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THE WHITE HOUSE

WASHINGTON

March 2, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR

SUBJECT:

Proposed Compact on the Status of
Puerto Rico

The President reviewed your memorandum of March 1, 1976 on the above subject and approved the recommendation that our response should be:

"The proposal relating to the relationship between the United States and Puerto Rico is of great and lasting significance to both Puerto Rico and the United States and requires the most thorough evaluation and consideration. We have the proposal under study, and an Administration position will be taken after that study is completed."

Please follow-up with appropriate action.

cc: Dick Cheney



THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

DECISION

WASHINGTON

March 1, 1976

MEMORANDUM FOR THE PRESIDENT .

FROM:

JIM CANNON *JC*

SUBJECT:

Proposed Compact on the Status of
Puerto Rico

BACKGROUND

On October 1, 1975, the Ad Hoc Advisory Group on Puerto Rico transmitted to you a proposed Compact of Permanent Union Between Puerto Rico and the United States. Under the Federal Advisory Committee Act, you are required to make a report to the Congress stating your proposal for action, or reasons for inaction, on the recommendations contained in the report within one year (October 1, 1976).

The proposed Compact is a sweeping document, which if adopted in its entirety, would significantly change the nature of the relationship between the United States and Puerto Rico. In essence, the Compact would grant to citizens of Puerto Rico many of the benefits of statehood, but without imposing all the obligations of statehood, such as paying U.S. taxes.

OMB, NSC and the Domestic Council are preparing for your review an options paper on this complex and costly proposal. In soliciting the views of members of your Cabinet, a number of serious problems have been brought to our attention, and it will be several months before a comprehensive Administration position can be developed.

In the meantime, the proposed Compact was introduced in the House as a bill by Puerto Rico's representative, Jaime Benitez; and Phil Burton, as chairman of the Territorial and Insular Affairs Subcommittee of the Interior Committee, started hearings on the Compact. Burton is attempting to maneuver the hearings and the Committee to force an early Administration response.



Senator Jackson held one day of hearings and indicated he will hold no more hearings until the President sends the Compact to the Hill.

Governor Hernandez of Puerto Rico and Mayor Romero of San Juan have also indicated to me that they would like to know the Administration's position on the Compact.

RECOMMENDATION

Since we need until about June 1, 1976 to assess thoroughly this proposal and develop an Administration position, I recommend that our response until that time should be:

The proposal relating to the relationship between the United States and Puerto Rico is of great and lasting significance to both Puerto Rico and the United States and requires the most thorough evaluation and consideration. We have the proposal under study, and an Administration position will be taken after that study is completed.

OMB (O'Neill), NSC (Scowcroft), Counsel's Office (Lazarus), Rogers Morton, Jack Marsh, Robert T. Hartmann (Smith) and Max Friedersdorf concur.

APPROVE _____

MC 7

DISAPPROVE _____

