

## MARSHALLS HUMAN DEVELOPMENT PROJECT

### Federal Government Allocation of Program Budget

The accompanying chart contains a survey of the budgetary break-down of the request for \$1,826,785 for the Marshalls Human Development Project, as mentioned in Public Law 94-255.

The data indicates the total budget allocated for each program, and the federal share of that budget, plus the percentage of the federal portion to the total budget outlined in the project.

Then details are presented, indicating the general expenses involved, and highlighted in the last column are the major capital expenses crucial to the program. Request for immediate funding focuses on tools and equipment needed in four major arenas of capital expenses: (1) small businesses, (2) occupational training, (3) copra lagoon and ferry systems, and (4) specific demonstration programs, such as marine and land farming.

It is noted that the chart indicates only the first year funding request. The four year project is designed on a sliding scale so that the federal budget allocation the second year is fifty percent of that; the third year is fifty percent of the previous year. In the fourth year the funds can be completely phased out as the Marshallese Community absorbs the entire program budget.

The Institute of Cultural Affairs exists as a not-for-profit organization. Its programs, designed to be self-supporting, are initially supported by gifts from foundations, corporations, and concerned individuals. Through extensive use of volunteer time and the principle of staff self-support, the ICA is able to operate with a minimum of salary expense. The group stands ready to assist its programs in assuming responsibility for the dispensation of its program funds.

Original submitted to Dept. of

Interior 9/16

ALLOCATION OF FEDERAL FUNDS

Revised to 900,000 for Jwma 29

PROGRAM	CAPITAL COSTS	SALARIES	OPERATING EXPENSES	TOTALS
MARSHALLS TRAINING CORPS	160,201	-	105,000	265,201
INCLUSIVE APPRENTICESHIP PROGRAM	-	211,380	-	211,380
COPRA LAGOON SYSTEM	307,000	-	-	307,000
DEMONSTRATION LAND FARM	74,000	-	-	74,000
SMALL INDUSTRY PROGRAM	153,200	-	-	153,200
MARINE FARM DEMONSTRATION	43,655	26,345	-	70,000
INTER-ISLAND FERRY SYSTEM	500,000	44,184	106,035	650,219
DEMONSTRATION HOUSING PROJECT	69,000	-	-	69,000
TOTALS	1,307,056	281,909	211,035	1,800,000

**ALLOCATION OF FEDERAL FUNDS**

<b>PROGRAM</b>	<b>CAPITAL COSTS</b>	<b>SALARIES</b>	<b>OPERATING EXPENSES</b>	<b>TOTALS</b>
<b>MARSHALLS TRAINING CORPS</b>	80,100	-	52,500	132,600
<b>INCLUSIVE APPRENTICESHIP PROGRAM</b>	-	105,690	-	105,690
<b>COPRA LAGOON SYSTEM</b>	153,500	-	-	153,500
<b>DEMONSTRATION LAND FARM</b>	37,000	-	-	37,000
<b>SMALL INDUSTRY PROGRAM</b>	76,600	-	-	76,600
<b>MARINE FARM DEMONSTRATION</b>	21,827	13,173	-	35,000
<b>INTER-ISLAND FERRY SYSTEM</b>	250,000	22,092	53,518	325,110
<b>DEMONSTRATION HOUSING PROJECT</b>	34,500	-	-	34,500
<b>TOTALS</b>	653,528	140,955	105,518	900,000

**PROGRAM INCOME SUMMARY**

<b>PROGRAM</b>	<b>FEDERAL FUNDS</b>	<b>LOCAL FUNDS</b>	<b>PROGRAM REVENUE</b>	<b>TOTAL BUDGET</b>
<b>Marshalls Training Corps</b>	<u>132,600</u>	132,601	439,800	705,001
<b>Inclusive Apprenticeship Program</b>	105,690	105,690	72,000	<u>283,380</u>
<b>Copra Lagoon System</b>	153,500	153,500	531,200	838,200
<b>Inter-Island Ferry System</b>	325,110	325,109	209,200	859,419
<b>Small Industry Program</b>	76,600	76,600	63,250	216,450
<b>Marine Farm Demonstration</b>	35,000	35,000	37,295	107,395
<b>Demonstration Land Farm</b>	<u>37,000</u>	37,000	-	74,000
<b>Demonstration Housing Project</b>	34,500	34,500	80,000	149,000
<b>TOTALS</b>	900,000	900,000	1,432,745	3,232,845

ALLOCATION OF FEDERAL FUNDS

PROGRAM	CAPITAL COSTS	SALARIES	OPERATING EXPENSES	TOTALS
MARSHALLS TRAINING CORPS	80,100	-	52,500	<u>132,600</u>
INCLUSIVE APPRENTICESHIP PROGRAM	-	<u>105,690</u>	-	<u>105,690</u>
COPRA LAGOON SYSTEM	<u>153,500</u>	-	-	<u>153,500</u>
DEMONSTRATION LAND FARM	<u>37,000</u>	-	-	<u>37,000</u>
SMALL INDUSTRY PROGRAM	<u>76,600</u>	-	-	<u>76,600</u>
MARINE FARM DEMONSTRATION	<u>21,827</u>	<u>13,173</u>	-	<u>35,000</u>
INTER-ISLAND FERRY SYSTEM	<u>250,000</u>	<u>22,092</u>	<u>53,518</u>	<u>325,110</u>
DEMONSTRATION HOUSING PROJECT	<u>34,500</u>	-	-	<u>34,500</u>
<b>TOTALS</b>	<u>653,528</u>	<u>140,955</u>	<u>105,518</u>	<u>900,000</u>

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BUDGET SUMMARY  
showing program costs and funding sources

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Consultants

PROGRAM	TOTAL	NON-FEDERAL SOURCES					FEDERAL SOURCES
		Private	Trust Territory	Nitijela	Program	Total	
1. Inter-Island Ferry System	429,419	12,660	-0-	10,000	286,759	309,419	120,000
2. Marshalls Training Corps	867,201	31,800	50,000	50,000	365,001	496,801	370,400
3. All-Island Pre-School	48,490	2,400	40,090	-0-	6,000	48,490	-0-
4. Heritage-Tourism Project	222,300	59,100	10,000	10,000	-0-	79,100	143,200
5. Small Industry Program	90,750	10,750	25,000	5,000	-0-	40,750	50,000
6. Copra-Lagoon System	1,038,200	601,200	104,000	-0-	-0-	705,200	333,000
7. Multi-Purpose Repair Center	53,950	12,000	13,400	3,600	-0-	29,000	24,950
8. Majuro Business Center	47,020	3,000	5,000	3,000	4,020	15,020	32,000
9. Coconut Processing Plant	644,000	404,000	230,000	10,000	-0-	644,000	-0-
10. Demonstration Housing Project	149,000	54,000	-0-	-0-	-0-	54,000	95,000
11. Marine Farm Demonstration	107,395	15,150	20,000	7,500	4,000	46,650	60,745
12. Inclusive Apprenticeship	283,680	168,120	50,000	15,560	-0-	233,680	50,000
FIRST YEAR TOTAL	3,981,405	1,374,180	547,490	114,660	665,780	2,702,110	1,279,295
SECOND YEAR ESTIMATE					Continuing programs New programs	460,000 400,000	860,000
THIRD YEAR ESTIMATE					Continuing programs New programs	260,000 200,000	460,000

# Calendar No. 483

94TH CONGRESS }  
1st Session }

SENATE

REPORT  
No. 94-496

## AUTHORIZATION FOR THE CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

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NOVEMBER 20, 1975.—Ordered to be printed  
Filed under authority of the order of the Senate of November 20, 1975

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Mr. JOHNSTON, from the Committee on Interior and Insular Affairs,  
submitted the following

### REPORT

[To accompany H.R. 7688]

The Committee on Interior and Insular Affairs, to which was referred the bill (H.R. 7688) to amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, having considered the same, reports favorably thereon with an amendment to the text and recommends that the bill as amended do pass.

#### AMENDMENTS

The Committee adopted an amendment proposed by Senator Hatfield as follows:

Page 2, line 3, after "1975," insert "\$1,800,000 for a human development project in the Marshall Islands,".

#### PURPOSE

The purpose of H.R. 7688, as reported by the Committee on Interior and Insular Affairs, is to authorize appropriations for fiscal years 1976 and 1977, for the period of July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period, and for other purposes.

#### BACKGROUND

In an executive communication to the President of the Senate, dated February 26, 1975, which is included in this report, the Department of the Interior recommended the enactment of legislation for the purpose described above.

The Department requested that appropriations of \$80,000,000 and \$79,000,000 be authorized for 1976 and 1977.

H.R. 7688 as amended provides for: ceilings of \$80,000,000 for both years; an authorization of \$15,100,000 for the period July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period: such amounts as were authorized but not appropriated for fiscal year 1975; \$1.8 million for a human development project in the Marshall Islands up to but not exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community; and the continuation of an authorization up to but not to exceed \$10,000,000 to offset reductions in, or the termination of Federal grant-in-aid programs. H.R. 7688 also contains, as requested by the Administration, a formula by which the authorized amounts may be adjusted upward or downward to reflect changes in the value of the United States dollar.

#### NEED

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in January 1974. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, it is desirable to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy coincides with the concern over the economy expressed by Members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvements projects.

As stated above, the authorization for the three month period in 1976 is required to make the adjustment to the new budget fiscal year.

Re-authorizing amounts which were authorized for fiscal year 1975 but not appropriated, will make it possible for the Department of the Interior to request the replacement of up to approximately \$7,000,000 in appropriations which were cut from an authorized increase of \$15,000,000. This money was requested to offset the drastic increases experienced by the Trust Territory in the cost of oil fuel products and to start up the construction of ships to provide essential shipping services between the Districts of the Territory and to the outer islands.

At the present time, over 1,000 post-secondary Micronesian students attend college in Guam and the United States at a total annual cost of \$3,000,000. It is estimated that by the year 2000, Micronesia will



have a need for over 500 college graduates per year. The growth in elementary and secondary school enrollment will require at least 200 additional teachers. For these reasons, as a beginning to meeting this need, the Committee approved the amendment adopted by the House authorizing up to but not to exceed \$8,000,000 for the establishment and construction of a campus for a four-year college to serve Micronesia, as based on a study of the justification, need, program and master plan for a community college of Micronesia, submitted to the Committee by Representative Ray Setik, Chairman, Joint Committee on Program and Budget Planning, Congress of Micronesia.

The Committee emphasizes the need for complete and thorough planning for the establishment of an institution of this type. Reference is made to not only the planning of the physical plant, but even more to the planning of the role and purposes of the college and of the curriculum by which the agreed-upon purposes are proposed to be carried out. The Committee suggests that the concept of the community college be given careful consideration, as well as the appropriate roles and composition of the academic and vocational curricula within the context of the community college concept. Attention should be given to the potential of adult education programs, including such techniques as correspondence courses.

It is asked that the Committee be informed of the planning and conclusions arrived at concerning these matters, as well as the plans for the physical plant. Attention is called to the fact that this bill authorizes "up to but not to exceed \$8,000,000" for these purposes.

The formula by which the authorized amounts would be adjusted upward or downward to offset changes in the purchasing power of the dollar as measured by the Gross National Product Implicit Price Deflator, is required to meet the terms of agreements reached by the Administration in the current political status negotiations.

#### LEGISLATIVE HISTORY

H.R. 7688 was introduced at the request of the Administration on June 6, 1975, and was reported by the House Committee on Interior and Insular Affairs on June 13, 1975. It passed the House on June 16, 1975 and was the subject of a hearing by the Senate Committee on Interior and Insular Affairs on July 23, 1975.

#### COMMITTEE RECOMMENDATION

The Senate Committee on Interior and Insular Affairs, in open business session on November 21, 1975, by unanimous vote of a quorum present recommends that the Senate adopt H.R. 7688, if amended as described herein.

#### COMMITTEE AMENDMENT

The Committee adopted an amendment proposed by Senator Hatfield to provide \$1.8 million for a human development project in the Marshall Islands. As outlined to the Committee, the project would entail \$1.8 million in Federal funds to be matched by \$2.1 million from the private sector, program revenues, and the local Nitijela. The project includes an inter-island Ferry, Youth Training, Copra Oil Plant, and a Maniculture Farm. The Committee is hopeful that the

proposed project will be successful in improving the economic standards of the Marshallese and will enable them to become more self sufficient.

#### COST AND BUDGETARY CONSIDERATIONS

Enactment of the bill will increase the fiscal years 1976 and 1977 authorizations by \$5,000,000 each year over the existing levels of authorization. A one-time authorization of \$8,000,000 for a community college, and \$1.8 million for a human development project are also provided for. Other provisions of the bill do not increase previous authorization levels.

Projections for future years, including the five subsequent fiscal years, will probably be in the same range; however, in any event, the Congress will have an opportunity to consider those funding levels at a later time.

The expenditures authorized in H.R. 7688 involve necessary governmental activities and programs in remote areas. It is the sense of the Committee that these outlays will not result in any significant inflationary impact.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 7688, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### ACT OF JUNE 30, 1954 (68 STAT. 330), AS AMENDED

\* \* \* \* \*

SEC. 2. There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 [plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies] for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, \$1,800,000 for a human development project in the Marshall Islands, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States

*dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, to remain available until expended, to carry out the provisions of this Act and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: Provided, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law.*

#### EXECUTIVE COMMUNICATIONS

The legislative request received from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 7688 are set forth below:

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., February 18, 1975.

HON. NELSON A. ROCKEFELLER,  
*President of the Senate,*  
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

Late in the 93rd Congress legislation was introduced and hearings were held on the Administration's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal year 1975 and 1976. The reason for the two year proposal was that it would coincide with Stage I of the transition of Micronesia to a new political status. Since that legislation was introduced, negotiations with the Congress of Micronesia's Joint Committee on Future Status have experienced some delay. It now appears that Stage I of the transition will also include fiscal year 1977. The attached Departmental proposal has been amended to reflect that change in schedule in including fiscal year 1977. In addition, authorizations have been included for the transition quarter between fiscal year 1976 and fiscal year 1977. This transition quarter will cover July 1, 1976 through September 30, 1976. We recommend new consideration of the proposed bill and strongly urge that it be enacted.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975. Our proposed bill would authorize a total annual appropriation of \$75 million for fiscal year 1975, and the 1975 constant dollar equivalent of \$80 million for 1976, \$15.1 million for the transition quarter and \$79 million for 1977. Section 2 of our proposed bill would authorize \$1.5 million for a special program to

aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Governmental responsibilities are carried out through a territorial government which has executive and judicial branches, and bicameral legislative body composed entirely of Micronesians.

Under the trusteeship agreement, the United States is charged with the promotion of political, social, educational and economic development. Beginning in 1964, with the establishment of the Congress of Micronesia, political development in the Trust Territory has been rapid and, by most accounts, effective. Indeed, the United States has been engaged since 1969 in continuing negotiations with the Micronesians to determine new political relationships for the area. One major topic of the negotiations is the future financial assistance by the United States to Micronesia.

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy dovetails with concern over the economy expressed by members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvement projects. The on-going Trust Territory Government program of replacing U.S. personnel with qualified Micronesians will remain an integral part of policy in Micronesia. Future requests for appropriations will also seek to continue the fledgling program for education in self-government and on-going programs the fields of health and education. In addition, we look for improvement in communications and transportation among the 2100 islands of Micronesia.

The bill provides an authorization of \$80,000,000 for 1976 \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agree-

ment reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

Our proposal for an expanded authorization would make unnecessary the existing authorization of \$10,000,000 for terminated categorical grant programs past its present expiration date at the end of fiscal year 1975. We note that in fiscal 1975 only \$700,000 were appropriated to cover such terminated grants.

Section 2 of the proposed legislation relates to the negotiations between the United States and the Marianas Political Status Commission which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975, at which time the transition phase began.

The proposed increases in authorization are endorsed by Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations. The proposal in section 1 is deemed vital to our negotiating efforts since it reflects the tentative agreements reached with the Congress of Micronesia's Joint Committee on Future Status at Carmel, California, in March 1974. Section 2 supports the agreement on a Marianas transition program reached in Saipan in May 1974 during the Fourth round of Marianas political status negotiations.

The Office of Management and Budget has advised that the presentation of this proposed legislation is in accord with the program of the President.

Sincerely yours,

ROYSTON C. HUGHES,  
*Assistant Secretary of the Interior.*

A BILL To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal year 1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000; and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976 and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$79,000,000 which amounts for each fiscal year or other period shall be adjusted upward or downward, in the budget transmitted to the Congress for the next succeeding fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price

Deflator for the third quarter of the calendar year preceding the fiscal year or other period for which the appropriations are made and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974.

SEC. 2. There is authorized to be appropriated \$1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided however*, That no part of such sum may be obligated or expended until final agreement between the Marianas Political Status Commission and the United States has been signed.

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## AUTHORIZATION FOR THE CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

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The formula by which the authorized amounts would be adjusted upward or downward to offset changes in the purchasing power of the dollar as measured by the Gross National Product Implicit Price Deflator, is required to meet the terms of agreements reached by the Administration in the current political status negotiations.

#### LEGISLATIVE HISTORY

H.R. 7688 was introduced at the request of the Administration on June 6, 1975, and was reported by the House Committee on Interior and Insular Affairs on June 13, 1975. It passed the House on June 16, 1975 and was the subject of a hearing by the Senate Committee on Interior and Insular Affairs on July 23, 1975.

#### COMMITTEE RECOMMENDATION

The Senate Committee on Interior and Insular Affairs, in open business session on November 21, 1975, by unanimous vote of a quorum present recommends that the Senate adopt H.R. 7688, if amended as described herein.

#### COMMITTEE AMENDMENT

The Committee adopted an amendment proposed by Senator Hatfield to provide \$1.8 million for a human development project in the Marshall Islands. As outlined to the Committee, the project would entail \$1.8 million in Federal funds to be matched by \$2.1 million from the private sector, program revenues, and the local Nitijela. The project includes an inter-island Ferry, Youth Training, Copra Oil Plant, and a Maniculture Farm. The Committee is hopeful that the

proposed project will be successful in improving the economic standards of the Marshallese and will enable them to become more self sufficient.

#### COST AND BUDGETARY CONSIDERATIONS

Enactment of the bill will increase the fiscal years 1976 and 1977 authorizations by \$5,000,000 each year over the existing levels of authorization. A one-time authorization of \$3,000,000 for a community college, and \$1.8 million for a human development project are also provided for. Other provisions of the bill do not increase previous authorization levels.

Projections for future years, including the five subsequent fiscal years, will probably be in the same range; however, in any event, the Congress will have an opportunity to consider those funding levels at a later time.

The expenditures authorized in H.R. 7688 involve necessary governmental activities and programs in remote areas. It is the sense of the Committee that these outlays will not result in any significant inflationary impact.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 7688, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### ACT OF JUNE 30, 1954 (68 STAT. 330), AS AMENDED

\* \* \* \* \*

SEC. 2. There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 [plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies] *for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, \$1,800,000 for a human development project in the Marshall Islands, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States*

dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, to remain available until expended, to carry out the provisions of this Act and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: *Provided*, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law .

#### EXECUTIVE COMMUNICATIONS

The legislative request received from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 7688 are set forth below :

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., February 18, 1975.

HON. NELSON A. ROCKEFELLER,  
*President of the Senate,*  
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

Late in the 93rd Congress legislation was introduced and hearings were held on the Administration's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal year 1975 and 1976. The reason for the two year proposal was that it would coincide with Stage I of the transition of Micronesia to a new political status. Since that legislation was introduced, negotiations with the Congress of Micronesia's Joint Committee on Future Status have experienced some delay. It now appears that Stage I of the transition will also include fiscal year 1977. The attached Departmental proposal has been amended to reflect that change in schedule in including fiscal year 1977. In addition, authorizations have been included for the transition quarter between fiscal year 1976 and fiscal year 1977. This transition quarter will cover July 1, 1976 through September 30, 1976. We recommend new consideration of the proposed bill and strongly urge that it be enacted.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975. Our proposed bill would authorize a total annual appropriation of \$75 million for fiscal year 1975, and the 1975 constant dollar equivalent of \$80 million for 1976, \$15.1 million for the transition quarter and \$79 million for 1977. Section 2 of our proposed bill would authorize \$1.5 million for a special program to

aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Governmental responsibilities are carried out through a territorial government which has executive and judicial branches, and bicameral legislative body composed entirely of Micronesians.

Under the trusteeship agreement, the United States is charged with the promotion of political, social, educational and economic development. Beginning in 1964, with the establishment of the Congress of Micronesia, political development in the Trust Territory has been rapid and, by most accounts, effective. Indeed, the United States has been engaged since 1969 in continuing negotiations with the Micronesians to determine new political relationships for the area. One major topic of the negotiations is the future financial assistance by the United States to Micronesia.

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status, for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy dovetails with concern over the economy expressed by members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvement projects. The on-going Trust Territory Government program of replacing U.S. personnel with qualified Micronesians will remain an integral part of policy in Micronesia. Future requests for appropriations will also seek to continue the fledgling program for education in self-government and on-going programs the fields of health and education. In addition, we look for improvement in communications and transportation among the 2100 islands of Micronesia.

The bill provides an authorization of \$80,000,000 for 1976 \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agree-

ment reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

Our proposal for an expanded authorization would make unnecessary the existing authorization of \$10,000,000 for terminated categorical grant programs past its present expiration date at the end of fiscal year 1975. We note that in fiscal 1975 only \$700,000 were appropriated to cover such terminated grants.

Section 2 of the proposed legislation relates to the negotiations between the United States and the Marianas Political Status Commission which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975, at which time the transition phase began.

The proposed increases in authorization are endorsed by Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations. The proposal in section 1 is deemed vital to our negotiating efforts since it reflects the tentative agreements reached with the Congress of Micronesia's Joint Committee on Future Status at Carmel, California, in March 1974. Section 2 supports the agreement on a Marianas transition program reached in Saipan in May 1974 during the Fourth round of Marianas political status negotiations.

The Office of Management and Budget has advised that the presentation of this proposed legislation is in accord with the program of the President.

Sincerely yours,

ROYSTON C. HUGHES,  
*Assistant Secretary of the Interior.*

A BILL To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal year 1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000; and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976 and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$79,000,000 which amounts for each fiscal year or other period shall be adjusted upward or downward, in the budget transmitted to the Congress for the next succeeding fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price

Deflator for the third quarter of the calendar year preceding the fiscal year or other period for which the appropriations are made and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974.

Sec. 2. There is authorized to be appropriated \$1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided however*, That no part of such sum may be obligated or expended until final agreement between the Marianas Political Status Commission and the United States has been signed.

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## AUTHORIZATION FOR THE CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

NOVEMBER 26, 1975.—Ordered to be printed  
Filed under authority of the order of the Senate of November 20, 1975

Mr. JOHNSTON, from the Committee on Interior and Insular Affairs,  
submitted the following

### REPORT

[To accompany H.R. 7688]

The Committee on Interior and Insular Affairs, to which was referred the bill (H.R. 7688) to amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, having considered the same, reports favorably thereon with an amendment to the text and recommends that the bill as amended do pass.

#### AMENDMENTS

The Committee adopted an amendment proposed by Senator Hatfield as follows:

Page 2, line 3, after "1975," insert "\$1,800,000 for a human development project in the Marshall Islands,".

#### PURPOSE

The purpose of H.R. 7688, as reported by the Committee on Interior and Insular Affairs, is to authorize appropriations for fiscal years 1976 and 1977, for the period of July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period, and for other purposes.

#### BACKGROUND

In an executive communication to the President of the Senate, dated February 26, 1975, which is included in this report, the Department of the Interior recommended the enactment of legislation for the purpose described above.

The Department requested that appropriations of \$80,000,000 and \$79,000,000 be authorized for 1976 and 1977.

H.R. 7688 as amended provides for: ceilings of \$80,000,000 for both years; an authorization of \$15,100,000 for the period July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period: such amounts as were authorized but not appropriated for fiscal year 1975; \$1.8 million for a human development project in the Marshall Islands up to but not exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community; and the continuation of an authorization up to but not to exceed \$10,000,000 to offset reductions in, or the termination of Federal grant-in-aid programs. H.R. 7688 also contains, as requested by the Administration, a formula by which the authorized amounts may be adjusted upward or downward to reflect changes in the value of the United States dollar.

#### NEED

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in January 1974. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, it is desirable to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy coincides with the concern over the economy expressed by Members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvements projects.

As stated above, the authorization for the three month period in 1976 is required to make the adjustment to the new budget fiscal year.

Re-authorizing amounts which were authorized for fiscal year 1975 but not appropriated, will make it possible for the Department of the Interior to request the replacement of up to approximately \$7,000,000 in appropriations which were cut from an authorized increase of \$15,600,000. This money was requested to offset the drastic increases experienced by the Trust Territory in the cost of oil fuel products and to start up the construction of ships to provide essential shipping services between the Districts of the Territory and to the outer islands.

At the present time, over 1,000 post-secondary Micronesian students attend college in Guam and the United States at a total annual cost of \$3,000,000. It is estimated that by the year 2000, Micronesia will



have a need for over 500 college graduates per year. The growth in elementary and secondary school enrollment will require at least 200 additional teachers. For these reasons, as a beginning to meeting this need, the Committee approved the amendment adopted by the House authorizing up to but not to exceed \$8,000,000 for the establishment and construction of a campus for a four-year college to serve Micronesia, as based on a study of the justification, need, program and master plan for a community college of Micronesia, submitted to the Committee by Representative Ray Setik, Chairman, Joint Committee on Program and Budget Planning, Congress of Micronesia.

The Committee emphasizes the need for complete and thorough pre-planning for the establishment of an institution of this type. Reference is made to not only the planning of the physical plant, but even more to the planning of the role and purposes of the college and of the curriculum by which the agreed-upon purposes are proposed to be carried out. The Committee suggests that the concept of the community college be given careful consideration, as well as the appropriate roles and composition of the academic and vocational curricula within the context of the community college concept. Attention should be given to the potential of adult education programs, including such techniques as correspondence courses.

It is asked that the Committee be informed of the planning and conclusions arrived at concerning these matters, as well as the plans for the physical plant. Attention is called to the fact that this bill authorizes "up to but not to exceed \$8,000,000" for these purposes.

The formula by which the authorized amounts would be adjusted upward or downward to offset changes in the purchasing power of the dollar as measured by the Gross National Product Implicit Price Deflator, is required to meet the terms of agreements reached by the Administration in the current political status negotiations.

#### LEGISLATIVE HISTORY

H.R. 7688 was introduced at the request of the Administration on June 6, 1975, and was reported by the House Committee on Interior and Insular Affairs on June 13, 1975. It passed the House on June 16, 1975 and was the subject of a hearing by the Senate Committee on Interior and Insular Affairs on July 23, 1975.

#### COMMITTEE RECOMMENDATION

The Senate Committee on Interior and Insular Affairs, in open business session on November 21, 1975, by unanimous vote of a quorum present recommends that the Senate adopt H.R. 7688, if amended as described herein.

#### COMMITTEE AMENDMENT

The Committee adopted an amendment proposed by Senator Hatfield to provide \$1.8 million for a human development project in the Marshall Islands. As outlined to the Committee, the project would entail \$1.8 million in Federal funds to be matched by \$2.1 million from the private sector, program revenues, and the local Nitijela. The project includes an inter-island Ferry, Youth Training, Copra Oil Plant, and a Maniculture Farm. The Committee is hopeful that the

proposed project will be successful in improving the economic standards of the Marshallese and will enable them to become more self sufficient.

#### COST AND BUDGETARY CONSIDERATIONS

Enactment of the bill will increase the fiscal years 1976 and 1977 authorizations by \$5,000,000 each year over the existing levels of authorization. A one-time authorization of \$8,000,000 for a community college, and \$1.8 million for a human development project are also provided for. Other provisions of the bill do not increase previous authorization levels.

Projections for future years, including the five subsequent fiscal years, will probably be in the same range; however, in any event, the Congress will have an opportunity to consider those funding levels at a later time.

The expenditures authorized in H.R. 7688 involve necessary governmental activities and programs in remote areas. It is the sense of the Committee that these outlays will not result in any significant inflationary impact.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 7688, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### ACT OF JUNE 30, 1954 (68 STAT. 330), AS AMENDED

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SEC. 2. There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 [plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies] for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, \$1,800,000 for a human development project in the Marshall Islands, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States

dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, to remain available until expended, to carry out the provisions of this Act and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: *Provided*, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law .

#### EXECUTIVE COMMUNICATIONS

The legislative request received from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 7688 are set forth below :

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., February 18, 1975.

HON. NELSON A. ROCKEFELLER,  
*President of the Senate,*  
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

Late in the 93rd Congress legislation was introduced and hearings were held on the Administration's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal year 1975 and 1976. The reason for the two year proposal was that it would coincide with Stage I of the transition of Micronesia to a new political status. Since that legislation was introduced, negotiations with the Congress of Micronesia's Joint Committee on Future Status have experienced some delay. It now appears that Stage I of the transition will also include fiscal year 1977. The attached Departmental proposal has been amended to reflect that change in schedule in including fiscal year 1977. In addition, authorizations have been included for the transition quarter between fiscal year 1976 and fiscal year 1977. This transition quarter will cover July 1, 1976 through September 30, 1976. We recommend new consideration of the proposed bill and strongly urge that it be enacted.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975. Our proposed bill would authorize a total annual appropriation of \$75 million for fiscal year 1975, and the 1975 constant dollar equivalent of \$80 million for 1976, \$15.1 million for the transition quarter and \$79 million for 1977. Section 2 of our proposed bill would authorize \$1.5 million for a special program to

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Under the trusteeship agreement, the United States is charged with the promotion of political, social, educational and economic development. Beginning in 1964, with the establishment of the Congress of Micronesia, political development in the Trust Territory has been rapid and, by most accounts, effective. Indeed, the United States has been engaged since 1969 in continuing negotiations with the Micronesians to determine new political relationships for the area. One major topic of the negotiations is the future financial assistance by the United States to Micronesia.

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The bill provides an authorization of \$80,000,000 for 1976 \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agree-

ment reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

Our proposal for an expanded authorization would make unnecessary the existing authorization of \$10,000,000 for terminated categorical grant programs past its present expiration date at the end of fiscal year 1975. We note that in fiscal 1975 only \$700,000 were appropriated to cover such terminated grants.

Section 2 of the proposed legislation relates to the negotiations between the United States and the Marianas Political Status Commission which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975, at which time the transition phase began.

The proposed increases in authorization are endorsed by Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations. The proposal in section 1 is deemed vital to our negotiating efforts since it reflects the tentative agreements reached with the Congress of Micronesia's Joint Committee on Future Status at Carmel, California, in March 1974. Section 2 supports the agreement on a Marianas transition program reached in Saipan in May 1974 during the Fourth round of Marianas political status negotiations.

The Office of Management and Budget has advised that the presentation of this proposed legislation is in accord with the program of the President.

Sincerely yours,

ROYSTON C. HUGHES,  
*Assistant Secretary of the Interior.*

A BILL To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal year 1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000; and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976 and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$79,000,000 which amounts for each fiscal year or other period shall be adjusted upward or downward, in the budget transmitted to the Congress for the next succeeding fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price

Deflator for the third quarter of the calendar year preceding the fiscal year or other period for which the appropriations are made and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974.

Sec. 2. There is authorized to be appropriated \$1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided however*, That no part of such sum may be obligated or expended until final agreement between the Marianas Political Status Commission and the United States has been signed.

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## WHY THE 1.8 MILLION FAILED CONFERENCE

1. We asked Hatfield to do something he was incapable of doing.
2. We tried to attack Yates as our problem instead of surrounding our whole situation.
3. We trusted Bernie and Imeson to do their homework on what our real situation was and they failed us.
4. We did not follow the UN lead down to the bottom, and even though it was flimsy, we allowed Yates to hurt us with it.
5. We had no Democratic sponsor on either side of the Hill.
6. We did not work the House from the top.
7. We did not handle the Appropriations Committee Councils with much finesse.
8. We underestimated the difficulty of the appropriation process.
9. We unconsciously let up after the authorization bill was signed.
10. We did not adequately stress the anticipated benefits sufficiently in our story.
11. We failed to communicate our global program to lend credibility to the MHDP.
12. We failed to brief the District Office, therefore when we were checked out we were naked.
13. We seriously misused our Chicago clout by turning underlings on Yates which could only offend him.
14. We could not find a way of parlaying our Town Meeting efforts into Congressional support.
15. Our forces in the Marshalls were not capable of being mobilized into a single pointed work of support.
16. We kept our support base too limited.

## KEY POINTS IN MHDP FUNDING

- I. The House defers to the Senate in matters concerning U.S. policy.
- II. The Senate defers to the House in matters concerning the expenditure of funds.
- III. The Committee chairmen always have a disproportionate amount of power.
- IV. A congressional aide is only useful when his boss is turned on.
- V. All elements of government must be worked simultaneously (Legislative & Administrative).
- VI. Any element that is not worked will later seek to destroy your efforts.
- VII. Committee chief councils are not equatable to personal staff aides and must be handled with great prudence.
- VIII. A sponsor of legislation has a limited number of items granted him. Seniority, chairmanship, party affiliation and reputation are influential in the number, but never are the items unlimited.
- IX. Senators and congressmen from the Northeast and South and Southeast generally have fewer requests to the Interior Appropriations.
- X. If a chairman happens to be a donkey, he can never be directly attacked successfully by a non-profit requesting agency. He must be surrounded on all flanks and gently brought into line.
- XI. A sponsor is someone who will personally intervene on your behalf. A sponsor always knows in advance if his words will carry the amount of weight necessary to win.
- XII. A legislative package can be put together in two weeks.
- XIII. Great exposure can sometimes hurt your efforts.
- XIV. If a congressman or senator indicates that something must be done, it is wise to do it or know precisely why you shouldn't follow his instructions.

WHY (Con't)

17. We let the great spaces of time in between the steps dissipate our efforts and destroy our concentration.

18. We never thought through our questions enough to elicit thorough, complete and instructive answers from the aides.

19. We all ate strawberries during the House Appropriation mark-up.

20. We failed to see the Senate trends to be general and the House particular which means our approach is a bit different.

21. Not enough was made of our unbelievable local support.

22. We could not get transmitted to us from Majuro some crucial data concerning Zeder, United Nations, other than derogatory letters.

KEY POINTS (Con't)

XV. Departmental support is 60% of the battle in the fostering of legislation.

XVI. The use of your top man must be to promote the stature of your cause.

XVII. The top man must be used with focused intent on each crucial component so his influence can be catalyzed at lower levels.

XVIII. Our power is our poverty, determination, and friendly, competent style.

XIX. Not all aides can be befriended but in no circumstances must an aide become an enemy.

XX. An office is never seen without a specific important request.

XXI. Town Meeting is where our power is and where we have a legitimate national constituency.

XXII. The complexity of the Hill and of course the White House will change radically with a new administration.



A SUMMARY OF CRUCIAL STEPS IN FUNDING  
THE MARSHALLS HUMAN DEVELOPMENT PROJECT

1. Rewrite story in light of Phase 1, Sept. 1974-June 1976:  
Phase 1 solidified the private sector support and assistance, established each program in Majuro and set the stage for replication throughout the Islands. Phase 2 will bring in the assistance of the public sector to capitalize the programs and replicate the programs throughout the 24 inhabited atolls.
2. The Department of Interior is now in a position of offering needed assistance. The Department can help us in four ways:
  - (1) \$150,000 of discretionary funds to start replication.
  - (2) \$100,000 of Territorial funds to start replication.
  - (3) Inclusion in supplemental request to Congress.
  - (4) Request of ships for ferry system.
3. The U.S. Congress must be attacked anew with these flanks covered:
  - (1) Departmental support.
  - (2) House sponsorship that is bipartisan.
  - (3) U.N. D.P. endorsement.
  - (4) Senate sponsorship that is bipartisan.
  - (5) Support from the Senate Chairman Byrd.
  - (6) District office support.
4. Certain federal agencies can now be reintroduced as funding components; these seem most likely:
  - (1) U.S.D.A. Forest Service
  - (2) H.E.W. Administration on the Aging  
and H.E.W. Community Services Administration
  - (3) Small Business AdministrationThe U.S.D.A. and H.E.W. can be solicited for cash grants and S.B.A. for loans.
5. The Congress of Micronesia and the District Nitijela might directly assist the MHDP in direct cash grants and departmental requests for funds and F.Y. 77 inclusion.
6. The Marshalls Human Development Project represents an incremental point in our history. The only thing that prevents our conference failure from being a devastating blow is our ability to interpret history differently. Without lying to life we can interpret the last two years as solidifying the private sector and the coming year as undergirding the public sector. It now becomes vital for us to reengage ourselves in a new way in funding the MHDP, a way consistent with our global strategy and the total governmental picture. Perhaps these might be considered as some operational procedures in reconstructing our deep determination to win at something where failure cannot be tolerated.
  - A. The MHDP can be framed in three weeks. One week on the Department, one week on the Hill, one week with the Agencies.
  - B. With great attention to follow-up details, there is no reason why Phase 2 MHDP cannot be brought into a consistent, rational working pattern in Washington.

1 another dimension. I think we have to look beyond the so-  
2 called dollars. I think what we find ourselves doing in  
3 this country time after time, unwittingly, and sometimes  
4 because of the absence of a sound program, is that we think  
5 money is the solution rather than being a tool to reach a  
6 solution to a problem.

7 I think the money here, much of it has been wasted.  
8 What we have created, more than not, is a dependency upon  
9 American dollars in a paternalistic manner, rather than  
10 building infrastructures that are going to make the people  
11 self-supporting, people who are going to stand on their own  
12 two feet. I would hate to consider what they would do if  
13 we would remove the political payments on the political  
14 payrolls. I don't think hiring people to work for the  
15 federal government is building the kind of economy we should  
16 have in some of these areas, by stimulating their local  
17 skills and local resources.

18 I don't believe I disagree with either one of you, but  
19 I think we are going to get to the basic thing here Dr.  
20 Mathews is presenting, and that is, rather than just continuing  
21 to make them dependent on the outflow of American dollars,  
22 but create an economy, an indigenous economy not based upon  
23 political, governmental bureaucracy.

24 Senator Johnston. I agree with you too.

25 Dr. Mathews. I find myself in agreement with both of

1 you too. I think, as I described, the actual program you  
2 will see, what we are concerned with is effectivity of the  
3 efforts already put in there, and I think all of us could  
4 agree on that.

5 I want to underscore the fact, this is a Marshallese  
6 program. I hope the other leaders of the Marshall Islands  
7 who are here, Mr. Kabua, Mr. Hermios and Mr. Naxruhn, and  
8 when they are introduced, perhaps you can ask them some  
9 questions. But, the program I am going to describe repre-  
10 sents the dreams of the Marshallese people in the years  
11 especially since the war.

12 KITCO Company was a defunct company, as many companies  
13 are in the Marshall Islands, and the ICA was first invited  
14 to the Marshall Islands to send an accountant and manager  
15 to turn the company around, so now it is a profit making  
16 corporation. And this can be done to other companies in  
17 the Marshall Islands, as well as in the Trust Territory at  
18 large.

19 As a result of that, the Board of Directors of KITCO,  
20 along with other local leaders in the Marshall District  
21 invited the ICA to set up a consultation. So we brought  
22 oceanographers, farmers, financeers, teachers, laborers,  
23 and sat down for one week with the leaders of the Marshallese  
24 people, and forged a comprehensive and inclusive model,  
25 relative toward the future after economics of self-sufficiency,

1 after new relevance that would enable them to participate  
2 in the new world we are living in, and relative to ways  
3 and means of how they could adequately train themselves to  
4 do that kind of participation.

5 As a result of that consultation, you will that the  
6 end of the statement summarizes that, the emphasis is on  
7 effective training, on effective social dynamics, and on  
8 effective acceleration of the economic dynamics of their  
9 culture. Now those, you might call goals. But goals do  
10 not do a job.

11 The next chart transposes those directives into  
12 tactical systems which insure the actuation of the model  
13 itself. I will not go into detail, but you will notice they  
14 are divided into ones that emphasize more the sociological  
15 and those that emphasize more the economic, although each  
16 one of them is interrelated.

17 I will mention, too, one is the ferry system. We  
18 believe without a wave of people and small goods to regularly  
19 flow among all the 23 inhabited atolls and islands, there  
20 is no chance for the development of any other program. With  
21 the help of the District Administrator we took a copra  
22 boat and got some of the leaders of the Nitijela and the  
23 business community, and went to some of the outer islands.  
24 What you have heard is not quite as bad as it is. I would  
25 like to say, if you break a leg on the outer islands, you

1 might as well shoot yourself. The doctors don't want to  
2 go there, because they don't know if a copra boat is going  
3 to come by in two months or two weeks to take them off. The  
4 teachers or the administrators don't want to go to the islands  
5 for the same reason. The businessmen do not want to go to  
6 the outer islands.

7 I don't want to take up too much time, but I went to  
8 Likep, which was a glorious small community years ago. You  
9 would cry if you saw it now. I have never been to Jaluit,  
10 and I don't think it is quite as bad, but it at one time  
11 had a glory, and if you can feel from the local man up, you  
12 will get some idea of the ferry system --

13 Senator Johnston. What was the glory they lost?

14 Dr. Mathews. It had a Portuguese influence. The  
15 architecture on the island is shocking. There are large  
16 numbers of people there. They had one of the finest schools  
17 in that part of the world, the Roman Catholic Church ran.  
18 Now the people are stocked into Lib Island and Kwajalein  
19 Atoll.

20 Senator Johnston. When was that?

21 Dr. Mathews. That began after World War II, of course,  
22 when that became --

23 Senator Johnston. When did they have the good culture  
24 there?

25 Dr. Mathews. It began to happen in the last part of

1 the last century. What developed from that time forth is  
2 a remarkable thing to behold.

3 Senator Johnston. What was the basis of the trade  
4 there?

5 Dr. Mathews. They did copra, and on those days, Mr.  
6 Chairman, they were on an entirely subsistence type economy;  
7 that is, they could live there and live well. That is gone.  
8 There is no romantic return to the culture of the past. They  
9 have to adjust themselves to the modern world, or they have  
10 no future like you and myself. It is a remarkable place.

11 Senator Johnston. You speak romantically about return  
12 to a lifestyle that was better.

13 Dr. Mathews. No, I do not. If you don't mind my  
14 saying there is no return to it, there is no return. We  
15 cannot in the Western world overlook the fact that there are  
16 other cultures in another age that would not work today. They  
17 cannot go back. It is all gone except their memory, and  
18 they can use that toward the future.

19 Senator Johnston. They cannot go back because of what  
20 they have learned?

21 Dr. Mathews. That is right. And I have talked to  
22 people who think they could go back. No. That is part of  
23 the burden of us in the United States, is to help them move  
24 into the future.

25 Now, a ferry system is as important to the Marshall

1 Islands as a bus system in Tokyo or in New York City. Any  
2 other program without that will not work, in our opinion.

3 The second program has to do with youth training. The  
4 Marshallese people saw these things, these other plans. The  
5 next plan we had written up before we had the consultation.  
6 You can read it sometime.

7 The idea was to get a moth-balled LST. There is a  
8 fantastic one sitting out on Mare Island with a fully  
9 equipped machine shop on the old top deck. On the rear  
10 upper deck, as you may remember, there is a fully equipped  
11 carpenter shop. The idea of the Marshallese was to take  
12 some three or four hundred of their youth who do not go to  
13 high school, as most of them do not, and half of them at least  
14 drop out of high school, to take these young men, put  
15 25 old Marshallese copra hands on that ship, and go to the  
16 uninhabited islands, atolls and islands and the ones not  
17 fully harvested, and those old men teach the young men to  
18 harvest copra. At the same time, they could cut down the  
19 old trees. Nobody knows whether there is a million or three  
20 million coconut trees that are 75 to 100 years old which  
21 have lost their vitality. They need to be replanted.  
22 They could take soil analyses, they could mulch the under-  
23 growth that keeps those trees from producing back into the  
24 ground with mulchers. We believe those young men themselves,  
25 as well as getting trained to effectively serve their peoples

1 in the future, that you could increase the copra production  
2 threefold. Some of those islets have not been harvested  
3 since the Germans were there. This holds together the  
4 social and the economic.

5 Now I want to move directly to the economic. The first  
6 program you notice there, and I have left this full manual  
7 with the Committee if anyone wants to read it, was called the  
8 Copra Lagoon System. That is a system where on everyone of  
9 the 23 atolls, you put a warehouse where the copra can be  
10 brought in out of the rain, and make it unnecessary for a  
11 copra ship to take seven days or more going from islet to  
12 islet. And in the lagoon, you put a five-ton boat that  
13 will enable the people to bring it together, and on the  
14 other end of that warehouse, you put a store where the people  
15 can have goods regularly. You'd be shocked.

16 Senator Johnston. Is there a long-term market for  
17 copra?

18 Dr. Mathews. I believe there is, however, we are  
19 going to have to work with certain peoples around the world  
20 in research and people who use the oils to have some kind  
21 of guarantee relative to the future. Right now, it is the  
22 only export they have.

23 I will not talk on this, but it could very well be  
24 those people are going to have to make their own oil in the  
25 future. We could go into that in detail if you want.



1           In those stores, they have cash, where the people are  
2 paid in cash, and not with chits, which cuts down copra  
3 production and does something to the mental image the people  
4 have of themselves. Without such a system, I do not see  
5 how the Marshallese can even begin to move toward overcoming  
6 the deficit import-export balance.

7           Senator Johnston. Let me point out the Copra Stabiliza-  
8 tion Board has voted to reduce the price of copra for the  
9 third time this year. The new price reduction is the result  
10 of declining sales prices in the world, and even with this,  
11 it continues to lose money. I have been aware of declining  
12 copra sales because of substitutes and the declining demand.  
13 Are you confident we can build up a market and build an  
14 economy around copra?

15           Dr. Mathews. Yes. And I believe the Philippine  
16 Islands are pioneering a way in that direction for us. But  
17 let me say this. You are going to have to have that  
18 stabilization board for a while at least in order to be able  
19 to do this. The price has come down dramatically, and that  
20 is somewhat crushing to the people. But we want methods  
21 so that they can keep on, to install methods where they  
22 can have an easier amount of labor, they can keep producing  
23 the copra and produce more of it, even though the price  
24 has gone down. I believe that only 10 percent of the copra  
25 in those islands is now being harvested.

1           Senator Hatfield. Could I interrupt for a moment? I  
2 would like to interject one point.

3           I understand one of the competitors to copra and one  
4 of the substitutes for that is whale oil, and therefore,  
5 with the growing concern among some of the nations of the  
6 world about the whale population and clamping down on harvesting  
7 of the whales, it could well be the future will see a whole  
8 different situation than we are dealing with now as far as  
9 copra is concerned.

10          Dr. Mathews. From the point of view of economics,  
11 you write the Marshall Islands completely off. But local  
12 economy has to be considered also. Those people have to  
13 live. We have a choice, dole, or help them toward economic  
14 self sufficiency. I prefer assistance rather than dole.

15          Senator Johnston. I think that is a good and very  
16 strong conclusion.

17          Dr. Mathews. The last program has to do with small  
18 industries. We would like to bring 24 small industries into  
19 the Marshall Islands in the next two or three years. Our  
20 principle relative to local economic planning is to increase  
21 the export status. For instance, we are going to look hard  
22 for a second crop under those cocoanut trees. If you are  
23 thinking of millions of billions of dollars, that has nothing  
24 to do with that. Those people still have to live and have  
25 a local economy if they are to build self respect.

1           The second principle is to keep as many dollars in  
2 the Marshall Islands that come there as possible by producing  
3 as many of the local goods that you can possibly can. This  
4 is what the small industries do.

5           An industry such as a sawmill, which will make the  
6 lumber out of old cocoanut logs, the bottom two-thirds of  
7 it after it is 70 years old, a prefabricating plant, a small  
8 plastics plant, a small iron works plant, a demonstration land  
9 farm, and a small multi-purpose repair center, a small  
10 multi-usable cannery. You can begin to see when the  
11 Japanese catch tuna outside the Marshall Islands, ship it  
12 to Japan to be processed, ship it to the United States to  
13 be canned, and ship it back out to the Marshall Islands at  
14 prices you and I would not dream of paying. But they need  
15 that kind of a program.

16           I will stop with that, except to call your attention  
17 to the projected funding on the last sheet. We are again  
18 using the principle of private and public, although we put  
19 the budget together in terms of the nonfederal funds and  
20 the federal funds.

21           The whole program for one year will cost close to  
22 \$4 million, \$2 million of this is private money. You will  
23 notice the private money as an income from the local Nitijela,  
24 that is, the legislative body of the local Marshall Islands  
25 District. They do not have too much money, but they are

1 going to participate, which is crucial in our opinion.

2 And secondly, the programs you start will generate  
3 some monies for their own support.

4 And thirdly, from the private sector. The private  
5 sector are the businessmen in the Marshall Islands who will  
6 borrow money with the help of SEA and the like in order to  
7 fund the necessary programs.

8 Senator Johnston. Thank you very much, Dr. Mathews.  
9 This is a most interesting program. I would frankly like to  
10 talk to you all morning about it, but we have got to move  
11 on. But your conclusions are excellent ones.

12 If we can find a way to effectuate that and make the  
13 Marshallese self sufficient, bring private money in and  
14 develop an infrastructure of small businesses around the  
15 copra business, then we will have done a tremendous thing  
16 for the Marshallese.

17 Thank you very much for your testimony.

18 Senator Hatfield. May I say I have never had the  
19 privilege of knowing Dr. Mathews and his Institute of  
20 Cultural Affairs, and I am deeply impressed by the depth  
21 of his understanding of these problems and the practicality  
22 of his proposals. I want to go on record as saying I want  
23 to do everything that I can to help them get this kind of  
24 a movement of activity going on in the Marshall Islands.  
25 I think it is one of the answers for one of the problems.

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Senator Johnston. Next we have the Honorable Amata  
Kabua.

1 STATEMENT OF THE HONORABLE AMATA KABUA, SENATOR,  
2 CONGRESS OF MICRONESIA, ACCOMPANIED BY: JUDGE  
3 KABUA KABUA, MARSHALL ISLANDS DISTRICT COURT;  
4 THE HONORABLE NAMO HERMIOS, MARSHALL ISLANDS  
5 LEGISLATURE; AND FRED NARRUHN, GENERAL MANAGER,  
6 KWAJALEIN IMPORT AND TRADING COMPANY.

7 Mr. Amata Kabua. Mr. Chairman, if I may at the outset  
8 introduce the members of the Marshall Island delegation  
9 representing the leadership of the people of the Marshalls  
10 in matters relative to this hearing.

11 At the far left is the Honorable Namu Hermios, Vice  
12 President of our Legislature. The gentleman sitting next  
13 to him is the Honorable Kabua Kabua, who is the presiding  
14 Justice of our District Court, and also one of our paramount  
15 traditional leaders. At my immediate right is Mr. Fred  
16 Narruhn, one of our business leaders, and Business Manager  
17 of Kwajalein Import and Trading Company. At my left is  
18 Honorable Ataji Balos, who is a member of the House of  
19 Micronesia, and Chairman of our Congressional Delegation  
20 in the Marshalls. My name is Amata Kabua, member of the  
21 Senate of the Congress of Micronesia, and also Chairman of  
22 the Micronesia Political Status Commission.

23 Mr. Chairman, we in this delegation wish to thank you  
24 and your distinguished colleagues for the opportunity  
25 extended to us to appear before your Committee to support  
the project proposal submitted earlier by Dr. Mathews and  
the request for funding needed for implementation of the

1 projects.

2 Mr. Chairman, last week, the leadership of the Marshall  
3 Islands met and reviewed the work of the Institute of  
4 Cultural Affairs, and particularly the proposed Human  
5 Development Project for the Marshalls. The leadership,  
6 having reviewed these matters, decided to give full support  
7 of the project and their request for its funding.

8 The leadership has been very much receptive of this  
9 type of development which recognizes the real needs of the  
10 people in trying to improve their social and economic  
11 well being.

12 The Institute of Cultural Affairs is a consultative  
13 body which has been serving our legislative body in the  
14 public and private sectors. Growing out of our association  
15 and work with ICA, two catalytic institutions, namely  
16 Trans-Atoll Service and the Marshall Community Action  
17 Agency, have been established, and are now effectively  
18 functioning to catalyze the economic and social development  
19 of the Islands. These institutions are owned by the people,  
20 with the goal of extending needed service to the people of  
21 the rural and outer island communities which have not been  
22 fully enjoying the steady flow of their staple needs, socially  
23 and economically.

24 I would be remiss if I do not mention our great concern  
25 about our youth, those who cannot have secondary education,

1 and those who have completed their high school education.  
2 We feel there should be some industrial development to  
3 accommodate them. And this \$1.8 million proposal deals  
4 with concern, which may result in tragedy to us in the future.

5 Mr. Chairman, the people and the leadership of the  
6 Marshalls believe strongly with financial assistance from  
7 the United States Congress and the consultative and technical  
8 assistance of the ICA, the results gained from the implementa-  
9 tion of these projects will be most beneficial to meet the  
10 crucial needs of our people. The results, we feel confident,  
11 Mr. Chairman, will be something that both the American  
12 people and our people will be pleased and proud of.

13 Mr. Chairman, our delegation on behalf of the leaders  
14 and the people of the Marshalls, sincerely urges your  
15 favorable consideration of this fund request. This will  
16 begin to help our society help itself.

17 Lastly, Mr. Chairman, and Honorable Members of this  
18 Committee, I would again like to thank you very much for  
19 the privilege and the opportunity for us to participate in  
20 this hearing. We shall be most pleased to answer any  
21 questions that we can answer among ourselves. Or if not,  
22 we may refer them to other people who can help us.

23 Senator Johnston. Thank you very much.

24 The private sector monies you have specified here, are  
25 those firm, that you could get those monies? Perhaps you



ought to come up, Dr. Mathews, and sit in on the panel.

Are these monies firm, that you can get that?

Dr. Mathews. These are mostly in the form of loans that the local business community take upon themselves with the assistance of working through banks and with the assistance of SBA, and the assistance of the private sector putting up security money.

Senator Johnston. I am wondering how much of that is insured money, government insured, and how much is really private money?

Dr. Mathews. Fifty-fifty. Even so, if the government backs me up as a businessman working with a bank, that is an obligation from my point of view that I take upon myself. I pay back that bank. That is why it is considered private money. It is with the help of the federal.

Senator Johnston. Most of these things are independent of one another, are they not? For example, your elders tourism program would be independent of your repair center or your oil plant, would they not?

Dr. Mathews. Yes, Sir.

Senator Johnston. We would not have to necessarily, if we go into the program, we would not necessarily have to go to the extent of \$1.8 million. We could go for a part of that and not hurt any of the component parts of the program, is that correct?

1 Dr. Mathews. Mr. Chairman, to answer that, of course  
2 you could do any part of that. But we feel if one part of  
3 that program is left out, you would miss the whole program.  
4 So therefore, we would try to find some other way to do it,  
5 to do any program that wasn't funded. We think, for instance,  
6 take the elders. If you will put the youth and not the  
7 elders, you are not going to do the job.

8 Senator Johnston. How many years would this kind of  
9 program require our support?

10 Dr. Mathews. You will notice it is phased out. \$1.8  
11 the first year, half of that, \$.9, and half of that the  
12 third year. And by the fourth year, we believe the normal  
13 flow of monies into the Trust Territories, plus the generation  
14 of economic flow within the local community would take  
15 care of the whole program. It would be three times. By  
16 the fourth time it will handle itself. That is our estimate,  
17 and we believe it is sound.

18 Senator Johnston. This is a very interesting program,  
19 and we will give it very careful study. I have not read  
20 this program, I am sorry to say, but I will by the time we  
21 go into markup on this bill, and I can promise you a very  
22 sympathetic consideration of it.

23 Thank you very much for being with us this morning.  
24 It has been a very instructive program.

25 By the way, Dr. Mathews, do you have any views on the

college we were talking about earlier?

Dr. Mathews. Yes, I have. I think in the long run, such a program is necessary. I believe it should be started out in a two-year school and see what happens. Then, I believe, enough support money needs to be put into it that where that can be a new kind of educational process relative to developing peoples, and more than just the technical or vocation. But with the state of education in the world today, particularly with developing countries, I believe if our government does it, they ought to do enough sustaining money through the first few years of it that it can be a crucial experiment in education. Then at the end of two years, I agree with what some of the Committee indicated. It is crucial for the Micronesians to get out of Micronesia, just like it is crucial for any one who lives in Chicago to get out of the United States.

Senator Johnston. Thank you.

(Whereupon, the hearing was recessed at 12:05 p.m.)

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