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MICRONESIAN POLITICAL STATUS NEGOTIATIONS

REPORT

OF A

STAFF STUDY MISSION TO MICRONESIA,
NOVEMBER 4 TO DECEMBER 1, 1978



AUGUST 1979

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FOREWORD

WASHINGTON, D.C.

This report has been prepared for the committee by a staff study team comprised of F. Marian Chambers and Margaret Goodman, staff consultants to the Committee on Foreign Affairs.

The findings contained in this report are those of the staff study team and do not necessarily reflect the views of the members of the Committee on Foreign Affairs.

CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs.

(III)

NOTES

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The report of the
Committee on the
State of the
Union, 1901, is
a valuable
contribution to
the knowledge of
the condition of
the country at
that time. It
contains a
detailed account
of the various
branches of
industry and
commerce, and
of the progress
of the different
sections of the
country. It also
contains a
summary of the
public affairs of
the country, and
of the action of
the different
branches of the
Government.

LETTER OF TRANSMITTAL

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Transmitted herewith is a report of a staff study mission conducted in Micronesia between November 4 and December 1, 1978.

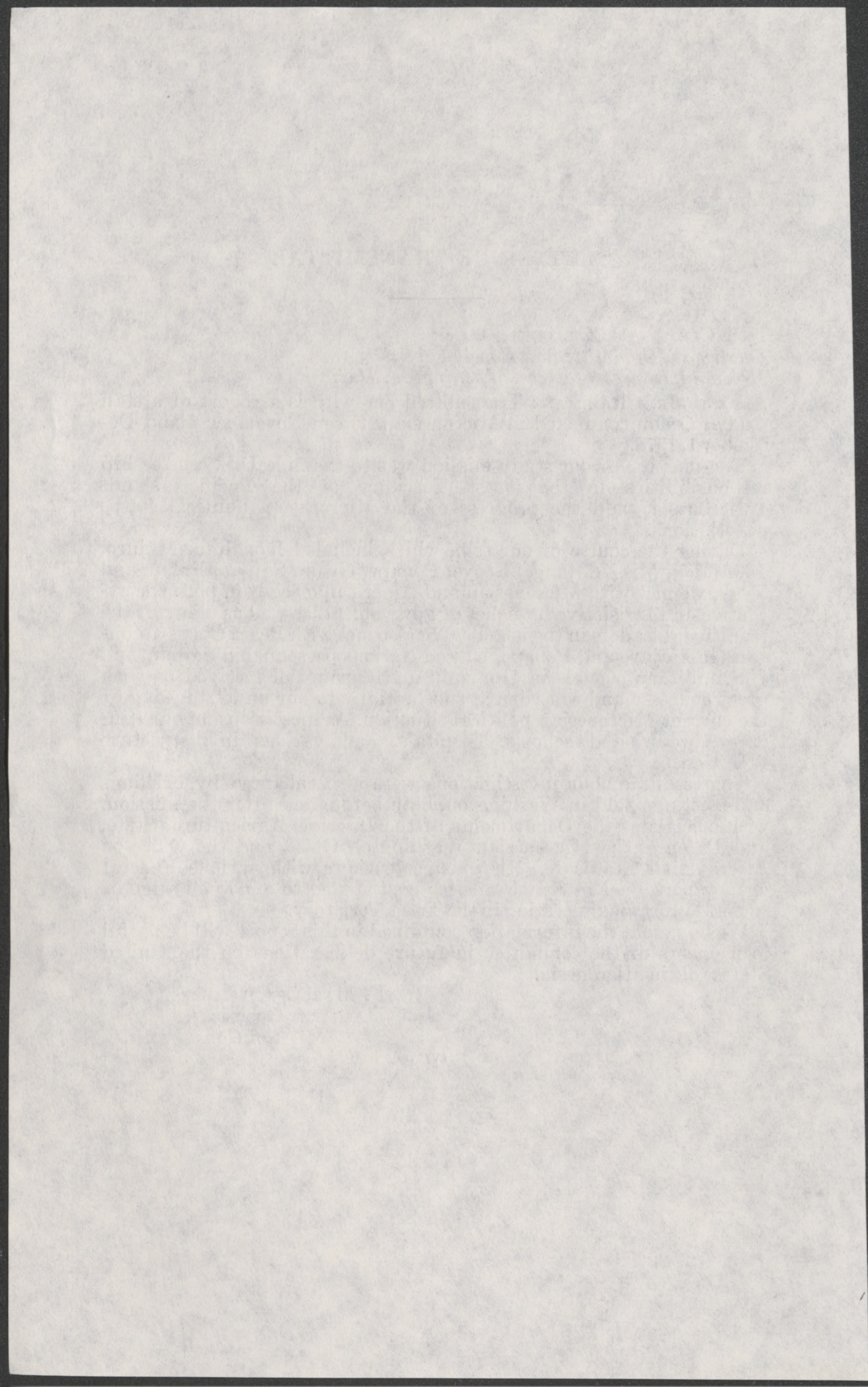
The purpose of our study mission was to examine U.S. trusteeship responsibilities in the Trust Territory of the Pacific Islands (Micronesia) and the progress of the Micronesian political status negotiations.

During the course of our trip, which included Honolulu, Majuro, Kwajalein Missile Range, Ebeye, Ponape, Guam, Saipan, Palau, and Truk, we met with Micronesian and American officials in both the executive and legislative branches of government, as well as many of the traditional leaders in the islands. We also met with Peace Corps volunteers in Majuro and Ponape, United Nations personnel in Saipan, and U.S. military officials in Honolulu and Guam. All received us with great courtesy and contributed substantially to our understanding of the current Micronesian political situation. At most stops on our itinerary, we visited schools, hospitals, and various infrastructure facilities.

The results of our investigations were also enhanced by briefings and meetings held in Washington, both before and after the mission, with officials of the Departments of the Interior, Agriculture, State, and Defense, the Micronesian Washington Office, and the Office of Micronesian Status Negotiations. Interviews with various Federal agency personnel in San Francisco contributed to our knowledge of Federal programs operating in the Trust Territory.

We hope that the information contained in this report will be useful to members of the committee in future deliberations on the United States role in Micronesia.

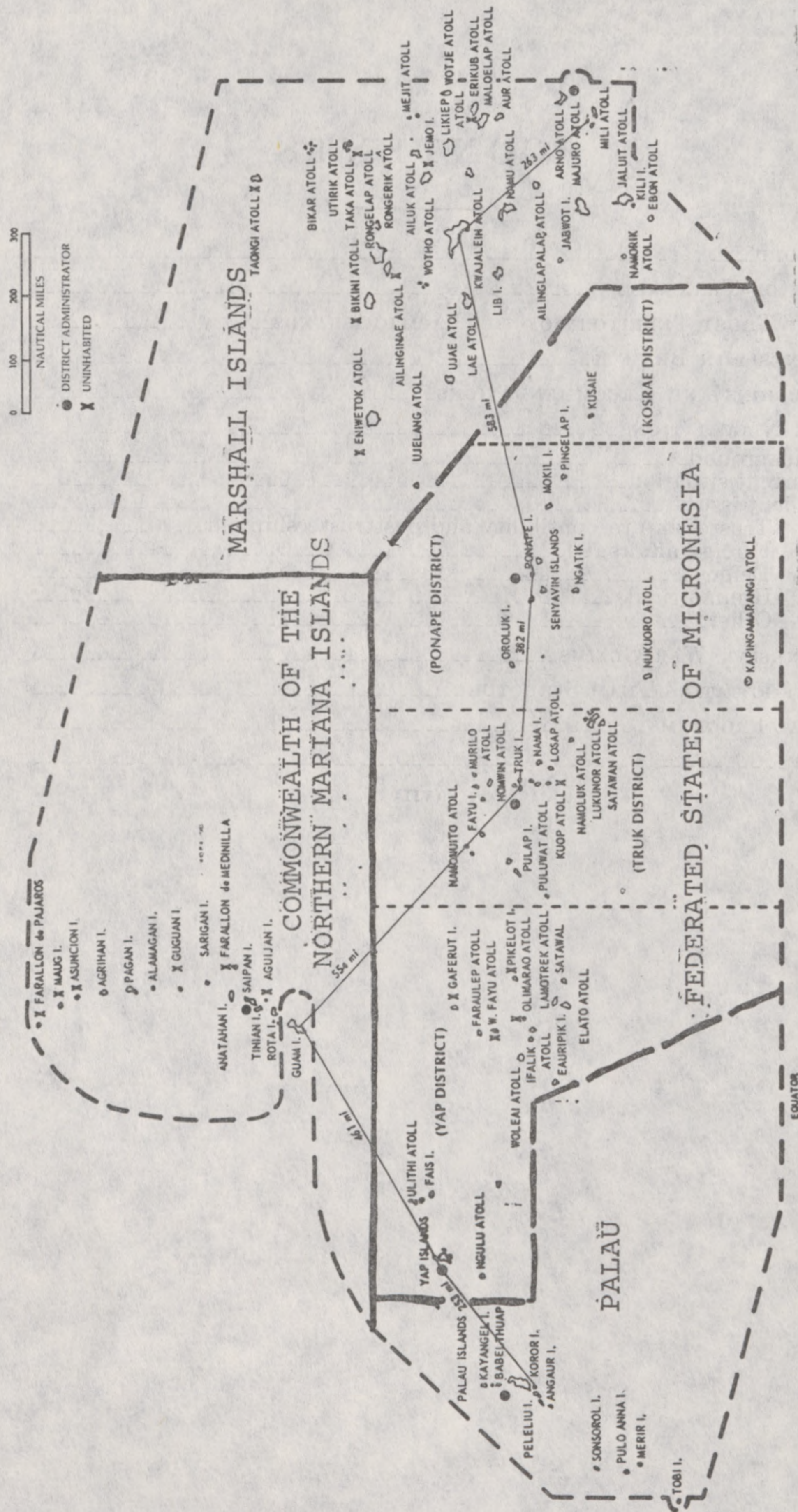
F. MARIAN CHAMBERS,
MARGARET GOODMAN,
Staff Consultants.



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MAP OF TRUST TERRITORY OF THE PACIFIC ISLANDS



NOTE: Broken lines indicate territorial area and districts of jurisdiction and not to be interpreted as boundaries.

MICRONESIA IN BRIEF

The Trust Territory of the Pacific Islands, commonly referred to as Micronesia, covers a rectangular area of 3 million square miles in the western Pacific Ocean, running 1,300 miles north from the equator with a width of nearly 2,300 miles. Over this expanse of ocean are scattered some 2,100 islands and atolls with a total land area of about 528 square miles. The total population is about 125,000, of which 50 percent are under the age of 15. The population growth rate is almost 4 percent a year.

The Trust Territory is divided into six districts: Kosrae, the Marshalls, Palau, Ponape, Truk, and Yap (see map facing this page).¹ Each district has its own culture and language. However, English is the official language, and the U.S. dollar is the official currency.

Micronesia is administered by the United States under a trusteeship agreement with the United Nations. The Trust Territory government is tripartite in structure. Executive authority is vested in a High Commissioner, appointed by the President of the United States and responsible to the Secretary of the Interior. The judiciary is headed by a chief justice and two associate justices, all appointed by the Secretary of the Interior. Due to recent political developments, the former Congress of Micronesia has been replaced by three legislative bodies: a Palau Legislature, a Marshall Islands Legislature, and the Congress of the Federated States of Micronesia (composed of Truk, Ponape, Yap, and Kosrae). All legislatures are popularly elected.

The Trust Territory is heavily dependent upon U.S. assistance and at best enjoys only limited prospects of attaining a self-sufficient economy in the foreseeable future.

CONCLUSIONS AND RECOMMENDATIONS

The staff study mission is concerned that negotiations of Micronesian political status are proceeding more rapidly than is wise in the effort to conclude an agreement by 1981. There are also indications that legitimate congressional concerns are not being adequately addressed in the negotiations. Therefore, as it now stands, the draft compact of free association, assuming one can be approved by the Micronesian entities, will probably be open to attack in a congressional debate and might even be defeated, leaving the prospect of further negotiations and indefinite U.S. administration of the Trust Territory. The trusteeship should be terminated as soon as possible for the good of both sides, but excessive haste in the current negotiating process may prolong the attainment of this objective.

To date, the Foreign Affairs Committee has not played a role in the Micronesian negotiations. The committee does, however,

¹ Technically, the Northern Marianas are still a part of the Trust Territory, though administratively separate. "Micronesia," as used in this report, refers to the six districts listed above and excludes the Northern Marianas, unless otherwise noted.

have definite interests and jurisdictional responsibilities in the Trust Territory: International legal obligations, humanitarian concerns, national security interests, and general foreign affairs. The trusteeship agreement was referred to and approved by the committee in 1947; accordingly, there is good reason to believe that the committee will be involved in the termination process as well. Sooner or later Micronesian issues will be thrust upon the committee, and it would be prudent to begin to examine them now. Although Micronesian problems are relatively minor on the world scene, they are not without significance. A system of self-government which is unique in world history will be established, U.S. trusteeship responsibilities will be judged at home and abroad, and America's role in the Pacific will be tested.

The staff study mission therefore suggests that the *Foreign Affairs Committee keep a closer watch on the progress of the negotiations*. This should include periodic briefings for committee members by the Ambassador, with independent assessments from the Departments of State and Defense, and other officials as appropriate.

STATUS NEGOTIATIONS

BACKGROUND

The United States received a "strategic" trusteeship over Micronesia from the United Nations after World War II. (Strategic trusteeships are under the aegis of the Security Council instead of the General Assembly.) This unique "strategic" status gave the United States virtually unlimited military rights in the Trust Territory, along with the responsibility for administering the islands for the benefit of its inhabitants. With the recent independence of Papua New Guinea, Micronesia has become the only U.N. trusteeship in the world—a cause of some embarrassment for the United States in the United Nations.

In response to Micronesian demands, negotiations have been going on over the past 10 years in an effort to terminate the trusteeship, with uneven progress. Low priority and inadequate interest on the U.S. side, generally unprepared U.S. negotiators, and confusion as to political goals on the part of the Micronesians have all contributed to the slow pace of the negotiations. In 1975, the Northern Mariana Islands split off from the other six districts in the Trust Territory to go into a commonwealth with the United States, beginning the fragmentation of the trusteeship which the United Nations had long opposed.

At the request of the Micronesians, a referendum was held in July 1978 on a new Micronesian Constitution, even though the question of posttrusteeship political status for the islands had not been resolved. The results of the balloting have been interpreted generally as a vote on unity between the districts of Micronesia. A vote for the constitution was regarded as a vote for a unified Micronesia; a vote against the constitution meant that a district wanted separate political status. Two districts voted against the constitution: Palau, by a 55-percent margin, and the Marshalls, by a 60-percent margin. Both received separate negotiating status in the talks with the United States. Thus, three separate entities are now involved in the current negotiations: The

Federated States of Micronesia (Ponape, Truk, Yap, and Kosrae), Palau, and the Marshalls.

Previously (in April 1978), what was described as a "breakthrough" in negotiations took place in Hilo, Hawaii. A set of eight principles for "free association" (a new and as yet undefined status) between the United States and Micronesia were agreed to and signed by both sides, on the understanding that they would constitute the basis for further negotiations. The eight principles involved two radical departures from past U.S. negotiating policy. First, the Micronesians were to have full authority over their foreign affairs (subject to a U.S. defense "veto"), in addition to previously agreed upon internal autonomy. Second, they were given complete control over their marine resources. The United States would retain full authority for security and defense matters for a period of 15 years, at which time the free association agreement would be subject to renegotiation. Except for this continuing U.S. defense role, the agreement would permit unilateral termination of the "free association" status by any of the parties.

CURRENT SITUATION

The White House has given Ambassador Peter R. Rosenblatt, the chief U.S. negotiator, a target date of 1981 to conclude a compact of free association and end the trusteeship. The State Department has stated to the U.N. Trusteeship Council that the trusteeship will be terminated for all of Micronesia on the same date. This poses complex problems, since recalcitrance on the part of one district or political entity may keep the trusteeship in force in spite of the desires of the other districts. For example, the Northern Marianas, though administratively separate, will not be placed under U.S. sovereignty until the trusteeship is terminated for all of Micronesia.

The prospect for an early conclusion of the negotiations with the various political entities is uncertain. The Marshalls seem to be leaning toward eventual independence and are anxious to conclude negotiations. The Palauans, for a variety of reasons, may also want an early conclusion, though the case is less clear there. The Federated States, however, are unhappy with the 1981 date and seem to exhibit no sense of urgency. This may be attributed primarily to economic realism. Although no figures are officially available, it is clear that U.S. economic assistance in the posttrusteeship period will be substantially lower, perhaps one-half of current Federal subsidies. While the Marshalls and Palau have resources upon which to draw, the Federated States have few natural resources and are seemingly unable to exploit even those few to make up for the loss of U.S. subsidies. Accordingly, many of the negotiators of the Federated States maintain that the United States should fulfill its trusteeship obligations in the economic area before turning them out on their own. And as a result of the Hilo principles giving them foreign affairs and marine resources authority, the United States has few levers left to coax them into termination of the trusteeship.

At this point, 1981 does not seem to be a likely termination date, since the complicated negotiations for a new compact, a Micronesian

plebiscite on the compact, ratification by the U.S. Congress, and U.N. Security Council approval must all be concluded by then to meet the deadline.

SALIENT ISSUES

Given the unique nature of the trusteeship and of the proposed "free association" status, the negotiations involve almost every area of human concern from coconut trees to tariff treatment. Among areas likely to be of particular interest to the Foreign Affairs Committee are the following:

Trusteeship responsibility and posttrusteeship aid

Under the U.N. trusteeship, the United States is legally committed to promoting the political, economic, social, and educational advancement of Micronesians. It is almost universally conceded that the United States has not fulfilled its obligations in the economic development area. Basic infrastructure is lacking, and a major U.S.-financed capital improvement program is plagued with setbacks and running behind schedule. From a development point of view, U.S. assistance has been questionable. After a long period of neglect about \$1,400 per capita aid a year is now being provided by various Federal agencies but with ineffective oversight or coordination, and little incentive for self-help (see table I below and "Federal Programs" section, p. 11). Micronesians used the trusteeship agreement to argue for more financial assistance in the negotiations.

TABLE I.—*Trust Territory appropriations*

1947	\$1, 000, 000	1964	\$15, 000, 000
1948	1, 000, 000	1965	17, 500, 000
1949	1, 125, 000	1966	17, 447, 000
1950	793, 195	1967	19, 194, 000
1951	1, 031, 210	1968	30, 200, 000
1952	4, 271, 251	1969	30, 000, 000
1953	5, 223, 750	1970	48, 112, 000
1954	4, 300, 000	1971	59, 864, 000
1955	5, 000, 000	1972	60, 000, 000
1956	5, 000, 000	1973	60, 000, 000
1957	4, 800, 000	1974	58, 386, 000
1958	6, 150, 000	1975	69, 800, 000
1959	4, 862, 100	1976	89, 400, 000
1960	5, 225, 000	1977	89, 133, 672
1961	5, 925, 000	1978	97, 752, 000
1962	6, 104, 000	1979	114, 608, 000
1963	15, 000, 000	1980 (estimate)	99, 000, 000

NOTE.—From 1977 on, assistance to the Northern Marianas (approximately \$18 million/year) is excluded from figures.

Source: Department of the Interior.

As the draft compact now stands, virtually all Federal programs currently operating in Micronesia will be cut off with the termination of the trusteeship. U.S. assistance will consist of a lump sum for each of the three entities and will continue for 15 years, probably totaling at least \$1 billion (i.e., $15 \times \$70$ million/year). The lump-sum payments will be made with no strings attached (i.e., the entities will have complete control over moneys received).

One can certainly argue that domestic U.S. agencies have pumped too much money into Micronesia with too little supervision and too

few results. The growth and extent of Federal programs in the territory has been extraordinary (see "Federal Programs" section). However, Federal program grants have now become crucial to operations in the health and education fields, and there is a serious prospect that recent gains in these areas will be eradicated with the cutoff of funds. The College of Micronesia, for example, which functions as the only institution of higher learning in the territory, could not operate at current levels of competence without HEW funds.

The drastic cut proposed in regular funding does little to resolve Micronesia's economic problems unless one accepts the notion that "sink or swim" is the only way out of the present dilemma. Locally generated revenues in the territory amounted to about \$7.8 million in fiscal year 1977; however, it is estimated that by 1981 it will take no less than \$17 million per year just to adequately operate and maintain The Trust Territory government facilities and equipment. It would seem to make little sense to have financed a \$200 million infrastructure program in the territory if the United States leaves the new governments without the means to operate and maintain the schools, hospitals, roads, docks, et cetera, built under the improvement program.

This leads to the question of whether lump-sum payments are the most prudent way to provide posttrusteeship economic assistance to the Micronesians.² While it may be instructive for people to make their own mistakes, one may ask what priorities will surface when U.S. subsidies are drastically cut. In Truk, for example, more than half the locally generated revenues go to defray the operating expenses of the district legislature. If a choice must be made between supporting health services and reducing legislature expenses, what decision will the legislators make? In Ponape, 80 percent of the district budget is expended on inflated employee salaries and benefits. Should the United States allow its assistance to be used to subsidize overpaid government workers at the expense of badly needed development projects?

There is also the problem of how the total amount available for economic assistance will be distributed among the various entities. Without discussing specific figures, which have been classified by the executive branch and have not been provided to the committee, reports indicate that the Marshalls, which contain only about one-fourth of the population in the territory, may receive 30 percent more per capita assistance than the Federated States, which contain almost two-thirds of the population, will receive.

To date, little realistic work has been formally presented by the Micronesians on what assistance is needed in the territory. The administration has provided us no justification for the amount of assistance it proposes to give. The justification is reportedly contained in the classified negotiating directive from the President to the Ambassador, which the White House has refused to provide to the committee. However, it would appear that the amount of assistance offered by the United States is based less on Micronesian needs or humanitarian concerns than on a rather narrow perception of what the United States is willing to pay.

² The Ambassador has stated publicly that the U.S. position is that " * * * restrictions on the expenditure of American assistance, whether through specific language in the compact or through the use of categorical programs for specified purposes, is inconsistent with the principle of self-government under free association."

Foreign affairs

This area is currently one of the most difficult points in the negotiations, probably because the concept of "free association" is so new and (so far) undefined. The draft compact provides that Micronesians will have authority for foreign affairs, while refraining from actions incompatible with U.S. defense interests. The Micronesians insist on authority to sign their own treaties, and to opt out of present treaties and international agreements (except defense) which the United States has determined are applicable to them. They argue that without this treaty-making authority, their foreign affairs responsibility is meaningless. The State Department has opposed these arguments on the grounds that it could imply a U.S. sanction of similar powers for other entities of an uncertain political status, such as the Palestine Liberation Organization.³

Another area of concern relates to marine policy and fishing rights. Although the United States has now given the Micronesians authority over their marine resources, certain legal questions remain. (In fact, the Micronesians were granted an observer status separate from the United States at the U.N. Law of the Sea Conference due to differing outlooks between the delegations.) The Micronesians have been awarded a 200-mile economic zone. Due to the geography of the islands, which are spread out over vast distances, this means that they may close off 3 million square miles of fishing grounds.

The impetus for the Micronesian position is tuna. Tuna is one of the few natural resources which Micronesia possesses, and it has been estimated that the western Pacific contains one of the last unexploited tuna fishing grounds. In 1979, the 200-mile limit went into effect in Micronesia, with all foreign fishermen required to buy permits or face penalties and seizure. The Micronesians, however, have no effective means to patrol their waters. (In Palau, for example, the division of public safety is charged with regulating foreign fishing—but the division has no boat.) Some Micronesian negotiators are therefore asking U.S. assistance in patrolling their economic zone. However, Congress has refused by law to recognize the authority of other countries over tuna fishing within 200-mile economic zones.

The possibility has been raised that the Micronesian entities might turn to foreign powers for help in surveillance of their waters as part of a fishing agreement. Reports indicate that Palau is already negotiating an exclusive fishing rights agreement with Japan which might include Japanese surveillance. The Federated States have already advised Japan, Taiwan, and Korea that they are ready to enter into negotiations on fishing rights, and will send delegations to Japan and Taiwan in December 1979.⁴ Russian and Chinese interest in the southwest Pacific area as a potential new fishing ground has increased markedly, though their advances have been unsuccessful and the Defense Department sees no reason for concern at this time. The State

³ The United States has now conceded treaty-making powers to the Micronesians, as well as the right to opt out of treaties (except defense) which currently apply to them.

⁴ Palau and the Federated States have now signed nonexclusive fishing agreements. The U.S. Coast Guard is assisting them with surveillance on an opportunity basis.

Department has set up a new Office of Pacific Island Affairs in response to concern over these and other developments from Australia and New Zealand.

Defense

U.S. security interests in Micronesia are limited, except for the Kwajalein Missile Range in the Marshalls. Kwajalein is viewed by the Defense Department as critical to the U.S. ICBM program in its role as an operational testing and development ground for both offensive and defensive missile systems. (In the coming year, testing planned for the missile range includes development tests for the MX and Trident missile systems, for interceptor missiles and for operational tests of Minuteman and Polaris/Poseidon.) Although DOD has initiated a low-level study to examine other possible sites to which Kwajalein operations could be transferred, defense officials readily state that Kwajalein is irreplaceable on financial grounds and that no comparable locations are available.

Although the Micronesians have agreed to a U.S. defense "veto" over their foreign affairs decisions, they are demanding a dispute settlement process with Presidential and judicial review. They are also demanding that environmental protection laws be applicable to U.S. military activities in Micronesia. U.S. defense negotiators adamantly reject these demands. Also unresolved is the question of who would make the "veto" decision if the Micronesians take actions unacceptable to the United States.

Another issue relates to free ship transit in Micronesian waters. The Constitution of the Federated States proclaims that "the waters connecting the islands of the archipelago are internal waters regardless of dimensions." A similar provision is included in the proposed Palauan Constitution. Depending on Micronesian interpretation, this clause could be used to deny free ship and air passage through a 3-million-square-mile zone. A complicating factor is another clause in the FSM Constitution which states that "radioactive, toxic, chemical, or other harmful substances may not be tested, stored, used, or disposed of within the jurisdiction of the Federated States of Micronesia without the express approval of the National Government of the FSM." The recently drafted Palauan Constitution is even more severe, stating that radioactive material and toxic chemicals will be banned unless three-quarters of the registered voters allow them. Understandably, Micronesians are sensitive on the subject of nuclear materials; however, it is the policy of DOD not to announce the presence of nuclear materials on a ship or aircraft transiting Micronesian waters or airspace.

The Marshallese are keenly aware of the importance of Kwajalein to the U.S. military, and have become quite adept at exploiting it in the negotiations. DOD, however, appears not to have been as adroit in emphasizing the importance of Kwajalein to the Marshallese economy, to which the missile range provides substantial revenues in the form of taxes and land-use fees. Local politics seem to intrude on the military with some frequency, and we can probably expect several "incidents" in the future. (A recent example: A month-long "sit-in" by 300 Micro-

nesians claiming property rights was held on Roi-Namur, islands in the Kwajalein atoll with extremely sophisticated tracking equipment used for instrumentation of missile tests. The situation was resolved by promising the intruders a free food program in return for leaving.)

Human rights

It appears that unorganized but potentially serious opposition to the current trend of negotiations is developing in at least two districts, the Marshalls and Truk. There are no political parties per se anywhere in Micronesia; ad hoc opposition groups exist which argue that various Micronesian negotiators have been chosen by dubious means, and do not represent the people's pro-U.S. attitude. There are two negotiators for each district in the Federated States; one chosen by the district legislature, the other by the presiding officers of the Micronesian Congress. The chief negotiator for the Federated States, for instance, is no longer an elected official, having lost his Senate race to a very popular opposition leader whose views are not represented in the negotiations. Truk's first elected governor has stated that he is not bound by the terms of any negotiated compact that does not take into account the wishes of the Trukese peoples' pro-U.S. stance.

A similar situation exists in the Marshalls, where pro-unity opposition leaders claim they were cut out of participation in both the status negotiations and the Marshallese Constitutional Convention. The Constitution there establishing a parliamentary form of government, which was recently approved by popular vote, appears to have been written by a New Zealand lawyer. It includes a provision which allows the majority in the legislature to vary the total number of members of the legislature, or the number of electoral districts or their geographic boundaries, or the number of members to be elected from any electoral district. In response to these developments, the "Voice of the Marshalls," representing the opposition leaders and about one-third of the population, has declared the intention of the South Marshall Islands and various other atolls to secede from the Northern Marshalls. Their list of grievances includes referendum irregularities, unequal distribution of revenue expenditures, and violation of minority rights in the new Constitution.

Palau's opposition group gathered 45 percent of the referendum vote, but its continuing power is unclear at this point.

The Ambassador has declined to include representatives of these groups in the negotiations, on the grounds that selection of negotiators would constitute interference in Micronesian internal affairs, although the trusteeship agreement commits the United States to "protecting the rights and fundamental freedoms of all elements of the population without discrimination." Furthermore, if the opposition groups are able to defeat the compact either by rejecting it in a referendum, or bringing their case to Congress, the negotiations will have been futile.

Other

There are numerous minor issues in the negotiations which are of at least passing interest to the committee. First are a set of legal questions relating to the termination process, which the State Department is

handling, most importantly, treaty devolution—which U.S. treaties apply to Micronesia and what will happen to them in the posttrusteeship period.

Another legal problem is whether independence must be included as an option in the final referendum on the compact, since the trusteeship agreement states that the United States “shall promote the development of the inhabitants of the Trust Territory toward self-government or independence* * *.” This question is not as pedantic as it may seem, for a choice of simply rejecting a negotiated package or retaining the uncomfortable status quo might very well (given current political trends in Micronesia) lead back to the status quo with no clear idea of what kind of future status is implied in a rejection vote. Furthermore, it would seem at least inconsistent with U.S. proclamations on the right of self-determination and freedom of choice if the United States were to deny this choice. In any case, the wording of the choices on the compact referendum ballots will obviously be of significance to the outcome, and should be carefully reviewed.

A final important legal question for the committee concerns the role of the United Nations Security Council in the termination of the trusteeship. The U.N. Charter does not specifically address this question, stating only that Security Council approval is required for the alteration or amendment of the trusteeship agreement. Whether “alteration” can be construed to include termination, and thus require Security Council approval of the arrangements for terminating the trusteeship, probably depends more on international political factors than on legal niceties. State Department lawyers are not likely to find Security Council approval legally necessary if a Soviet veto of the termination seems imminent. (The Soviet Union has been very critical of our administration of the Trust Territory, especially the decision to allow fragmentation of the territory by separatist groups.) Nonetheless, consideration should be given to finding a strategy which will give due respect to U.S. obligations to the Security Council without subjecting the United States to the embarrassment of a Soviet veto, or the lack of nine affirmative votes in the Council.

MICRONESIAN WAR CLAIMS

Micronesians suffered loss of life, physical injury, and extensive property damage and destruction as a result of World War II and its aftermath. After years of negotiations with the Japanese Government, an agreement was reached in 1969, without Micronesian consent, whereby the United States and Japan agreed to contribute \$5 million each to a Micronesian Claims Fund. Under the agreement, the United States would administer and distribute the Fund to deserving Micronesian claimants and would discharge Japan from any further claims by Micronesians arising from the war.

The Micronesian Claims Act of 1971 (for which this committee was responsible) implemented this executive agreement. The act established a Micronesian Claims Commission to adjudicate the claims, authorized additional funds toward payment of postwar claims, and directed the Secretary of the Interior to pay the awards determined by the Commission. Under title I of the act, \$10 million was provided

to cover war-related claims. Under title II, \$20 million was appropriated to cover claims against the United States for postwar related claims.

However, the claims awarded by the Commission proved to be substantially larger than Congress had envisioned. In October 1977, Congress authorized such additional funds (Public Law 95-134) as may be necessary to be appropriated to make full payment on the awards. In 1978, an appropriation of \$12.6 million was made to cover the remaining unpaid title II awards, all of which was paid out in December. However, the 1977 authorization, as amended by the Senate, provided that no money for title I claims can be paid until the Japanese Government makes an equivalent contribution. The Japanese argue that they were released from further payments by the 1969 executive agreement, and refuse to make further contributions. The U.S. State Department agrees with their interpretation, and will not push the matter. Meanwhile, approximately 74 percent of title I claims, amounting to \$24 million, remain unpaid. More than 30 years have passed since the actions producing the claims took place, and many claimants have died. Micronesians are very bitter about this, and argue that if the Japanese will not pay, the United States should.⁵

In other developments, two court cases in progress may require that all 11,000 claimants have their claims reopened and readjudicated, due to controversy on how the Commission processed and awarded claims. A court decision will probably be made sometime this year.

U.S. NEGOTIATING TEAM STRUCTURE

The U.S. negotiating team is headed by the Office of Micronesian Status Negotiations, an independent entity established in 1971 in response to bureaucratic infighting among Federal agencies involved in Micronesia. OMSN, funded by the Departments of State and Defense, is technically an interagency team but in fact is dominated by the Ambassador. The Interior Department, which is in charge of administering the territory, exercises little or no voice in the negotiations; in fact, top Interior officials are privately critical of the trend in negotiations, at least part of which is due to the inability to establish a rapport with the Ambassador. Defense officials are active participants, but ignore the Interior officials and are ambiguous toward OMSN. State plays only a "policeman's role," dealing more with the letter of the law than with policy. OMB is more concerned with saving money than assuring the future viability of Micronesia, and the other Federal agencies participate only within the context of their own highly specialized interests. Thus the intended interagency nature of OMSN has been reduced largely to the interests of the Ambassador and his staff.

Although formally, OMSN reports to an interagency group headed by the Legal Counsel of the State Department, which passes on its recommendations to the National Security Council; in fact, the role of the interagency group has changed from decisionmaking to ratifying decisions made by the OMSN. The NSC seems to have paid little if any attention to the progress of the negotiations; the NSC staff respon-

⁵ On May 7, 1979, the House passed H.R. 3756, which authorizes full payment of the U.S. share of the remaining title I claims. The Senate has not yet taken any action.

sible for Micronesian affairs could not state whether or not the Micronesian status negotiations had been discussed in the NSC in the past 5 years.

With limited input from below and little guidance from above, the OMSN has become in effect a largely autonomous actor.

FEDERAL PROGRAMS

In addition to regular Interior Department appropriations for the Trust Territory (table I, p. 4), almost all Federal agencies operate programs in Micronesia. Because of diverse jurisdictions, poor management, and primitive bookkeeping, it is impossible to know how much duplication occurs, who the beneficiaries are, how the funds are divided between the districts, and how much money is spent.

The grant structure of Federal assistance to Micronesia has probably been an inappropriate vehicle, given the level of economic development in the islands. The result of grants has been bloated government bureaucracy, very little private enterprise development, and a transition from traditional values to expectations of stateside living standards. With the wisdom of hindsight, it appears that a more broadly based approach to economic development, focusing on the potential for self-sustaining economic activity, would have better served the long-term needs of the islands. Instead, what has been fostered, with eager assistance from the Micronesians, is a situation where local food productivity has actually declined, and other economic activity is minimal, while dependence on imports has increased greatly.

The following figures (table II) are the result of a staff effort to determine the funds provided to Micronesia through various Federal programs. They are intended to provide an idea of the loss of funds and services which will result from the cutoff of Federal programs with termination of the trusteeship. The data should thus be regarded as a "guesstimate" rather than authoritative.⁶ All amounts are grants

TABLE II.—FEDERAL PROGRAM GRANTS TO THE TRUST TERRITORY

Agency estimate	Fiscal year 1979	Trust Territory estimate (if conflicting)
Agriculture.....	\$18,500,000	-----
Community Services Administration.....	890,000	-----
Education grants to students (HEW).....	11,116,458	-----
Environmental Protection Agency ¹	10,358,000	\$13,100,000
Farmers Home Administration ²	890,000	-----
Fish and Wildlife Service.....	22,000	-----
Heritage Conservation and Recreation Service.....	308,000	-----
Health, Education, and Welfare.....	7,689,000	12,584,137
Housing and Urban Development.....	1,526,320	-----
International Communication Agency.....	33,000	-----
Justice.....	642,000	-----
Labor.....	2,376,657	3,406,146
National Science Foundation.....	50,000	-----
Peace Corps.....	2,122,000	-----
Small Business Administration ³	460,000	-----
Transportation ¹	4,423,000	-----
Total.....	63,662,435	71,729,061

¹ Indicates 1-time expense.

² Also, at least \$3,000,000 in loans (perhaps as much as \$5,000,000; no separate data for Trust Territory available).

³ Fiscal year 1978; loans are made on request and vary each year.

⁶ For example, the Department of Agriculture's own estimates of Micronesians receiving free food under its needy family program range from 40,000 to 50,000 people—a difference of \$4 million a year.

and exclude the Northern Mariana Islands unless otherwise noted. One-time expenditures (such as capital improvement construction) are noted as such; administrative expenses are not included.

UPDATE

Since its return in December 1978, the staff study mission has continued to follow the Micronesian political status negotiations through interviews with both Washington and Micronesian officials, as well as attending the Trusteeship Council meeting at the United Nations in April 1979. Some encouraging steps have been taken in the negotiations by OMSN, such as increasing the amount of economic assistance offered to the Micronesians, and dividing this assistance into an operations grant for budgetary support and a capital development grant for economic development projects. Though it is not yet clear whether the Micronesians will agree to these proposals, they are a clear improvement over the "lump-sum payment" approach.

However, a number of disturbing developments have occurred in the past few months. Perhaps most notable of these is the proposed Palauan Constitution, which Ambassador Rosenblatt has publicly stated is clearly unacceptable to U.S. needs and interests. The response of OMSN to this unfortunate situation can only be characterized as having at least the appearance of U.S. interference in internal Palauan affairs. OMSN has also continued to insist on a drastic cutback of Federal programs currently operating in the Trust Territory, despite the increasing unlikelihood of meeting the 1981 target date for termination, and the clear opposition of the U.S. House of Representatives (including the chairman of the Foreign Affairs Committee) to such a shortsighted and heartless course of action.

The Micronesians, on the other hand, continue to press a number of proposals which are highly unrealistic. Chief among these is a demand that U.S. military actions in Micronesia be subject to U.S. environmental regulations (though the Micronesian entities themselves would not be required to adhere to these standards), and that any violations would be subject to judicial review in U.S. courts—even if the President certified that such actions were necessary for national security reasons. Furthermore, the Micronesians have insisted on negotiation of so many minor points and their lengthy explication in the negotiating text and its numerous protocols, that the Compact of Free Association has become a voluminous document full of detail but little substance.

The U.N. Trusteeship Council seems to be interested not so much in the status negotiations or the 1981 target date, as it is in insuring that a reasonable level of economic development is achieved in the territory before the trusteeship is ended. Given what appears to be a dwindling lack of "good faith" on all sides of the negotiations, the Council's desire may well be fulfilled.

