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# United States Senate

COMMITTEE ON  
ENERGY AND NATURAL RESOURCES  
WASHINGTON, D.C. 20510

February 9, 1984

MICHAEL E. HATHAWAY, STAFF DIRECTOR  
CHARLES A. TRABANDT, CHIEF COUNSEL  
MICHAEL HARVEY, CHIEF COUNSEL FOR THE MINORITY

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

The Proposed Compact of Free Association states as its objective the establishment of a "close and mutually beneficial relationship" between the Micronesian governments and the United States. To achieve that end the Compact provides substantial financial and program assistance as well as the opportunity for the governments to request additional assistance. The United States will also assume the responsibility for the security and defense of these areas.

The issue of future administration raises directly the intent and commitment which the United States has in entering into this relationship. Your proposed budget, in assigning responsibility to the Department of State within foreign economic assistance contradicts the basis of the Compact by assigning responsibility to an agency which is institutionally incapable of administering line agency functions, which has no experience nor any demonstrated sensitivity to the social, cultural, or economic needs of the area, and which has neither the resources nor the capability to respond to immediate needs such as the recent cholera epidemic in Truk.

This Committee has had the responsibility for the Trust Territory since the inception of the Trusteeship and will continue to exercise jurisdiction post-trusteeship over any area which has not achieved full independence. This jurisdiction is not affected by the location of Executive Branch administration. We are familiar with the problems and needs, as well as the aspirations, of the residents of the islands. We are also acutely aware of the problems of developing and implementing a coherent policy when Executive Branch jurisdiction is fragmented as is the case in the Caribbean with Puerto Rico in the White House and the Virgin Islands in the Department of the Interior. We had hoped that past mistakes would not be repeated, much less compounded.

There remain unresolved issues of transition and past commitment to Micronesia which must be addressed outside of the Compact including relocation of the capitols, prior service benefits, cryover deficits, and completion of the capital infrastructure. In addition, both your Inspector General audits and reports from the OIG indicate a continuing need for technical assistance and training, especially in financial management and program administration, if the Micronesian governments are to assume their



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responsibilities under the Compact. These needs are similar to those of Guam, American Samoa, and the Northern Marianas and are being addressed within the technical assistance program under the Assistant Secretary of the Interior for Territorial and International Affairs..

Since the issue of future administration was first raised, the members of the Committee have not only expressed their concern, but indicated a willingness to discuss the question of administration with your administration as well as with the previous administration. We wrote to former President Carter on September 24, 1980 and to you on May 31, 1983 on this subject.

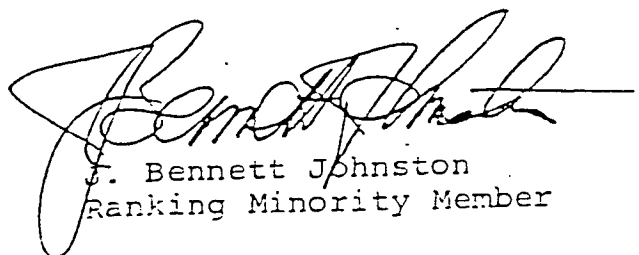
We were assured by representatives of your administration that no decision would be made until after full consultation with us and that there was no predisposition nor any desire by the Department of State to assume responsibility. Furthermore, our staff on the Appropriations Committee were assured that the present budget function would be retained to permit consideration of the needs of the free associated states with the similar needs of the Pacific territories and to avoid the obvious problems of providing aid under the foreign economic assistance of function 150. Despite these "assurances", no such consultations took place.

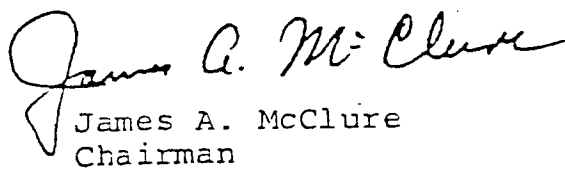
If the Administration seriously proposes to enter into a Compact of Free Association, then it should be honest in its approach and commitment. We find neither in this proposal. Moreover the cavalier disregard which the Administration evidenced in not informing us of your decision to place administration in State with funding in function 151 serves to reinforce our concerns over the Administration's commitment in proposing the Compact.

We feel so strongly about this issue, Mr. President, and the mischievous results which will certainly follow from the arrangement now proposed, that we believe your attention to it is required to resolve this matter before Senate hearings are scheduled on the compact.

We would welcome the opportunity to discuss this with you and avoid a totally unnecessary confrontation.

Respectfully yours,

  
J. Bennett Johnston  
Ranking Minority Member

  
James A. McClure  
Chairman



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### National Security Council The White House

FEB 29 P 5: 35

System # I  
Package # 1338

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin			
Bob Kimmitt	1	K	
John Poindexter	3	J	
Wilma Hall	4/		
Bud McFarlane	A	Send Bud	A
Bob Kimmitt	→	into copy.	
NSC Secretariat	4	MAR 0 1 1984	D
Situation Room			
Rosie	2	done	Corrections

I = Information	A = Action	R = Retain	D = Dispatch	N = No further Action
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cc: VP Meese Baker Deaver Other Bud

COMMENTS

Should be seen by: \_\_\_\_\_

(Date/Time)

MICRONESIA COMPACT



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NSC/S PROFILE

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ID 8401338

RECEIVED 16 FEB 84 12

TO

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FROM DARMAN, R

DOCDATE 15 FEB 84

STOCKMAN, D

15 FEB 84

LAUX

01 MAR 84

KEYWORDS: MICRONESIA

CONGRESSIONAL

DARMAN REFERRAL

SUBJECT DRAFT JOINT RESOLUTION / COMPACT OF FREE ASSOC / PRES MSG TO CONGRESS  
SECTION BY SECTION ANALYSIS

ACTION: PREPARE MEMO KIMMITT TO DARMAN DUE: 21 FEB 84 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

LAUX

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CHILDRESS

LEHMAN, C

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COMMENTS

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( HW )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>McFarlane</i>	<i>X 2/29</i>	<i>For Signature</i>	<i>3/2</i>	<i>RM, LX, CL</i>
	<i>( MAR 0 1 1984</i>	<i>Revised</i>		

DISPATCH *W/ATTCH* MAR 0 1 1984

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