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MEMORANDUM

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ACTION

March 1, 1984

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MEMORANDUM FOR RICHARD DARMAN

FROM: ROBERT C. MCFARLANE

FG006-

SUBJECT: Micronesia: Compact of Free Association

Senators McClure and Johnston have sent the President a letter (Tab A) expressing their concerns over the Compact of Free Association with Palau and the Marshall Islands, about to be submitted to Congress, especially the way in which the Compact would be administered after it is put into effect, and certain transitional arrangements and issues. They ask for an opportunity to discuss the matter with the President and "avoid a totally unnecessary confrontation".

Separately, Bill Clark has expressed his concern to both myself and Ed Meese over the "firestorm" reception the Compact will probably get on the Hill when it is submitted to Congress, especially in an election year, since the terms of the Compact will lead some to call it a "give-away" program similar to President Carter's Panama Canal Treaty.

While it is clear that one of the issues here is a jurisdictional struggle between the Interior Committee and the Senate Foreign Relations Committee for oversight after Compact status is obtained, there is more than just a turf fight involved. Some of McClure's concerns go to the heart of the question of the nature of the Compact, whether or not it deals adequately with U.S. security and other interests, and whether or not the President should put his personal weight and prestige behind the move to get the Compact through Congress.

Ed Derwinski, State Counselor who is in charge of the continuing Interagency Group on Micronesia, has been asked to convene an IG to address these questions on Tuesday, March 6. I recommend that you hold the transmittal of the Compact to the Congress until we have the results of the recommendations of that IG. At that time we can decide what kind of a cover letter should accompany the transmittal and who should sign it. We can also draft a more comprehensive reply to Senators Johnston and McClure at that time.

Attachment:

Tab A Senators' ltr to the President

NSC # 8401338