

THE WHITE HOUSE

WASHINGTON

May 15, 1980

MEMORANDUM FOR KITTY SCHIRMER

FROM: STU EIZENSTAT *Stu*
JEFFREY FARROW *J.F.*

SUBJECT: Trust Territory budget adds

A decision is needed by COB May 16 on a slight but crucial budget addition for the Trust Territory of the Pacific Islands.

The imperative for the immediate decision is the impact on the Micronesian status negotiations. If we can deliver on this, our negotiating team believes it can avoid problems at the United Nations Trusteeship Council meetings beginning May 19 and secure Federated States of Micronesia approval for the Compact. Since the Marshall Islands have already initialled the \$2 billion pact, FSM action will increase pressure on Palau to seriously negotiate so that we can adhere to the President's goal of a 1981 trusteeship termination.

Rather than alter the Compact already negotiated, the amounts requested would be added to the Interior Department's Trust Territory budget in recognition of as yet unmet pre-termination needs. The \$21 million total represents to-the-bone cuts from \$58.5 million in requests.

The following is considered the minimum essential to secure FSM approval of the Compact and would for practical purposes be contingent upon that:

FY '80

- o FSM national government operations \$2.2m
- o Increased fuel cost assistance for all three governments \$4m

FY '81

- o FSM national government operations \$4.1m
- o Increased fuel cost assistance for all three governments \$4.7m
- o Construction of FSM national capital \$6m

Don Gregg, who oversees the negotiations for Brzezinski, also concurs in our support of this Interior-OASN request.