

THE WHITE HOUSE

WASHINGTON

June 23, 1980

MEMORANDUM FOR STU EIZENSTAT

FROM:

JEFFREY FARROW *JF*

SUBJECT:

Strategic denial in Micronesia

Senators Jackson, Johnston and McClure have recently stated that they will not support the proposed 15 year Compact of Free Association if it does not preserve our trusteeship right to deny military access to the three Micronesian entities to other nations in perpetuity. As indicated in our last DPS status report, they appear intransigent despite Administration advice that separate base rights agreements would give us effective longterm denial. (Ambassador Rosenblatt, the NSC staffer, a Joint Chiefs' general and I have unsuccessfully tried to sway Johnston and McClure on this.)

Johnston has impressed his feelings upon FSM President Nakayama and the counsel for the Marshall Islands. He has indications that both governments will go along...presumably for a price that he says Congress will be willing to pay. Noting that the primary U.S. interest in the Compact is the preservation of our vital security interests, he expects Administration support as well.

After some back and forth between us and the Hill, Johnston's proposal would have the Micronesian governments covenant to permanently deny use of their areas to other nations for military purposes. The U.S. would determine what constitutes military use. In return we would agree to a full faith and credit pledge in the Compact and eliminate a provision that would have the Micronesian's forfeit 50% of our economic assistance if the agreement is unilaterally terminated.

I believe the price is cheap if it buys backing of the Compact from the three senators whose support will be the most crucial to approval. I do not see why we should object to full faith and credit if Congress is willing to make that commitment (we did in the case of the Northern Mariana Islands Covenant.) Continuing 100% of the economic assistance if the Compact is abrogated should be acceptable since our primary interest -- defense rights -- are maintained also.

Opposition within the Administration is likely to come from OMB for obvious reasons and State. Permanent denial makes free association look less like independence and that will give State trouble with the Soviets.

In a conversation with Johnston last week, Zbig Brzezinski agreed to have the Micronesia Interagency Group convened to deal with the issue. I concurred but suggested that the meeting be delayed until Rosenblatt had time to ascertain from all three Micronesian parties himself that they would be amenable, I cleared the proposal with Burton and we scoped out other implications.

That is all being done and the interagency group should meet shortly in preparation for a decision either by you, McIntyre and Brzezinski or the President. NSC staff, Rosenblatt and I are inclined to push the proposal if all Micronesian and Congressional interests and most agencies involved are on board.