear that the voters of the five districts were not ready to assert themselves in favor of change".

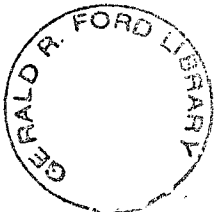
There have also been dramatic changes during the past several years in the strategic situation in the Western Pacific and East Asia. The fall of South Vietnam and the withdrawal of all but token U.S. forces from the mainland of Southeast Asia, and the announcement of a Pacific Doctrine by President Ford, emphasizing the importance of U.S. relations with Japan, are particularly germane to the status issue.

In attempting to anticipate further changes in the area bearing on the political role of these islands one must also consider the possible pressure here and abroad for the eventual withdrawal of additional U.S. troops from forward areas in the Pacific, such as South Korea, and the prospect that new restrictions might be imposed on those remaining elsewhere in the region.

These factors plus the growing naval strength of the USSR elevates the Carolines and the Marshalls to greater potential relevance to future U.S. strategic interests in the area than heretofore.

On the other hand, political trends in the area, such as the emergence of Papua New Guinea as an independent nation state and the creation of several new independent island states in the South Pacific, coupled with heightened political controversy and friction regarding control over the resources in the seas around the Micronesian islands, tend to stimulate new concerns regarding the wisdom of attempting to conclude with the leaders of the Carolines and Marshalls any kind of special political relationship

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short of full independence with a base rights and denial treaty.

Also, the U.S. domestic political climate regarding new international commitments has hardened over the past few years. Proposed agreements carrying with them any substantial aid commitments are subject to particular scrutiny on the Hill. Although the Trust Territory is a very special kind of commitment and occupies an area of particular interest to the United States, any status agreement calling for long-term aid approximating the levels discussed in previous negotiating sessions will require strong and convincing testimony by the Administration if it is to stand a good chance of being accepted by the U.S. Congress.

On the Micronesian side, in the Carolines and the Marshalls, two events deserve more than passing reference: (1) the success of the Constitutional Convention and the probable impact of the proposed Constitution on the status talks, and (2) new manifestations of political fragmentation, particularly in the Marshalls and Palau.

The latter problem, dealt with in some detail later in Annex C of this paper, raises questions regarding our ability to induce the Carolines and the Marshalls to remain united, thus suggesting that we may eventually need to consider the alternatives of resorting to two or more separate status agreements as the best means of securing U.S. national interests in these islands.

The ability of the Micronesian CONCON to produce an agreed draft has been interpreted by many as evidence that Micronesian unity is more than a forlorn hope. The proposed Constitution represents itself as "the expression of sovereignty of the people and as the supreme law of the Federated States of Micronesia". It states that "an act of the Government in conflict with this Constitution is invalid to the extent of the conflict". The

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Executive of this Federation would be empowered to conduct foreign affairs and national defense in accordance with national law. The Constitution also calls for the renegotiation of all existing land leases and prohibits the use or storage of radioactive, toxic or other harmful substances without the express approval of the national government. The powers of eminent domain and the right of secession are not included.

If approved, the Constitution would create a Federation of six districts, assuming the addition of Kusaie prior to its enactment, based on full sovereignty over foreign as well as internal affairs. Any status agreement with the U.S. would have to conform with the Constitution and would in effect be in the form of a treaty delegating certain powers to the U.S., mainly in the defense area; those powers have yet to be formally delineated by the COM.

Senator Salii, the Chairman of the JCFS, stated last November and on several subsequent occasions that the differences between the draft Compact and the proposed Constitution are "superficial", which could be easily remedied by simple changes in the former. He continued to maintain that a Free Association relationship is the preferred status solution and has called for prompt resumption of the status talks.

The President's Personal Representative has informed Salii that

"...Regretfully the U.S. cannot agree with (your) conclusions as to the basic compatibility of the two draft documents (the Compact and the draft Constitution). The draft Constitution per se is not the issue. Its compatibility with the previously agreed concepts of Free Association as set forth in the provisions of the draft Compact and its implications for any alternative status arrangements constitute the central question. In this regard the U.S. has concluded that Free Association as envisaged by the Compact is clearly inconsistent with the sovereign independent status status called for by the draft Constitution. We have further concluded that mere revision of the Compact will not alter this basic fact."



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The Micronesian leaders have recommended that the Constitutional referendum not be scheduled until July 1977, and by law it must be held simultaneously in all the districts. To pass, it must receive majorities in at least four districts, given the fact that Kusaie will become a full-fledged district on January 1, 1977.

In view of the political attitudes of the leaders in Palau and the Marshalls [REDACTED] [REDACTED] acceptance of the Constitution should not be assumed. Moreover, even if four districts voted to accept, there is no assurance that the two dissenters will agree to abide by the decision and to attempt to work out their differences within the framework of the new Federation.

Thus, the prospects for the emergence of a viable national government based on the present draft Constitution are not good. Not only does the proposed Constitution pose serious limitations on the powers of the central government, e.g., no power of eminent domain, but it is probable that at least two of the larger and more important districts, Palau and the Marshall will either vote against or resist its application if it is approved by the other districts.

Until recently it appeared that neither those who framed the Constitution nor a majority in the COM is prepared to promote a new convention or seek an early referendum followed by another convention, assuming the Constitution is rejected by two or three districts. However, there are indications that the leaders in the Marshalls and Palau would be willing to accept a Constitution which reserved greater power to the districts, and that the leadership of the COM is prepared to amend the proposed Constitution to make it more compatible with the draft Compact.



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Other than the comments of the President's Personal Representative, cited above, the U.S. has refrained from comments on or action regarding the approval of the draft Constitution.

In any event, it is clear that the leaders of Micronesia are divided on the status issue and somewhat confused regarding what the U.S. will or will not accept in a final status agreement other than the draft Compact. We have not informed them that we find the Constitution unacceptable or what we would find acceptable, nor have we told them that we are prepared to negotiate a treaty relationship based on the Constitution.

While making it clear that we are not prepared to undertake negotiations with those districts desiring a separate status prior to the Constitutional referendum, we have not ruled this out if the Constitution fails to obtain the required support of a majority of the districts or if a dissenting district refuses to accept the final vote. In this regard, it should be recalled that the U.S. agreed in April 1974 at Carmel that any district casting a vote of more than 55% against the draft Compact would have the right to negotiate a separate status accord. While this may not apply directly to the Constitution, we have traditionally acknowledged the right to seek separate status based upon the principle of self-determination.

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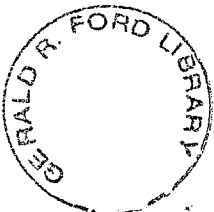
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II. U.S. INTERESTS, REQUIREMENTS AND NEGOTIATING OBJECTIVES

U.S. interests and objectives in the Carolines and the Marshalls derive mainly from our more general interests in the Western Pacific and East Asia. In this regard, the first and most fundamental interest is the security of the U.S. A Pacific defense policy is an essential link in the global chain which ensures that interest. A strong defense depends on the forward mobility and readiness of U.S. forces and this, in turn, depends on an appropriate base structure--one which must be capable of being expanded in the event of greatly increased tensions or hostilities. It is important to note that the balance of power we seek in this general area is directly affected by perceptions of U.S. credibility; therefore we have a fundamental interest in maintaining confidence in a continuing U.S. role and presence in the area. Conversely, it is to the U.S. interest to prevent or inhibit, if we can, any significant extension of the power or influence of hostile nations.

Events of the past several years, especially changes in the Asian balance of power, have increased the level of interest in the political fate of the TTPI and have made the U.S. more conscious of the political importance of these islands. Although the accession of the Northern Marianas to the U.S. is assured, there is a continued need to reassure our friends and allies in the area that we intend to remain a Pacific power. This requires a certain level of credibility facilitated through military presence and commitment. The strategic value of the TTPI to the U.S. will not end with the termination of the Trusteeship Agreement, regardless of what form the resulting Micronesian political structure will take. Present and future military access to Micronesia is and will remain fundamental to the U.S.

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interests in the Pacific. For this and the reasons cited below, we cannot afford to permit others to resolve the issue of the future political status of the Carolines and the Marshalls; on the contrary, we must reassess the alternatives and strive anew to obtain a status accord which will serve the following interests and objectives:

A. Strategic Interests - Requirements

There are a number of reasons for our regarding these islands as of "strategic importance". Among these are their location, proximity to Guam, Hawaii and important trade routes; the many uncertainties confronting our continued tenure and operating rights in areas closer to the mainland of Asia, especially the Philippines; the future need for training and logistical facilities in the area; the potential risks or threats which would arise from the presence of the military forces of unfriendly powers on one or several of these islands; and the need to meet contingencies in East Asia or the Indian Ocean.

Specifically:

1. U.S. national interests require the continuing ability to deny access to Micronesia by foreign powers for military purposes. In unfriendly hands the islands of Micronesia could serve as missile, air and naval bases and constitute a grave threat to U.S. control of sea and air routes and communications in the Central Pacific, as well as to U.S. Territory--including in particular, Hawaii, Guam, the Northern Mariana Islands, Wake, Midway and Johnston Island.

2. The U.S. also requires continued, unfettered access to the military facilities on Kwajalein Atoll; the Kwajalein Missile Range complex is a vital element of critically important R & D programs; alternative sites and facilities would be extremely difficult and costly to find and construct

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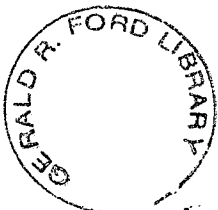
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3. U.S. interests, commitments and objectives elsewhere in the Pacific and Asia require an ability to project and support military power throughout the Western Pacific. Circumstances beyond our control could make it imperative that we are able to acquire base rights and establish bases in the Western Carolines. Additional restrictions on operations from U.S. bases elsewhere in Asia indicate the need for these basing options in Micronesia. Specifically, the Department of Defense believes that it is important to obtain for contingency purposes the right of military access to certain areas in the Palau District. If such basing options were not protected by firm political arrangements covering a sufficient period of time to justify any future construction of facilities and related operations costs, they would be of questionable value. It is recognized that the political and financial costs of obtaining Palau land options cannot be determined in advance with any degree of precision or confidence. Therefore, it may be necessary to review this requirement in the light of further study and negotiations with the leaders of Micronesia.

B. Political

The U.S. Government has a vested interest in a stable, friendly, and peaceful Micronesia, no matter what form its new political status may take. A continuing close and amicable relationship with these islands--a simple and flexible relationship with a minimum of built-in "friction points"--could serve and protect U.S. interests elsewhere in the Pacific, while also promoting stability within the Micronesian area. Loss of effective U.S. influence over Micronesia and hostility toward the U.S. on the part of Micronesian authorities could reduce the ability of the U.S. to serve its broader interests in the Western Pacific, particularly if the U.S. also lost its existing key

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bases in that area. A political vacuum coupled with Micronesian political instability could conceivably tempt adventurism from potential U.S. adversaries who may seek military access to Micronesia.

In the aftermath of Vietnam, the U.S. wishes to demonstrate to its East Asian allies that it is not withdrawing from its commitments in the East Asia/Western Pacific area and that the Executive Branch retains a firm grasp on U.S. foreign policy. This interest certainly needs to be considered in formulating the U.S. manner of conducting the Micronesian negotiations, although not necessarily their substance.

Under both the U.N. Charter and the Trusteeship Agreement, the U.S. has a definite obligation to "foster the development of such political institutions as are suited to the trust territory and shall promote the development of the inhabitants of the trust territory toward self-government or independence as may be appropriate to the particular circumstances of the trust territory and its peoples and the freely expressed wishes of the peoples concerned..." (Article 6 of the Trusteeship Agreement with the U.N. Security Council, emphasis added). Any failure to discharge that obligation could have a highly adverse political impact not only in the U.N. and wherever else strict adherence to international agreements is in the U.S. interest, but also throughout Micronesia and possibly on the U.S. ability to protect its strategic interests in the area. America's attitudes toward colonialism and its traditional active support for the exercise of self-determination by others are significant facets of the U.S. international position and image. In dealing with Micronesia it is in the national interest to act consistently with this tradition unless overriding national security considerations preclude such action.



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C. Economic

The Trust Territory is and will be for the foreseeable future an economic burden to the U.S. The U.S. has no significant economic interests in these islands, other than the possible or potential wealth of the seas around them. Continuing association with the U.S. could automatically lead to some increases in trade and investment, particularly with respect to tourism and marine resources. It would appear to be consistent with U.S. interest to establish a stable, enduring relationship with the other five districts of Micronesia for the U.S. Government to attempt to stimulate private American investment in the islands.

Stated another way, there are at present no known American economic interests justifying continuing U.S. political involvement in Micronesia, but there are significant political reasons for the U.S. to try to forge strong economic ties. Certainly the fact that Micronesia expects considerable economic benefit from any future association with the U.S. provides a possible lever to achieve a preferred status arrangement.

D. Other Considerations

The wishes of the Micronesian peoples cannot and should not be ignored. We have an obligation to ensure that they are given ample opportunity to understand the major implications of the main status options and to express a preference at an appropriate moment.

The IAG believes that the political unity of Micronesia is a singularly important problem both at present and in the future. With respect to this problem it is in our best interest to promote the policy of political unity of the Carolines and the Marshalls and to forestall any attempt to initiate separate status arrangements prior to an official, popular vote on that issue.

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The U.S. will be able to assess the results of such a vote and take a decision regarding any requests for separate negotiations for a status separate and apart from the other parts of the Territory. The Department of the Interior does not foresee a stable political equipoise among six united districts and believes that the official plebiscite in Micronesia must take account of the question of unity by allowing for individual district preferences on political status options.

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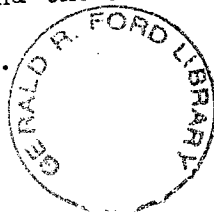
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III. U.S. LAND REQUIREMENTS AND RELATED ISSUES

Previous discussions of commonwealth status and free association have established the fact that the Micronesians are not prepared to grant the United States unlimited authority to establish bases at places and times of our own choosing or to meet future land requirements through the exercise of eminent domain authority. They want to know in advance what our land requirements will be over the term of any relationship we establish with them. This has forced the United States Government to take a long term view of our interests and objectives elsewhere in the East Asia and Pacific area, the manner in which our forward deployed forces will support these interests in the distant future, and the bases potentially available to these forces 5, 10, or 20 years from now. This is not an easy undertaking, but it has been the only approach open to us.

From the discussion of U.S. strategic interests and requirements (Annex A), it can be seen that there is no distinct relationship between the land we seek to retain in the Marshalls and the Palau land options. The former is related to on-going programs which are vital to the research, development, test, and evaluation of strategic offensive and defensive missile systems. The latter is related more to land and facilities which may be required to support conventional forces deployed to the Western Pacific or Indian Ocean in the years ahead and the uncertainties surrounding our tenure and operating rights at bases elsewhere in the region. While we might support some of our forces without these bases, it would be much more costly in terms of the number of naval combatants required to maintain a presence in these forward areas and the number of underway replenishment ships required for logistic support.



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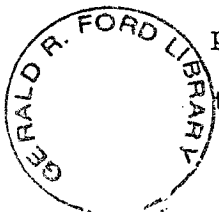
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The importance of Palau, like Guam and the Northern Marianas, stems from the fact that it is much closer to Asia than Hawaii or the Continental United States. The 40 acres of land at Malakal Harbor and the 2,000 acres on the island of Babelthuap could be used to store petroleum and ammunition required to support our forces in peacetime and during any contingency which might threaten our interests in Asia. The distance from this logistic support base to any point on the East Asian littoral would be one-third or less the distance from a comparable facility in Hawaii. Outside of the Northern Marianas, Palau is the only group of islands in the western fringe of Micronesia where land is potentially available for U.S. defense purposes with the possible exception of Ulithi. The area sought at Malakal is submerged land. The amount of land options desired on the island of Babelthuap is very small compared with the total size of this island (128.5 square miles of dry land or approximately 93,000 acres). The size of this island also makes it highly suitable for large scale military maneuvers of the type which could not be conducted at Tinian. 30,000 acres are desired for non-exclusive use by the Marine Corps.

Relating our land requirements to political status options, the importance of Kwajalein warrants and extremely close political relationship with the people of the Marshall Islands. The land and facilities are of long-term importance to the United States and they provide a capability which is uniquely important to our national security. In Palau the land options provide a valuable hedge, but is not sufficiently vital to accept a separate political arrangement, similar to the Northern Marianas. Moreover, the possible construction of a superport at Palau may lead to a situation where this district needs us more than we need them. Therefore, we should be

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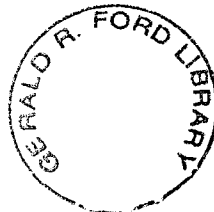
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somewhat cautious about our exuberance toward Palau and the amount of money we are prepared to pay for land options. None of the foregoing suggests that we should deliberately establish distance between ourselves and the people of Palau.

Realistically speaking, our willingness to accept restrictions on the use of land for military purposes will depend on the nature of the relationship established with the people of Micronesia. We should not accept restrictions on our defense rights under a commonwealth arrangement or any other relationship which makes the United States solely responsible for the defense of Micronesia. Nor should we insist upon unrestricted use under a treaty relationship wherein our interests and responsibilities are more specifically defined. For example, if the United States decides that it is not in its interest to patrol and enforce Micronesian fishing zones, we could hardly insist on the right to use their land for purposes which might be in the special interest of the United States, [REDACTED]

In summary, our interest in Kwajalein is such that we should not accept restrictions on the use of facilities in the Marshall Islands. In Palau, we probably could accept some restrictions without undue risk to the readiness or deterrent capability of our deployed forces, if a combination of other factors leads us to establish a treaty relationship with this part of Micronesia.



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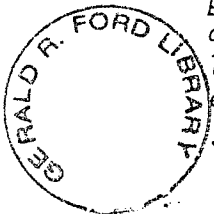
IV. STATUS OPTIONS

In light of developments over the past year, it appears that the status arrangement heretofore favored by the United States and Micronesia-- a Compact of Free Association, under which the United States would retain responsibility for and authority over the foreign affairs and defense of Micronesia--might not be attainable. Not only has the COM rejected the draft Compact negotiated in 1974, contending that the levels of financial assistance offered were too low, but the drafters of the proposed Micronesian Constitution and a majority of the leaders in the COM have stated that the draft Compact must be amended to conform with the proposed Constitution, which asserts full Micronesian sovereignty. Moreover, U.S. Congressional approval of a Free Association agreement as represented by the draft Compact cannot be taken for granted, because such an arrangement would probable call for substantially greater U.S. subsidies and other forms of aid than independence with a mutual security treaty relationship.

The IAG believes, therefore, that it would be advisable to consider seriously two options in addition to Free Association, based on the draft Compact. There are (1) Commonwealth or (2) a treaty relationship with an independent Micronesian state. While the views of the Micronesian leaders on these options are not fully known, the JCFS was instructed by the COM in 1972 to negotiate an independence option*, an option which the JCFS

**It should be borne in mind that when the Micronesian speaks of independence they usually have in mind a status somewhat different from the generally accepted or classical meaning of this term. Their concept of independence embraces some of the main features of "free association", delegation of broad powers to another power in exchange for guarantees of continued financial assistance and security, etc. Most Micronesians, including their political leaders, do not seek unqualified independence now because they believe that either the U.S. would reject it or would suspend or sharply reduce future financial assistance.*

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refused to pursue, even upon invitation. There is substantial sentiment in at least two or three districts favoring an independent Micronesia. It remains to be seen whether approval of the Marianas Covenant may generate renewed interest in a relationship closer than free association.

The previous study evaluated several status options on the basis of whether or not they contributed to the achievement of a Compact of Free Association. The following analysis is keyed to a wider consideration of fundamental objectives in the region and to the probable reactions of Micronesian leaders and interested members of the U.S. Congress and United Nations.

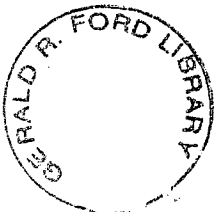
While we assume the continued political unity of the Carolines and the Marshalls, each option is also examined from the standpoint of its effect on this objective. If despite our best efforts one or more of the remaining districts breaks with the others, a new assessment will be required.

MAJOR STATUS OPTIONS DESERVING CONSIDERATION

As mentioned above the following three status options should be considered prior to making final recommendations for changes in current negotiating instructions. These are: (1) Commonwealth status; (2) Independence with a pre-negotiated mutual defense treaty; and (3) Free Association based essentially on the draft Compact.

Included also in this section is a short discussion regarding the merits of a moratorium on the status negotiations until the Micronesians are able to form a government under their own constitution or it becomes clear to all that the five districts are incapable of political unity. We regard delay as a tactic rather than an option, per se, because it is assumed that the basic objective of attaining a status accord and ending the Trusteeship on terms acceptable to both sides remains a constant.

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Territorial Status - A Micronesian Commonwealth

This would be similar to the status agreement with the Northern Mariana Islands--the Covenant. Although this status option was rejected by the leaders of the COM during the initial rounds of status negotiations six years ago, there are indications that the Marianas Covenant has stimulated renewed interest in the territorial option in certain districts.

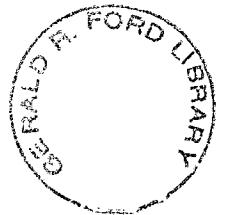
It can be argued that a majority in the five districts would choose Commonwealth rather than independence plus a treaty with the U.S. if it were made clear that the annual U.S. subsidy would be reduced substantially, e.g., by more than half, if independence were chosen. However, it is unlikely that Commonwealth would win over Free Association as described in the draft Compact.

This option would more fully satisfy most of the currently listed negotiating objectives except possibly for keeping U.S. "financial obligations.. within reasonable bounds". In addition, it could make more difficult obtaining Security Council approval for termination.

Executive Branch testimony in support of the Marianas Covenant clearly implied that a less close relationship with the Marshalls and Carolines is foreseen. Accordingly, the IAG believes that if this option is selected as one which would best further basic U.S. interests in the area, it should not be tabled in the status negotiations until after full consultation with Congressional leaders plus a clear indication of substantial sentiment favoring this option among the local leaders in the Carolines and the Marshalls.

PROS

- Would best secure U.S. defense interests in Micronesia.
- Would impose political unity thereby preserving it.



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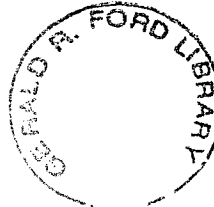
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- Would ensure uncontested U.S. control over Micronesia's foreign affairs.
- Might be acceptable to a majority in the five districts once the full implications of independence were registered and if free association were ruled out as an alternative.
- Would signal U.S. resolve to maintain its role as a Pacific power over the long-term.

CONS

- Would be more costly than any other option.
- Would probably be less likely than other options to be approved by the U.N. Security Council.
- Would be less acceptable to those who support the draft Constitution than any other option.
- It would be more difficult to explain to Congress that it is in the U.S. national interest to enter into permanent association with the rest of Micronesia than it was with the Northern Marianas in view of the latter's close proximity to Guam.
- Even if the Marshalls and Carolines produced a majority vote in favor of a Commonwealth relationship with the U.S. the absence of a long history indicating overwhelming popular support for permanent association with the U.S. would lessen its chances of Congressional approval.
- The inherent requirement of a strong central government might lead some districts to reject Commonwealth.
- In contrast to the Northern Marianas, it is possible that most of the districts might not easily assimilate into the U.S. political system.

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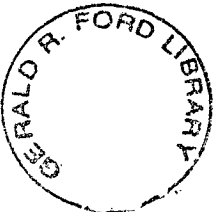
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Independence with pre-negotiated mutual defense treaty

Although the previous study explored several "independence options", the IAG believes that only one deserves serious consideration because of basic Micronesian political attitudes and the above cited U.S. interests and objectives. This option would include two main features or inter-dependent parts: (a) Micronesian independence, full sovereignty, with the new Micronesian state legally responsible for its defense, external and domestic affairs, and (b) simultaneous entry into force of a pre-negotiated U.S.-Micronesian mutual security treaty of a specified duration covering denial and U.S. basing and operational rights as well as guarantees re future financial assistance possibly provided for under a separate treaty. It would be similar to the state to state relationship which would come into force following the termination (after a minimum of 15 years) of a Compact of Free Association. U.S. financial payments or subsidies could be significantly less than under either Commonwealth or Free Association. The U.S. could insist on the inclusion in the treaty of a fragmentation-survivability clause for U.S. base rights, similar to the survivability clause for U.S. base rights in the agreement with the Federation of the West Indies.

The Department of Defense has major problems with this or any other independence option because its value and life-expectancy are only as good as the political strength and good will of the post-Trusteeship Micronesian Government. Given the lack of political unity among the five districts and the serious weaknesses and uncertain fate of the draft Constitution, the Department of Defense believes that a treaty arrangement would pose too many unacceptable risks to the long-term security interests of the U.S. in Micronesia. The Department of Defense also believes that the U.S. cannot negoti-

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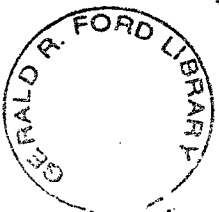
ate a treaty with the Commission on Future Political Status and Transition, the successor of the JCFS, with the requisite confidence that any agreed treaty would be fully respected by the future Government of Micronesia. This situation suggests to DOD that a resumption of formal negotiations be postponed until such time as the Micronesians establish a demonstrably stable central government.

State and Interior do not share the Defense assessment of the independence option, for three reasons:

(a) Defense's emphasis on the weaknesses of the draft Constitution in this and other passages of the study leaves the mistaken implication that the draft Constitution is the only basis on which Micronesian independence could be achieved. The draft Constitution in fact possesses such fundamental flaws as to require revision before its entry into force whether Micronesia's future status is free association or independence. Should the independence option be indicated, this revision process, which preferably should take place before the presentation of the Constitution to the people of Micronesia in a plebiscite, could include those changes which the U.S. might require to ensure protection of U.S. military interests pursuant to a treaty relationship.

(b) While acknowledging that a degree of risk inevitably exists that a future Micronesian government might repudiate any U.S.-Micronesian relationship whether free association or mutual security treaty, State and Interior do not share Defense's view that this risk is significantly larger in negotiations with the Commission on Future Political Status than it would be with other representatives of an entity which is not sovereign but is about to be sovereign. In addition to the good faith we would expect from officials of any new Micronesian Government, any such Government would realize that it

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could not survive without the economic assistance which would be an integral aspect of any treaty or treaties negotiated.

(c) State and Interior believe that Defense's proposal that negotiations be postponed until the Micronesians establish a stable central government would lead not to such a government but rather to one of two undesirable outcomes. The likelier outcome would be that increasingly assertive district requests for separate status negotiations would become harder and harder to reject, so that the U.S. would in effect passively acquiesce in Micronesian fragmentation. Less likely but also undesirable, the Defense proposal could lead to a maintenance of the status quo into the indefinite future, since there is no likelihood that the Micronesians left to their own devices will generate the stable central government which Defense would wait for.

PROS

- Would provide technically and legally for the basic U.S. security desiderata--base rights and denial.
- Plebiscite on independence-treaty relationship, including perhaps the treaty itself, would be a sovereign act of self-determination thereby committing any future Government of Micronesia to the treaty.
- Would avoid the frictions associated with the conduct of foreign affairs under Free Association.
- Would call for less financial assistance.
- Might be more acceptable to the political leaders in Micronesia.
- Would be more acceptable to the U.N. Security Council.

CONS

- Would be more restrictive in case of emergency than Commonwealth, i.e. would preclude or inhibit expansion of U.S. military rights or operations.
- Could be more vulnerable to political instability.
- Might be interpreted by some as a weakening of U.S. resolve to

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remain a major Pacific power.

Free Association

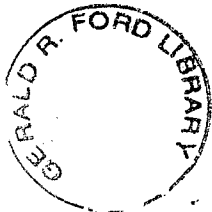
This option, based on or similar to the draft Compact of Free Association, would be contingent on the Micronesians being prepared to modify fundamentally or reject the proposed Constitution for the new Federation of Micronesia.

The draft Constitution's assertion of Micronesian sovereignty is in basic conflict with Free Association arrangements providing for a clearly defined division of authority, shared sovereignty based on the draft Compact, and a special relationship between the parties involved.

Over the past several years, the conduct of Micronesian foreign affairs-- particularly with regard to law of the sea matters, but also in other areas-- has increasingly given the U.S. Government problems and caused Micronesian annoyance with the U.S. This situation has led to speculation as to whether the U.S. might find it possible to modify the draft Compact provision for total U.S. conduct of Micronesian foreign relations, ceding certain specified foreign affairs fields to Micronesian responsibility while retaining others for U.S. control.

The State Department is strongly conscious of the difficulties entailed in total U.S. Government conduct of Micronesian foreign affairs. At the same time, State is equally conscious that shared U.S.-Micronesian conduct of Micronesian foreign affairs would also pose potentially severe problems of sovereignty and the delineation of responsibility in borderline cases. Accordingly, State believes that the U.S. Government should not hold out hope to the Micronesians for modification of the draft Compact provisions. In discussions with the Micronesians, it would be appropriate to express willingness to consider their general views and specific proposals in this areas, but it should be made clear the U.S. Government is not optimistic that it will

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be able to accommodate Micronesian proposals within the framework of a free association arrangement.

If this option is designated as the preferred one, it is assumed that ways to put the proposed agreement of Free Association to the people before they have a chance to vote on the draft Constitution could be found. This estimate is based on the knowledge that the Micronesian leadership is divided over the Constitutional issue and that the new, expanded Status Commission of the COM might accept an early plebiscite as a means of avoiding a Constitutional crisis or political fragmentation, i.e., the defection of the two wealthiest and most "strategic" districts.

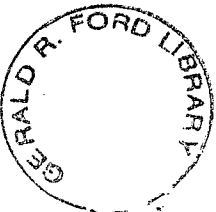
PROS

- Would better ensure U.S. security interests than a treaty relationship with a sovereign state, especially one which may be weak and politically unstable.
- Might be more conducive to political unity than independence.
- Would be less expensive to U.S. than Commonwealth.
- Might facilitate the status negotiations; could be based upon an already drafted text.

CONS

- Might lead to heightened friction, especially in the field of foreign affairs, and early denunciation by the Micronesians.
- Would be considerably more expensive than independence, even if we did not agree to patrol Micronesian waters.
- Would be less acceptable to the U.N. Security Council than independence.
- Might be more difficult to negotiate unless Micronesians amend the

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proposed Constitution or accept the Compact as preeminent.

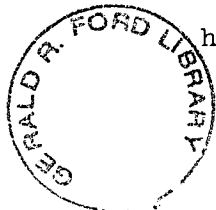
Timing of Negotiations - Should we postpone further negotiations until a new government is organized?

The Department of Defense contends that the U.S. should suspend formal negotiations if such negotiations involve independence and a treaty relationship until a stable Micronesian government can be organized, either under the terms of the proposed Constitution, as amended or an entirely new basic law. This would give the Micronesians time to test their new government and to achieve a greater degree of economic self-sufficiency. It could also have the virtue of ensuring that the Micronesian negotiators are operating from a fresh and possibly more firm mandate. In the interim the U.S. would continue to control matters of greatest concern to us, defense and foreign affairs, and could placate the U.N. by pointing to the significant advancement towards full self-government. Suspension of the negotiations need not apply to Commonwealth or Free Association.

There are several disadvantages to suspension of the negotiations. For example, there is no assurance that the referendum would result in approval of the Constitution by all districts, and in fact it looks as though Palau and the Marshalls would reject it. Thus we can by no means be confident that a delay in the negotiations would lead to a new Micronesian Government more representative or cohesive than the COM. Meanwhile, we would have foregone possible leverage in behalf of Micronesian political unity; we would lose the momentum gained in past negotiations and the Trusteeship might well be prolonged beyond 1981, particularly if the Constitutional referendum is not held before the summer of 1977.

In addition, State and Interior believe that bringing the negotiations

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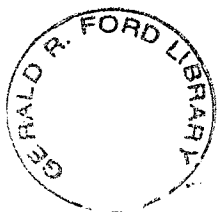
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to a conclusion within the next six months to a year would be advantageous because: (1) early agreement could reduce the financial costs to the U.S., by setting firm levels of assistance at an earlier date and possibly permitting the inclusion of ongoing capital improvements programs in the termination package; (2) it could facilitate Congressional approval, both by such cost reductions and by gratifying the Senate advocates of negotiating speed; (3) it could provide the U.S. with the opportunity to shape the termination package so as to influence the districts to see advantage in unity; (4) it could facilitate the coordination and implementation of the transition process, by providing maximum time between agreement and termination; and (5) it would clarify the real issues in a Micronesian Constitutional referendum and thereby make such a referendum a more genuine expression of Micronesian opinion.

State believes that with the approval of the Marianas Covenant, the U.S. emerges into potentially an immensely stronger bargaining position than Micronesia, since the U.S. need for Kwajalein and Palau options, while of great importance, is dwarfed in magnitude by the Micronesian need for U.S. financial assistance, essential to Micronesia's living standard and governmental existence. Thus, State sees the U.S. in a position to attempt to secure not only its primary--security--interests in Micronesia, but also the secondary but very worthwhile advantages which rapid agreement would bring.

Notwithstanding the divergent views expressed above, the IAG recommends that prompt discussions with the new, expanded status commission of the COM should be held, if for no other reason than to determine the true status of the draft Compact or whether a different Micronesian consensus on status is in the ascendancy. Such discussions, which could be designated as informal or exploratory, would also enable the United States to restate or reaffirm

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our minimum requirements, conditions or interests and to announce a firm timetable for ending the Trusteeship.

Termination Date. The U.S. has stated that it aims toward termination in 1980 or 1981. The U.S. agreed to the JCFS request that the target date for the termination be 1980-81 because of the importance the Micronesians attached to an orderly transition and the completion of an accelerated capital improvement program.

Under certain circumstances, the earlier termination of the Trusteeship could yield the following advantages: lower overall financial costs; facilitate Congressional approval; the carry-over of parts of the U.S.-financed capital improvements program to the post-trusteeship period, providing a potential incentive for maintaining political unity through a critical period. Moreover, it would advance the date of commonwealth status for the Northern Mariana Islands.

A public announcement of an earlier target date for termination could prove embarrassing, however, since we cannot be sure that we will be able to expedite the status negotiations. It would also be strongly opposed by many Micronesians. A later date, such as beyond 1981, could be less unsettling to the Micronesians and permit more time to organize their new government.

On balance, the IAG recommends that the U.S. adhere to the current policy statement, i.e., that it is the U.S. intention to terminate the Trusteeship by the end of 1981, and that this be reinforced at every appropriate opportunity. For example, the establishment of a more definite date for the termination of the Trusteeship would facilitate transition plans and action. It would also have the merit of setting a time limit on the status negotiations.

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V. FINANCE

1. Background. Since the completion of the 1973 study, which included a comprehensive section on finance, several important events occurred which serve to clarify the Micronesian position regarding the issue of the levels of U.S. financial assistance under a status of "free association", as delineated in the October 1974 draft Compact. These events include:

a. The November 1973 formal round with the JCFS where finance was discussed in more detail with the Micronesians and their advisors. The original Micronesian request in excess of \$100 million annually for ten years was reduced to \$80 million, exclusive of federal programs and activities, during these negotiations. This amount was for six districts, however.

b. The April 1974 heads-of-delegation meetings in Carmel where the United States offered pre- and post-trusteeship U.S. financial assistance as part of the agreed draft Compact of Free Association. Amounts agreed to, for the five districts, were:

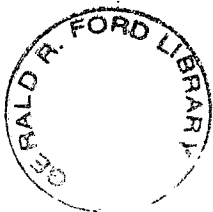
-- \$47.5 million annually plus certain U.S. programs, estimated at \$2.5 million, plus \$5 million in loans, for the first five years of the Compact.

-- \$41.0 million annually plus above programs and loans for the second five years of the Compact.

-- \$34.5 million annually, plus above programs and loans for the third five years of the Compact.

-- These amounts exclude payments for military land. In later discussions the U.S. made known its willingness to provide

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assistance to meet the costs of moving the capital. The details of the President's instructions on this matter, our willingness to commit \$25 million plus \$2 U.S. to \$1 Micronesian dollars up to a total of \$35 million provided by the U.S., were not disclosed by the President's Personal Representative.

c. A subsequent endorsement of these figures by the full JCFS was followed by a repudiation of them by the Congress of Micronesia in its regular 1975 session. A majority of the Congress held fast to the original Micronesian figure of \$100 million annually and objected to any declining scale.

d. The beginning of the implementation of the \$145 million, in constant dollars, five year capital improvement program for the six districts, agreed to by Senator Salii and Ambassador Williams at Carmel. This amount of \$145 million will be reduced to take account of the separation of the Northern Marianas.

e. United States government approval of the Marianas Commonwealth Covenant, the separate administration of the Northern Mariana Islands, a significant decrease in the revenues accruing annually to the Congress of Micronesia, strong separatist initiatives in Palau and the Marshalls, a Micronesian draft Constitution which severely limits the role of a future central government and, most importantly, a growing awareness in the minds of the Micronesians of the proximity of the year 1981--the tentative date set for termination of the Trusteeship Agreement.

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f. The commencement of an UNDP economic planning program in the Trust Territory, based on surveys by a number of functional "experts". Preliminary reports by these experts have informed the Micronesians that drastic reforms of their economic system are needed if they are to become less dependent on U.S. or foreign assistance. The preliminary Micronesian response to this second effort has been an unsubtle indication from the leadership of the Congress that the tentative date (1981) for termination while politically desirable would be economically unfeasible.

2. The Micronesian Economy

After twenty-nine years of United States administration, Micronesia is still years and many dollars away from economic self-sufficiency or the threshold of self-sustained growth. Local capital formation is almost negligible and foreign investment disappointing. While many consider the latter to be an acceptable catalyst to future economic growth in Micronesia, it is becoming increasingly clear that private American investment will likely never grow to the extent that its proportionate yield will be able to fill the local savings gap. Japanese investment, the other hoped for alternative, is today stifled due to the reluctance of generally conservative Japanese firms to invest in a Micronesia, the future political status of which is uncertain.

Micronesia today has one of the lowest personal income tax rates in the world--a flat 3% on wages and salaries. The additional 1% on gross business receipts adds almost as much to annual revenues. Revenues from these sources and incidentals are estimated, such as import and export



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tariffs at \$8.6 million for FY 1977.

Exports of goods and services from Micronesia are currently estimated at \$18 million. This figure is offset, however, by private consumption in the agricultural sector (subsistence) of approximately \$3.5 million and fees accruing to airlines in the Trust Territory totalling over \$6 million. What essentially remains as marketable exports are copra (almost \$3 million) and tourism (about \$5 million). The copra figure is misleading since local prices are stabilized through infusion of Congress of Micronesia revenues. The figure for tourism is questionable in that a not inconsiderable percentage of tourism revenue flows out of Micronesia to investors and promoters.

Essentially then, with an annual U.S. grant subsidy of close to \$80,000,000 plus some \$10,000,000 worth of U.S. federal programs now operating in Micronesia, the local economy is able to generate about \$15 million from local taxes and export earnings. The operations budget of the Trust Territory Government (including the districts) is now \$51.9 million for FY 1977. Even disregarding a post-trusteeship public facilities construction program, it is clear that Micronesia cannot support the size and type of government it now has. The draft Micronesian Constitution reflects this concern; as do the draft Compact projections.

3. Concept of U.S. financial assistance

The 1973 study and the October 1974 draft Compact framed the U.S. Government's conceptual approach to its future financial assistance to a post-trusteeship Micronesian entity. The basic tenets were that (a) U.S.



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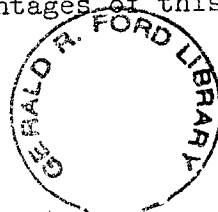
assistance should be looked at as a lump-sum, thereby refuting the Micronesian concept that the U.S. should be willing to pay a bonus in order to secure its defense interests; (b) the U.S., consistent with (a) above and in order to demonstrate its belief in Micronesian self-government, should not attempt to specify the ways in which monies were to be spent except as agreed to in the negotiations; (c) some provision should be made for accountability of the funds (this seems to be solved in the draft Compact through provision for GAO audit); and (d) if at all possible, some provision should be made to equalize the distribution of the funds throughout Micronesia (this seems to be the rationale behind the \$5 million District Economic Development Loan Fund included in the draft Compact). The underlying, controlling concept in the U.S. approach to this problem has been that the level of total annual assistance is directly linked to the nature of the political relationship, as well as need.

Recent events have challenged the continued viability of each of these concepts. Growing signs of political fragmentation, heightened awareness of the need for outside assistance, the provisions of the draft Constitution calling for an equal division of foreign aid, and the COM's rejection of the amounts stipulated in the draft Compact suggest the need for a review of our past approach.

It is recommended therefore that the following approach be considered:

a.. If it is decided that "Free Association" based on the draft Compact in some form remains the preferred status objective, the U.S. should be able to emphasize the financial advantages of this option vis-a-vis a

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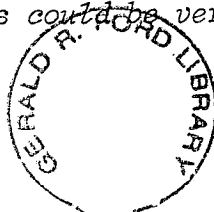
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treaty relationship, a less intimate or enduring relationship. In this respect, he should be empowered to fortify the draft Compact levels in order to narrow the gap between the last U.S. offer and current expenditures. This would translate into a maximum \$60 million per annum figure, including U.S. programs, for the five districts during the first 15 years following the end of the Trusteeship. It should be made clear, however, that this amount includes only limited U.S. programs, as described in the draft Compact. Specifically, the U.S. would not patrol Micronesian waters, but might be prepared to assist districts in attaining a local capability, such as local Coast Guard Auxiliary Units, to patrol their territorial waters, through technical assistance and limited grants or loans.*

b. If, however, it is decided that a treaty relationship (independence) should be offered as an alternative status option, or presented as the only one we view as compatible with their proposed Constitution, if it is approved, the U.S. negotiator should indicate our willingness to extend a yearly subsidy of no more than \$30 million, for the duration of the treaty or to be reviewed after the first 15 years. This figure would include any amounts for Micronesia as a whole for military land leases or options and could entail stipulations calculated to discourage secessionist tendencies. For example, if a district believes that it would receive the same amount of dollars in consideration for U.S. strategic rights whether

**Based on Coast Guard estimates that it would cost about \$34 million yearly for the first years and \$2-3 million yearly thereafter, to implement an adequate program for the Northern Marianas, U.S. programs to patrol the waters of the other five districts could be very expensive, depending upon how the program is established.*



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or not it is part of a united Micronesia while at the same time receiving a greater quantity of U.S. economic assistance as its share of a Micronesia-wide aid package than it would under a separate relationship with the U.S., that district might be encouraged to remain united with the others. It is recommended therefore, that each district's proportionate share of the U.S. economic assistance to a united Micronesia be greater than what any one district might receive in economic assistance from the United States in a separate relationship. It may be necessary for the U.S. to insist that its economic assistance be divided equally among the districts if there is to be an economic advantage to unity.

c. If a Commonwealth relationship is proposed, the U.S. would be under considerable pressure to offer economic assistance terms to Micronesia as generous as those contained in the Marianas Commonwealth arrangement. On a per capita basis (which is not a good comparison), this would mean \$100 million annually for seven years plus a very wide range of federal grant, loan and entitlement programs.

With regard to accountability, the U.S. position should be dictated by the political relationship. Clearly, a relationship approximating territorial status will involve an audit function much akin to what presently exists in Guam. "Free Association" and any relationship less proximate will involve periodic audit by the GAO. This will likely be a requirement imposed by the U.S. Congress.

d. Under either the "Free Association" or independence options the U.S. should reiterate its intention to complete the planned CIP even if it



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takes longer than five years to complete. This would make it easier for the Micronesians to accept a 1981 termination date for the Trusteeship.

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VI. TERMINATION PROVISIONS AND SURVIVABILITY OF DEFENSE ARRANGEMENTS

Under any of the political status options which have been addressed in this study, we can expect the United States Congress (particularly the Armed Services Committee) to take a very strong interest in the following issues:

- a. The legal and administrative framework which will govern the retention and acquisition of land for defense purposes and the tenure which will apply to such land.
- b. The amount to be paid for military rights in Micronesia and how this relates to the total amount of financial assistance which will be provided to them.
- c. Various details applicable to the future status of our forces and the nature of our operating rights in Micronesia.

The foregoing interests will require the prenegotiation of issues related to the broad nature of our defense relationship and, in the case of free association or independence, the status of our forces. If the political relationship stipulates termination provisions, there also must be provisions to ensure the survivability of defense arrangements.

The secession issue poses potential problems. Under a treaty relationship a U.S. Government commitment to intervene with military forces as necessary to protect the political integrity of the new Federation should be avoided. Also, there is the potential of political fragmentation after the Trusteeship and therefore the need to ensure that our defense rights survive in this event.

The survivability of our defense rights also will be affected by the political mandate possessed by negotiators on the Micronesian side. On the one hand, the Department of Defense believes that the U.S. cannot conduct

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such negotiations with the status commission with confidence that we will have a satisfactory treaty relationship with the future Government of Micronesia. On the other hand, it would be very risky to proceed toward Micronesian independence without preliminary agreement on the broad nature and details of rights needed to protect U.S. defense interests. In the Department of Defense's view this gives rise to a dilemma, which is presented primarily by the independence option, and which argues for a delay in the political status negotiations until such time as the Micronesians have had an opportunity to form a representative and stable government at the federal level. State and Interior differ with the DOD position as set forth in this paragraph. Their views can be found on page 6 of the section on status options.

Finally, the authority of the federal Government of Micronesia over land matters is apt to affect both the cost and survivability of U.S. defense arrangements. The draft constitution would give the federal government of Micronesia virtually no authority over land matters. The districts (states) have reserved this right to themselves and, presumably, the right to renegotiate the terms of any land arrangement we enter into. Under the draft constitution, the U.S. would have no recourse to the Micronesian federal government if defense arrangements at the district level were not working to our satisfaction, because this Micronesian federal government would have no authority and, therefore, no responsibility.



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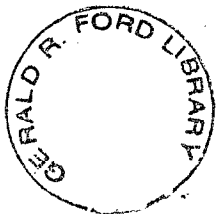
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VII. CONGRESSIONAL ASPECTS

Any status agreement or agreements negotiated with the leaders of the Marshall Islands and the Caroline Islands will be opposed by some members of the United States Congress, but it should be possible to hold this to manageable proportions through advance consultation in both the House of Representatives and the Senate. When agreement is reached within the Executive Branch as to which one or several of the negotiating options provides the most realistic basis for successful negotiations, the President's Personal Representative should seek an opportunity to test Congressional attitudes by briefing selected members of relevant Committees of both Houses. For example, experience in the Senate and the precedent established by granting jurisdiction to the Armed Services Committee and Foreign Relations Committee would seem to require that these two committees, in addition to the Committee on Interior and Insular Affairs, be offered briefings.

Experience with the Marianas Covenant suggests that Congressional concern will center on cost, protection of defense interests and reluctance to take on new national obligations. There will be substantial reluctance to agree to termination of the Trusteeship on terms that would require sustained levels equal to or greater than current outlays in the TTPI and it will be virtually impossible to obtain agreement in the absence of any firm assurances from DOD that United States security interests have been met. Acceptability of the arrangement to the United Nations may be especially important to some influential members but would not appear to be important to the Congress as a whole so long as the agreement has the active support of the Executive Branch and the Micronesian leadership of the Trust Territory.

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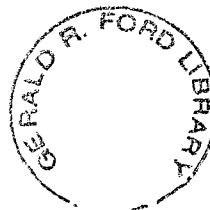
Each of the three status possibilities--Commonwealth, Free Association or Independence with a prenegotiated treaty--would be controversial in Congress.

Some members of Congress would almost certainly oppose Commonwealth for the Marshalls and the Carolines. It is likely that they would gain more support for their position than they were able to produce in opposition to the Marianas Covenant, but it is not at all clear that they would be able to kill such an agreement if the cost were not substantially in excess of current expenditures. It is highly likely that there would be a substantial body of support for Commonwealth depending on whether the costs were perceived to be reasonable, particularly in view of the Marianas precedent.

Free Association would probably more easily attract a majority in either house because of the history of previous consultations. The complexity of the Free Association alternative would place a requirement on the Administration for more detailed and longer work with key Congressional staff personnel than the other alternatives.

Independence would probably be supported by many members of the Congress who opposed the Marianas Covenant and would probably be the preferred alternative of key members of the Senate Foreign Relations Committee, but it would encounter substantial opposition from certain other members.

In summary, it will be essential to approach the appropriate Congressional Committees as early as possible to discuss with interested members the directions the Administration proposes to go in negotiations with the new Micronesian political status commission.



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