

"The Pacific: Our Changing Role," Pacific Basin Economic Council, February 19, 1986.

As you might tell from my introduction, I am wearing two hats today -- my old Interior Committee hat and my new Foreign Affairs Committee hat.

When I was assigned to the Foreign Affairs Committee, I was appointed to two subcommittees, one of them being the Asian and Pacific subcommittee. And I have served now on that subcommittee for nearly 14 months.

During that time, three issues have really drawn the attention of the subcommittee. Two of those issues -- **democracy in the Philippines** and **New Zealand's nuclear ship visit policy** -- have drawn national attention. And I want to talk for a moment about each of those issues.

But then I would like to talk about the third issue -- an issue that has not made national headlines ... An issue that also comes under the jurisdiction of the Interior Committee. And that issue is the future of our Trust Territory in the Pacific.

But first, let me talk for a moment about New Zealand. A year and a half ago, a labor party government was elected in New Zealand. The new Prime Minister, David Lange, and his party campaigned for office on a promise to ban nuclear-armed and nuclear-powered ships from visiting New Zealand ports.

That policy was put to the test one year ago, when New Zealand rejected an American request for a visit by the U.S.S. Buchanan, a conventionally powered destroyer that was to participate in an ANZUS naval exercise.

New Zealand's action has led, unfortunately, to a serious breach in our relations with that country. The administration made vague hints about economic reprisals. A resolution was introduced in the Senate by Sen. Cohen and seven other Senators urging such sanctions.

In the House, Toby Roth, a Representative from Wisconsin and a member of the Asian and Pacific Subcommittee, introduced legislation to curb Casein imports from New Zealand ... A move that was strongly supported by dairy farmers in this country.

More importantly, the administration took action to suspend U.S. military cooperation with New Zealand under the ANZUS treaty. The annual ANZUS meeting, which was to take place in Canberra, was canceled.

Efforts by the State Department to find an acceptable formula that would allow ship visits to New Zealand have failed thus far.

Two months ago, just prior to Christmas, the government introduced legislation in Parliament to formalize its ship visit policy. And the U.S., in response to that action, has warned that passage of the proposed law could lead to a formal termination of the ANZUS Alliance.

It is my hope that we can still find some middle ground. And, in fact, there may be some middle ground.

The proposed law, as introduced, does not require the United States to declare whether there are nuclear weapons on board any U.S. ship. That determination is left to the Prime Minister of New Zealand. As such, the proposed law does not violate U.S. policy of neither "confirming nor denying" the presence of any nuclear weapons on board U.S. ships. In fact, the proposed law does not differ substantially from the stance taken by Japan, another close ally of the U.S.

It is still too early to tell whether the new law, when it is enacted this summer, will provide some form of middle ground acceptable to the U.S. I hope it does. Over the years, New Zealand has been a faithful ally. New Zealanders fought with us in World War I, World War II, Korea, and even South Vietnam. And despite their ship visit policy, New Zealand continues to play an important role in the defense of the South Pacific.

And it's important to remember that the anti-nuclear sentiment that has swept New Zealand is sweeping the South Pacific. It is in our interest to find a means of meeting their legitimate concerns.

Last year the members of the South Pacific Forum -- 13 South Pacific states, including Australia and New Zealand -- drafted a South Pacific Nuclear Free Zone Treaty that bans the manufacture, possession, testing or stationing of nuclear weapons by any party to the treaty. The parties also agreed not to dump radioactive waste at sea. The treaty however does not ban nuclear ship visits -- that decision is left to the individual governments.

In all this, it is important to remember that there is no strong anti-U.S. feeling in the South Pacific. There is however a strong anti-nuclear feeling. And it is aimed more at France and French nuclear-testing, than it is at the U.S.

I want to return to the nuclear issue in a moment -- when I talk about Palau and Micronesia -- but first, let me say a few words about the Philippines.

I am sure that you have followed the elections in the Philippines as close as I have. I have no special insight for you. Like most Americans, I am disturbed by the widespread vote fraud in the election. And like most Americans, I would like to see the U.S. maintain base rights in the Philippines.

There may be some who would like to overlook the vote fraud and concentrate on keeping our bases. "But," to quote Richard Nixon, "that would be wrong." It would be wrong for two reasons.

First it would be morally wrong. If we really are the champion of democracy, then we must champion the cause of honest elections. For without honest elections, democracy is nothing more than a fraud.

Second, it would be wrong in a purely pragmatic sense. In the long run, if we want to maintain base rights in the Philippines, we must have the support of the Filipino people. And if we are seen as a supporter of corruption and vote fraud, we will, most assuredly, lose the support of the Filipino people.

Some may think there is a danger in challenging Marcos. I think there is a danger in failing to challenge Marcos.

I would like now to talk for a moment about the Trust Territory of the Pacific. At the end of World War II the United Nations asked the U.S. to administer the Caroline, Marshall and Mariana Islands as a Trusteeship for the United Nations.

The total land mass of the islands is small, only 708 square miles. And their population is only 140,000. But the Micronesian Trust Territory covers a wide area. The area, in fact, is nearly as large as the continental U.S. and occupies a strategic position between Hawaii and the Philippines.

For the past 24 years, the Trust Territory has been administered by the Department of the Interior, and the House Interior and Insular Affairs Committee has had jurisdiction over the territory in the House.

The future political status of the Trust Territory has been under negotiation since 1969. In 1975, the voters of the Northern Marianas chose, by plebiscite, to acquire a Commonwealth status in union with the U.S.

The other three areas -- the Marshalls, Palau, and the Federated States of Micronesia - wanted to become sovereign states in a unique free association with the U.S. that would give them all powers of independence except for defense rights which the U.S. would maintain.

And last year, Congress approved a compact of Free Association for two of those areas: the Marshalls and the Federated States of Micronesia. Under this new 15-year agreement, both areas will exercise complete sovereignty over their domestic and foreign affairs while still being able to participate in a wide range of federal programs including those of the SBA, the FAA, the weather service, the Job Training Partnership Act and the Farmers Home Administration.

At the same time, special investment funds will be established for each of the freely associated states to help them attract outside investment. The Federated States of Micronesia will receive \$20 million spread over three years and an additional \$40 million over the remainder of the agreement. The Marshall Islands will receive \$10 million over the first three years and \$20 million over the remainder.

The compact also provides nearly half-a-billion dollars for capital development assistance, which includes money for construction, road development and communication facilities.

Just as importantly, U.S. firms investing in the freely associated states will be tax exempt on all qualified income from the freely associated states. Further, most of the products from the states will enter the U.S. free of duty.

Finally, the compact provides that the Federated States of Micronesia will receive at least \$760 million in basic assistance over the course of the 15-year agreement. The Marshall Islands will receive at least \$336 million.

The recently approved Compact of Free Association did not, however, settle the status of Palau. Agreement on a Palau compact has been delayed by inclusion of a nuclear-free provision in the Republic's Constitution which forbids nuclear use of the islands or the territorial waters.

A three-fourths vote on the Compact has been needed to override that restriction in the Palau Constitution, but the three-fourths majority was not reached in the two earlier plebiscites. The Palau Constitution however, has now been rewritten to delineate U.S.

nuclear rights. We have agreed not to test, store, or dispose of nuclear materials there. In exchange, we would be permitted to transport nuclear materials without requirement that we confirm or deny their presence on-board our ships.

The U.S., for obvious reasons, would like to retain broad base rights in Palau. The Chairman of the Joint Chief of Staffs, who formerly served as Commander-in-Chief of the Pacific and on the staff of the Micronesian Status Negotiations, would like to secure 50 year base rights in Palau.

For some time now, military planners have contemplated a Palau-Guam-Northern Marianas defense arc as a fallback position if the U.S. should lose its Clark Air Force and Subic Bay Naval Base Facilities in the Philippines. And obviously, recent events in the Philippines have increased the level of interest in this fallback position.

This Friday, the people of the Republic of Palau will vote on a revised Compact of Free Association with the U.S. If approved, President Reagan is expected to submit it to Congress for approval in March.

The proposed Compact would provide the U.S. with the 50-year base rights that it wants. For its part, Congress has already said that it is prepared to approve a Palau Compact on terms similar to those approved for the other two states.

If the compact is approved by Congress and the people of Palau, it would go along way towards guaranteeing the continued security of the Pacific. A Palau-Guam-Northern Marianas defense arc is no substitute for our bases at Clark and Subic, but in the event that we lose our bases in the Philippines it would serve a vital defense role.

At the same time, the Compacts will deny access to a vast expanse of the Central and Western Pacific to the Soviet Union or other hostile threats. And the Soviet presence in the Pacific is, in fact, growing. Last year, the Soviets entered into a one-year fishing agreement with Kiribati and that agreement is expected to be renewed. At the same time, Cuban and Northern Vietnamese diplomatic missions have been established in neighboring Vanuatu and Tuvalu.

But America is being challenged in the Pacific by more than Soviet fishing trawlers. Our actions in the Pacific are being challenged by friends as well as foe. Once the undisputed leader of the Pacific, our lead is now being questioned by the other sovereign peoples of the Pacific. We are and will remain the greatest power in the region but we must learn to work in a spirit of cooperation with our pacific partners -- whether the ally is Japan, the Philippines, New Zealand or Palau.

As I said at the beginning of my talks, national concern in the past year has focused on New Zealand and the Philippines. But the same concerns apply in Micronesia. In Palau, as in New Zealand, we must deal with public fears about U.S. nuclear power and nuclear ship visits. In Palau, as in the Philippines, we can best secure our strategic interests by dealing openly and fairly with the people of those countries.

The Pacific region is in a state of transition, but it is a natural state of transition. And quite naturally, our role is changing. Properly managed, the change will be a change for the best.