

TERRITORIAL ADMINISTRATIVE CESSATION ACT

HEARING
BEFORE THE
SUBCOMMITTEE ON
INSULAR AND INTERNATIONAL AFFAIRS
OF THE
COMMITTEE ON
NATURAL RESOURCES
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

H.R. 3797

TO TRANSFER CERTAIN ADMINISTRATIVE FUNCTIONS OF THE DEPARTMENT OF THE INTERIOR RELATING TO THE UNITED STATES TERRITORIES TO THE DEPARTMENT OF COMMERCE

HEARING HELD IN WASHINGTON, DC
JULY 14, 1994

Serial No. 103-100

Printed for the use of the Committee on Natural Resources



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1994

83-376

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-045981-8

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H.R. 3797, TERRITORIAL ADMINISTRATIVE CESSATION ACT

THURSDAY, JULY 14, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATURAL RESOURCES,
SUBCOMMITTEE ON INSULAR AND INTERNATIONAL AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 10:05 a.m. in room 1324, Longworth House Office Building, Hon. Ron de Lugo (chairman of the subcommittee) presiding.

STATEMENT OF HON. RON DE LUGO

Mr. DE LUGO. The Subcommittee on Insular and International Affairs meets today at the request of several of its members to take testimony on a bill that would make three changes in the way that the executive branch is organized to perform functions regarding insular areas.

[Text of the bill, H.R. 3797, follows:]

103D CONGRESS
2D SESSION

H. R. 3797

To transfer certain administrative functions of the Department of the Interior relating to the United States territories to the Department of Commerce.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1994

Mr. GALLEGLY introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To transfer certain administrative functions of the Department of the Interior relating to the United States territories to the Department of Commerce.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Territorial Administra-
5 tive Cessation Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

8 (1) the people of Palau in the United Nations
9 Trust Territory of the Pacific Islands, known as the
10 Japanese Mandated Islands, have voted to approve

1 the Compact of Free Association with the United
2 States, thereby leading to the end of the trusteeship
3 responsibilities of the United States as administering
4 authority for Palau under the United Nations Char-
5 ter;

6 (2) the Secretary of State is responsible for
7 government-to-government relations with the freely
8 associated states of Micronesia and the Marshall Is-
9 lands;

10 (3) the United States territories have developed
11 progressively increased local self-government over
12 the past 5 decades;

13 (4) the territories predominantly deal directly
14 with Federal agencies and departments like a State;

15 (5) the Department of the Interior's admin-
16 istering responsibilities for the insular areas has de-
17 clined substantially during the past 5 decades; and

18 (6) Federal-territorial relations can be enhanced
19 and Federal fiscal conditions improved by the elimi-
20 nation of unnecessary Federal bureaucracy.

21 **SEC. 3. TRANSFER OF RESPONSIBILITIES.**

22 (a) TRUST TERRITORY OF THE PACIFIC ISLANDS.—
23 All responsibilities of the Office of Territorial and Inter-
24 national Affairs of the Department of the Interior relating
25 to the administration and termination of the Trust Terri-

1 tory of the Pacific Islands and the implementation of the
2 Compact of Free Association are hereby transferred to the
3 Office of Pacific Island Affairs of the Department of
4 State.

5 (b) TECHNICAL ASSISTANCE AND OPERATIONS AND
6 MANAGEMENT ASSISTANCE.—All responsibilities of the
7 Office of Territorial and International Affairs of the De-
8 partment of the Interior relating to technical assistance
9 and operations and management assistance is hereby
10 transferred to the Economic Development Administration
11 of the Department of Commerce.

12 (c) TERMINATION OF POSITION OF ASSISTANT SEC-
13 RETARY.—Effective 30 days after the date of enactment
14 of this Act, section 5315 of title 5, United States Code,
15 is amended by striking “Assistant Secretaries of the Inte-
16 rior (6)” and inserting “Assistant Secretaries of the Inte-
17 rior (5)”.

Mr. VENTO. H.R. 3797, which was introduced by the Ranking Republican of this subcommittee, Mr. Gallegly of California, is intended to transfer the responsibility of the Interior Department's Territorial and International Affairs Office, OTIA, to fund special, small projects for the governments of the insular areas other than Puerto Rico to the Commerce Department's Economic Development Administration, EDA. This responsibility is carried out under what are generally known as OTIA's technical assistance programs.

The bill would also transfer OTIA's responsibility to oversee and subsidize the government of the last remaining part of the Pacific Islands Trust Territory that the United States agreed to develop into a self-governing status for the U.N.—and that is Palau—to the State Department's Pacific Islands Affairs Office.

And, finally, having removed two of OTIA's remaining significant functions, H.R. 3797 would eliminate the assistant secretary position that has been used to head OTIA since 1980. The bill would leave OTIA headed by a deputy assistant secretary and only the following in terms of significant functions: subsidizing the government of American Samoa; the disposal of Water Island in the Virgin Islands; coordinating Federal programs in the freely associated states; and overseeing several limited-term, larger special projects and programs established by Congress in insular areas.

I didn't list two other functions because they don't involve significant work by OTIA.

One is transferring mandatory assistance to insular areas—most of the money that passes through OTIA. These U.S. Treasury collections for Guam and the Virgin Islands and required appropriations for the Northern Mariana Islands and the freely associated states involve no real discretion on OTIA's part; for instance, in the case of large amounts of money that are collected as a result of excise taxes on rum, which is similar to the excise taxes collected on the rum in Puerto Rico.

This was a decision made years ago by the Congress. The Congress mandates that these funds be returned to the insular areas, and when I came to Congress I amended that legislation. Rather than getting the money at the end of the period, we get the money up front, but all of that is by law and is automatic.

I was rather put off when a press release was issued by OTIA about these funds which gave the impression that this was millions of dollars that was being passed to my district, and anyone reading this release would believe that this was OTIA providing millions of dollars to my constituents out of the goodness of its heart. This was congressional action, and OTIA had no discretion in it whatsoever. It is that type of poor judgment that was exhibited in the past. We have seen that stopped now, but it has caused a great deal of frustration on the part of the elected representatives of these insular areas.

The other function is status development in American Samoa and the Virgin Islands, which have expressed no will to change their basic Federal relationships. And while Guam has and the Northern Marianas has also raised a major relations issue, the level of attention to their petitions has been raised from OTIA to the Secretary's Office.

I want to comment briefly on the three questions that H.R. 3797 actually poses. One is: Would the needs that OTIA's technical assistance programs fund be better funded by EDA?

That is one question. Now, in considering this, it should be recognized that EDA already provides assistance for development in the insular areas and elsewhere in the U.S. political family and that both President Clinton and the House have supported expanding EDA.

On the other hand, I note in reading the testimony of virtually all of the witnesses who will appear today that they also have this concern.

But we should recognize that the development EDA provides assistance for does not include matters of *political* development—which OTIA now funds. So there is a concern on the Chair's part and I note the concern that we will hear from many of the witnesses this morning that the knowledge and the expertise that is contained in OTIA does not exist over at Commerce and that this might not be a wise move.

The second question is: Can OTIA's responsibility for overseeing and subsidizing Palau be fulfilled by State's Pacific Islands Office?

There are a few things to keep in mind. One, this job is already scheduled to be completed October 1—when Palau is expected to attain an agreed-upon free association status. Two, the State Department is already leading the administration on Palau's status development and will be responsible for relations with Palau when it takes effect.

But, three, Interior will continue to be responsible for assistance to Palau under the compact arrangement.

The third question is: Does OTIA still need to be headed by an assistant secretary?

Again, a couple of points. OTIA's responsibilities have been greatly diminished since an assistant secretary position was assigned to OTIA. The current assistant secretary has said that she wants to be the last assistant secretary, but to eliminate this position is not something that would be entered into lightly, I can assure you.

Implicit in questions about whether other agencies would better carry out the responsibilities that the bill would transfer are questions about how OTIA is performing them. And the bill also suggests a broader question: Is OTIA still needed at all?

It is no secret that we and others have been disappointed by OTIA. And that is not something that, first of all, does not deal with the personalities and it is not something recent. This is the history of this office over a very long period, under both Republican and Democratic administrations of the past. And as great as OTIA's failures in carrying out some of its assignments have been, some of our greater frustrations have related to a role that really doesn't exist anymore: that of being a lead agency within the executive branch on territorial matters.

You know, this will be the crux of my concern, and the thing that we really have to focus on during this hearing. In the territories there is a great confusion over OTIA's role, and it springs from the past history.

There was a time when the territories office had great jurisdiction and power and was the lead agency for all of the territories of the United States. At that time, OTIA had a different name, but it was responsible for the Philippines when the Philippines were a territory of the United States. It was responsible for billions of persons in the Philippines, responsible for Alaska, responsible for Hawaii before Hawaii attained statehood and Alaska attained statehood, in addition to Puerto Rico. That no longer is the case. Puerto Rico is now over in the White House as well as responsibility for all of the trust territories. Trust territories no longer are a responsibility of OTIA.

There is only one remaining trust territory, and that is Palau, and as we said, Palau will be an independent state in association with the United States before the end of this year if all goes well. So it is a very different situation, and whereas in the past there was this centralization of power and the leaders of the territories office actually administered the Governors of certainly my own district, the Virgin Islands, because the Governor was appointed by the President. He was pretty much told what to do by the Director of Territories, and the same held true in Guam. That is no longer the case.

Our Governors are now elected by the people of the Virgin Islands and Guam, and that is the case in the Northern Marianas as well. We have moved forward, our legislatures have great power. There is self-governing in these territories. The Office of Territorial Affairs is just not in the position when administrative policy is being developed, when a President, Republican or Democrat, is putting together a major package such as a trade package or a tax package or a health package or a housing package or any of these major packages. OTIA is not in the position to dictate to a cabinet officer or the White House how the territory shall be treated in these packages, and in many cases we have found that OTIA has tried to help. They have supported with letters and so forth, but it has simply been the case in too many instances that the territories are just not included. OTIA has simply not had the clout.

The Interior Department had this power in the past, but things have changed now. Most insular policy is now determined by the peoples of the insular areas. OTIA's motives are good, there is no question about that, but how much they can effectively influence the policy is a matter of question.

The kind of across-the-board leadership that is needed in the Chair's recommendation can only come from the President's Office, and that has been my public position for a great many years.

It was my position, which the previous Ranking Republican on this committee supported me in. I see my good friend, Bob Lagomarsino, nodding his head. I just want to say, Bob, it is a joy to see you here and you have done so much for the territories over the years and during your tenure on this committee.

Under previous administrations and during my long tenure here in Congress, I came to the very, very firm conclusion that the territories need representation in the White House. They need the Presidential attention that can come from the White House. Now, I have been informed this week that the President has named a Territorial Coordinator in the White House. This is helpful, but it is

not the whole answer, of course, and we will have to determine later on exactly how effective this will be and how helpful it will be.

At the same time, all of the various other agencies, such as OTIA and health and housing and so forth continue to carry out their duties as prescribed by law. So we have this hearing today, we have a number of witnesses, and as I said, we have Bob Lagomarsino who sponsored the legislation. I urged him to come and be here today, and we are very, very glad that he is here. At this time, let me recognize my friend from American Samoa, for an opening statement.

[Prepared statement of Mr. de Lugo follows:]

**Statement of Chairman Ron de Lugo
opening a hearing of the
Subcommittee on Insular and International Affairs
on H.R. 3797 o July 14, 1994**

The Subcommittee on Insular and International Affairs meets today at the request of several of its Members to take testimony on a bill that would make three changes in the way that the Executive Branch is organized to perform functions regarding insular areas.

H.R. 3797 is intended to transfer the responsibility of the Interior Department's Territorial and International Affairs Office -- OTIA -- to fund special, small projects for the governments of the insular areas other than Puerto Rico to the Commerce Department's Economic Development Administration -- EDA. This responsibility is carried out under what are generally known as OTIA's technical assistance programs.

The bill would also transfer OTIA's responsibility to oversee and subsidize the government of the last remaining part of the Pacific Islands Territory that the U.S. agreed to develop into a self-governing status for the U.N. -- Palau -- to the State Department's Pacific Island Affairs Office.

And, finally, having removed two of OTIA's few remaining significant functions, H.R. 3797 would eliminate the Assistant Secretary position that has been used to head OTIA since 1980.

The bill would leave OTIA headed by a Deputy Assistant Secretary and only the following in terms of significant functions:

- o subsidizing the government of American Samoa;
- o the disposal of Water Island in the Virgin Islands;
- o coordinating Federal programs in the freely associated states; and
- o overseeing several limited-term, larger, special projects and programs established by Congress in insular areas.

I didn't list two other functions because they don't involve significant work by OTIA.

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collections for Guam and the Virgin Islands and required appropriations for the Northern Mariana Islands and the freely associated states involve no real discretion on OTIA's part.

The other function is status development in American Samoa and the Virgin Islands, which have expressed no will to change their basic Federal relationships. And while Guam has and the Northern Marianas has also raised a major relations issue, the level of attention to their petitions has been raised from OTIA to the Secretary's Office.

I want to comment briefly on the three questions that H.R. 3797 actually poses.

One is: Would the needs that OTIA's technical assistance programs fund be better funded by EDA?

In considering this, it should be recognized that EDA already provides assistance for development in the insular areas....and elsewhere in the U.S. political family and that both President Clinton and the House have supported expanding EDA.

But we should also recognize that the development EDA provides assistance for does not include matters of political development -- which OTIA now funds.

The second question is: Can OTIA's responsibility for overseeing and subsidizing Palau be fulfilled by State's Pacific islands office?

There are a few things to keep in mind. One, this job is already scheduled to be completed October 1 -- when Palau is expected to attain an agreed-upon free association status. Two, the State Department is already leading the Administration on Palau's status development and will be responsible for relations with Palau when it takes effect. But, three, Interior will continue to be responsible for assistance to Palau under the Compact arrangement.

The third question is: Does OTIA still need to be headed by an assistant secretary?

Again, a couple of points. OTIA's responsibilities have been greatly diminished since an assistant secretary position was

assigned to OTIA. And the current Assistant Secretary has said that she wants to be the last.

Implicit in questions about whether other agencies would better carry out the responsibilities that the bill would transfer are questions about how OTIA is performing them. And the bill also suggests a broader question: Is OTIA still needed at all?

Its no secret that we and others have been disappointed in OTIA. But as great as OTIA's failures in carrying out its assignments have been, some of our greater frustrations have related to a role it really doesn't have anymore: that of being a lead agency within the entire Executive Branch on territories matters.

The territories office once was a lead -- and very important -- agency. It oversaw the governments of the Philippines, Alaska, Hawaii, and Puerto Rico as well as the seven smaller insular areas for which it now has much more limited responsibilities.

The Interior Department had significant influence over the policies of all Federal agencies concerning territories. Island governments headed by appointees reported through it and it exerted additional influence by providing financial assistance that was a substantial portion of local operating budgets.

But the territories office lost most of its importance:

- as all of the areas became fully or locally self-governing;

- as greater self-reliance due to economic growth developed;

- as we've included insular areas in most Federal programs;
- and

- as Congress provided automatic assistance, such as the tax rebates and required appropriations I mentioned earlier.

Most insular policy is now determined by the peoples of the islands though their elected leaders and by officials in the agencies responsible for the programs that now have the greatest impacts upon the islands.

OTIA has little influence over the key issues: social programs; taxes; and trade; etc. It wasn't a player in this President's major initiatives that will affect the insular areas: the

economic program; NAFTA and GATT; health care and welfare reform.

Instead, OTIA merely dabbles in policy, especially by using its technical assistance funds and through its partnerships.

And, while its motives may be good, and it sometimes may do some good, OTIA just isn't in the position to influence most policy.

The kind of across-the-board leadership that's needed can only come from the President's Office. So, I'm pleased that this White House has responded for our request to assign a staffer to help ensure that all U.S. insular areas are considered in policies within the jurisdiction of any Federal agency.

The assignment of a Deputy Assistant to the President to handle territorial problems should fill the gap that's existed in the Executive Branch, enabling OTIA to concentrate on its actual assignments and us to focus more clearly on the questions this bill actually poses.

In citing OTIA's record over the years, we should also acknowledge, though, that this Assistant Secretary is now trying hard to both turn the OTIA of the past around and make up for earlier missteps.

And we should, further, recognize that she now seems to understand the essence of the insular problem.

She also sees an end to OTIA...but not until the insular areas have obtained empowerment in the Federal system. And she's proposed an expanded role for OTIA in the interim. The House, by contrast, has voted to reduce OTIA's funding.

But these matters go beyond the bill before us. And we've asked our witnesses to confine their oral statements to its proposals so we can finally give this bill the consideration it deserves.

It wasn't considered when it was first proposed last year because we were discussing the handling of insular matters with the Secretary of the Interior. At his office's request, I asked the sponsor of the bill not to request a vote on it then...when it probably would have passed.

There have been improvements in OTIA since that time as I've noted but they don't justify not considering this measure at all.

STATEMENT OF HON. ENI F. H. FALEOMAVAEGA

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I would like to offer the full text of my statement to be made part of the record, and in the interest of time, I will summarize my statement.

Mr. Chairman, before proceeding, I, too, would like to offer my personal welcome to a former very distinguished member of this committee, someone for whom I hold the very highest regard and respect. Over the years, for well over 20 years, he has served so well and has given such a considerable amount of his time and energy and effort to assist the territories as a member of this committee, and I, too, would like to say that with every sense of sincerity and talofa to former Congressman Bob Lagomarsino. We look forward to hearing from him this morning.

I am very, very happy to see him presently here before the committee. Also my special hello also to former Assistant Secretary of Commerce, Mr. Orson Swindle, who in the years that I served as Lieutenant Governor was very helpful to the territories in delivering a lot of the resources and the things that were needed especially for American Samoa in those years, and I welcome him to the committee.

I also would like to offer my personal welcome to our Assistant Secretary of the Territorial and International Affairs, Leslie Turner, for being with us here this morning.

Mr. Chairman, the bill, H.R. 3797 if this bill is to be enacted into law, it would essentially transfer all responsibilities of the Office of Territorial and International Affairs to the Department of Commerce and the Department of State. What this means essentially is it would reduce presumably one less assistant secretary within the Department of the Interior, presumably that one being the Assistant Secretary for Territorial and International Affairs.

It appears, Mr. Chairman, the purpose of the bill to recognize the political development of the territories over the past 50 years, acknowledging the decrease in the number of U.S. territories, streamline government operations in the area of insular relations, and reduce the number of Federal Government employees.

Mr. Chairman, I want to emphasize that certainly these goals are noteworthy, and I want to commend Congressman Gallegly for the effort he has made in fashioning this bill, and I also want to thank you and Chairman George Miller for your willingness to devote the time and resources necessary to hold a hearing on this matter.

I want to emphasize, Mr. Chairman, again, that under section 3 of article IV of the U.S. Constitution it is the Congress which has plenary authority over U.S. territories. As the Committee on Natural Resources in the House of Representatives has jurisdiction over territorial issues, this subject is properly before this subcommittee.

Mr. Chairman, the Carter administration issued a white paper which I believe was a turning point in territorial affairs. Among other things, it enhanced the office from a subdivision to a separate office headed by an assistant secretary. Over the years, however, the position has become one for a token Hispanic or other minority. Every four years insular policy comes to a standstill while we wait for the new assistant secretary to come up to speed on territorial issues. Then, we have had other problems such as during the pre-

vious administration when there was a Pacific insular affairs policy meeting in Honolulu. We were all optimistic about the policy report which was to follow, but what happened? Four years later, nothing. No report, no change in policy, and no improvement whatsoever.

By pointing out the deficiencies in executive branch oversight of the insular areas, I do not mean to imply that congressional oversight has always been positive. Congress has treated the insular areas similarly to the manner in which it treats Native American issues. For many years, Congress did not even have a subcommittee on these issues, and even in the House of Representatives, it was not until this Congress and with the leadership of Chairman George Miller and Bill Richardson that we have a subcommittee on Native American Affairs.

Senator Inouye has played perhaps the most significant role in this regard. After many years of effort, there are now 16 Senators on the Committee on Indian Affairs, and the committee has gone from a select committee to a standing committee.

In the House, on the other hand, we don't know the future of the Insular Affairs Subcommittee. With congressional reform in the wings, it is my guess that if the Committee on Natural Resources is required to drop a subcommittee, our own Insular Affairs Subcommittee will probably be the first to go. This is because neither the administration nor Congress considers the insular areas a high priority. Nevertheless, it is my hope that Chairman Miller will be sensitive to our needs in this regard and that he will permit the subcommittee to continue to function.

On the bill itself, I note that under current procedure it is bad enough that the insular governments have one agency to go through when working with the Federal Government. From my perspective, it is quite possible that if H.R. 3797 is adopted, the territories will have two agencies—the Departments of Commerce and State—to relate to and there will be two Federal agencies fighting over their new turf and nothing will get done. Additionally, the territories will lose a focal point, and an assistant secretary within the administration for territorial issues.

I believe Congressman Gallegly is aware of the unmet needs in our Nation's insular areas and has shown his concern for these areas by introducing this legislation. This hearing on this bill continues the public discussion on how these issues can best be resolved, and I believe this will have a positive effect.

I note that there are 30 Members listed in support of H.R. 3797, which shows there is broader interest in this legislation than might be expected. I fear, however, much of this interest is on the budgetary issue rather than on the territorial issues involved.

As we debate these issues, there is another possible option I wish to suggest. As we all know, currently the Commonwealth of the Northern Mariana Islands is the only territory without a representative in the Congress. One option to assist the territories is to permit the Commonwealth of the Northern Mariana Islands to send a delegate to the U.S. House of Representatives, and then phase out the Office of Territorial Affairs over a period of years.

My belief is that with increased voting privileges in the hands of the people in the territories, the assistance and liaison of the Office of Territorial and International Affairs would not be necessary. The

delegates can work directly with all Federal agencies as is the case right now, although without Senate representation and limited voting privileges on the House Floor.

Mr. Chairman, shortly after H.R. 3797 was introduced, I informed the Governor and legislature of its introduction and asked them for their comments. Since that time I have been informed that the leadership in American Samoa opposes the bill.

I am somewhat concerned, however, that the legislature adopted a resolution in opposition to this bill without the benefit of a public hearing or serious public debate on its subject matter. Legislative actions of this nature are always troubling to me because they do not express the will of the people.

Mr. Chairman, of particular concern to me is American Samoa's continued need for economic assistance. With a limited infrastructure in need of expansion, maintenance, and repair, and no clear source of local revenue for the territory to step out on its own, we have a problem that needs to be addressed. Samoa's problems, along with those of the other territories, cannot be adequately addressed in one or two hearings.

Mr. Chairman, because of the considerable resistance to this bill and because Congress has not yet in my mind given these issues the serious attention I consider necessary, I am withholding my support of H.R. 3797. I hope we will be able to continue to address territorial issues in the context of this bill and others, and I welcome the continued public discourse. I certainly welcome the testimony that will be brought before the committee this morning.

[Prepared statement of Mr. Faleomavaega follows:]

STATEMENT OF
THE HONORABLE ENI F.H. FALEOMAVAEGA
MEMBER OF CONGRESS - AMERICAN SAMOA

before the

SUBCOMMITTEE ON INSULAR AND INTERNATIONAL AFFAIRS
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

Concerning H.R. 3797
"Territorial Administrative Cessation Act"

July 14, 1994

Mr. Chairman:

Thank you for the opportunity to testify this morning on H.R. 3797, the Territorial Administrative Cessation Act sponsored by Congressman Gallegly.

If this bill were to be enacted into law, it would essentially transfer all responsibilities of the Office of Territorial and International Affairs to the Department of Commerce and the Department of State, and reduce the number of Assistant Secretaries in the Department of the Interior by one, presumably that one being the Assistant Secretary for Territorial and International Affairs.

Based on the stated findings of the bill, it appears the purposes of the bill are to recognize the political development of the territories over the past 50 years, acknowledge the decrease in the number of U.S. territories, streamline government operations in the area of insular relations, and reduce the number of federal government employees. These are all noteworthy goals, and I want to commend Congressman Gallegly for the effort he has made in fashioning this bill. I also want to thank Chairman Ron de Lugo and Chairman George Miller for their willingness to devote the time and resources necessary to hold a hearing on this bill.

Mr. Chairman, as we discuss the issue of the continued existence of the Office of Territorial and International Affairs, I want to emphasize again that under Section 3 of Article IV of the U.S. Constitution, it is the Congress which has plenary authority over U.S. territories.

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As the Committee on Natural Resources in the House of Representatives has jurisdiction over territorial issues, this subject is properly before this subcommittee.

Also, by way of preamble, I want to make a few comments concerning the incorporation doctrine, its origins and how it is currently being applied to the territories. What we now call the "doctrine of incorporation" is really more properly referred to as "judicial legislation". This "doctrine" is a result of eight court cases brought to the U.S. Supreme Court all of which were decided in 1901. One of the main cases of this group was the case of *Downes v. Bidwell*, a supreme court decision rendered without a majority opinion. It was, in fact, a five to four decision with five separate concurring opinions, and two dissents.

From this fractious court ruling came the "doctrine of incorporation", which was adopted by a unanimous supreme court within 20 years. When I refer to the "doctrine of incorporation", I mean the concept that the rights contained in the U.S. Constitution do not all apply to the non-state areas of the United States. Only fundamental rights apply unless the Congress incorporates the "territory" into the "United States".

Despite the decisions in the insular cases, I believe it is important to note that there is still no legislation adopted by the Congress to address this particular issue. From my perspective, this "doctrine" is nothing more than a myth, initially adopted in part on racial considerations, which now has become the law of the land.

Mr. Chairman, unlike Congressman Young's bill (H.R. 4442) which addresses the issue of the territories and their political status, Congressman Gallegly's bill, does not address the fundamental insular questions. This bill simply does away with the territories' office in the Department of the Interior, it does not address the underlying issues. I do not know that this is the best solution to the problems at hand.

Mr. Chairman, the Carter Administration issued a White Paper which I believe was a turning point in territorial affairs. Among other things, it enhanced the office from a sub-division to a separate office headed by an assistant secretary. Over the years, however, the position has become one for a token hispanic or other minority. Every four years insular policy comes to a standstill while we wait for the new assistant secretary to come up to speed on territorial issues.

Then we have had other problems such as during the previous administration, there was a Pacific insular affairs policy meeting in Honolulu. We were all optimistic about

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the policy report which was to follow, but what happened? Four years later, nothing. No report, no change in policy, and no improvement whatsoever.

By pointing out the deficiencies in executive branch oversight of the insular areas, I do not mean to imply that Congressional oversight has always been positive. Congress has treated the insular areas similarly to the manner in which it treats Native American issues. For many years, Congress did not even have a subcommittee for these issues, and in the House of Representatives, it was not until this Congress, and with the leadership of Chairmen George Miller and Bill Richardson, that we have a subcommittee on Native American Affairs.

Senator Inouye has played perhaps the most significant role in this regard. After many years of effort there are now 16 Senators on the Committee on Indian Affairs, and the committee has gone from a select committee to a standing committee.

In the House, on the other hand, we don't know the future of the Insular Affairs Subcommittee. With Congressional reform in the wings, it is my guess that if the Committee on Natural Resources is required to drop a subcommittee, our own Insular Affairs Subcommittee will be the first to go. This is because neither the Administration nor Congress consider the insular areas a high priority. Nevertheless, it is my hope that Chairman Miller will be sensitive to our needs in this regard and that he will permit the subcommittee to continue to function.

Turning now to the bill under consideration today, I note that under current procedure, it is bad enough that the insular governments have one agency to go through when working with the federal government. From my perspective, it is quite possible that if H.R. 3797 is adopted, the territories will have two agencies, the Departments of Commerce and State, to relate to, and there will be two federal agencies fighting over their new turf, and nothing will get done. Additionally, the territories will lose a focal point, and an assistant secretary, within the administration for territorial issues.

I believe Congressman Gallegly is aware of the unmet needs in our nation's insular areas, and has shown his concern for these areas by introducing this legislation. This hearing on his bill continues the public discussion on how these issues can best be resolved, and I believe this will have a positive effect.

I note that there are 30 members listed in support of H.R. 3797, which shows there is broader interest in this legislation than might be expected. I fear, however, much

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of this interest is on the budgetary issue, rather than on the territorial issues involved.

As we debate these issues, there is another possible option I wish to suggest. As we all know, currently the Commonwealth of the Northern Mariana Islands is the only territory without a representative in the Congress. One option to assist the territories is to permit the Commonwealth of the Northern Mariana Islands to send a delegate to the U.S. House of Representatives, and then phase out the Office of Territorial and International Affairs over a period of years. My belief is that with increased voting privileges in the hands of the people in the territories, the assistance and liaison of the Office of Territorial and International Affairs would not be necessary. The delegates can work directly with all federal agencies as is the case right now, although without Senate representation and limited voting privileges on the floor of the House.

Mr. Chairman, shortly after H.R. 3797 was introduced, I informed the Governor and Legislature in American Samoa of its introduction and asked them for their comments. Since that time, I have been informed that the leadership in American Samoa oppose this bill.

I am somewhat concerned, however, that the legislature of American Samoa adopted a resolution in opposition to this bill without the benefit of a public hearing or serious public debate on its subject matter. Legislative actions of that nature are always troubling to me because they may not express the will of the people.

Mr. Chairman, of particular concern to me is American Samoa's continued need for economic assistance. With a limited infrastructure in need of expansion, maintenance, and repair, and no clear source of local revenue for the territory to step out on its own, we have a problem that needs to be addressed. Samoa's problems, along with those of the other territories, cannot be adequately addressed in one or two hearings.

Mr. Chairman, because of the considerable resistance to this bill in Samoa, and because Congress has not in my mind given these issues the serious attention I consider necessary, I am withholding my support for H.R. 3797. I hope we will be able to continue to address territorial issues in the context of this bill and others, and I welcome the continued public discourse.

Thank you, Mr. Chairman.

Mr. DE LUGO. I thank the gentleman from American Samoa for that opening statement.

Now, let me recognize the gentleman who is the sponsor of this legislation, a valued member of this subcommittee, the Ranking Republican of this subcommittee, my friend from California, Elton Gallegly.

Mr. GALLEGLY. Thank you very much, Mr. Chairman. Again, in the interest of time I do have an opening statement and would ask that my full statement be entered in the record.

Mr. DE LUGO. Without objection, so ordered.

STATEMENT OF HON. ELTON GALLEGLY

Mr. GALLEGLY. Mr. Chairman, thank you very much for your bipartisan willingness to bring the Territorial Administration Cession Act, H.R. 3797, before our subcommittee. The development of self-government for the territories is one of Congress' most important constitutional responsibilities.

H.R. 3797 provides for more efficient use of Federal resources in the Federal territorial relations. When I was first elected to Congress, I had the very good fortune of having Bob Lagomarsino from my adjoining Congressional District as a colleague. I want to extend a very warm welcome to Bob. I can't tell you how much it means to me personally to have you here, Bob, and thank you for the time that you have set aside to respond to our subcommittee's request to have your testimony today.

I want to thank my colleagues on the subcommittee, Carlos Romero-Barceló and Barbara Vucanovich, for cosponsoring H.R. 3797. The United States and the territories can be proud of the level of self-government which has been achieved thus far in the territories. However, the time has come to reexamine the Federal territorial relationship and how best to provide for economic growth and self-reliance.

H.R. 3797 transfers administrative responsibility for the territorial technical assistance and the operations and management assistance funds to the Economic Development Administration of the Department of Commerce. The expertise of this agency is ideal for helping the territories develop long-term economic development strategies and help businesses cope with a changing world-trade and economic landscape.

H.R. 3797 would shift the responsibility for U.S./Palau relations from the Interior Department to the Department of State in advance of the implementation of the Compact of Free Association. The State Department has led the transition of Palau from a trust territory to a freely associated state under H.R. 3797 and could assume tangential responsibilities for the brief period between enactment and the implementation of the Compact.

H.R. 3797 reduces the number of assistant secretaries in the Department of the Interior from six to five. In addition to savings realized by streamlining the Federal Government, this recognizes the definitive and significant strides of self-government in the United States territories during recent decades. It is now time to recognize the territories' successes and peel away the outdated Federal bureaucracy. The territories can and do interact directly with Federal Departments and Agencies. Like the States, they all have at least

one representative office in Washington to assist in dealing with the Federal Government.

The insular areas have leaders elected by the people. The Federal Government can show respect for the territories' political development by dealing directly with their elected leaders. The White House designation this week of the Territories Coordinator within the Office of the President provides a high level point of contact for the territories within the Federal Government. The territories can now consult with the Deputy Assistant to the President at the White House should matters arise requiring any assistance.

Since the introduction of the Territorial Administration Cessation Act, Assistant Secretary Leslie Turner has stated that it is no longer a question of if the Office of Territorial and International Affairs will be abolished, it is a question of when it will be abolished. According to an article appearing in the *Daily News* in Guam on July 5, 1994, just a week or so ago, Interior Secretary Bruce Babbitt recently commented he believes OTIA ought to wither away. It appears that the dramatic Presidential action of designating the Territories Coordinator in the White House has set in motion the withering away of OTIA, referred to by the President's Cabinet member.

I hope today the administration will clarify for us its definition of when OTIA will wither away. I look forward to the statements of the witnesses who have responded to the subcommittee to share their views and expertise on this important topic. Once again, let me give particular thanks to my long-time friend and colleague, Bob Lagomarsino, and thank him and all the others for making the trek back to testify before our subcommittee today. Thank you, Mr. Chairman.

Mr. DE LUGO. Thank you. The delegate from Guam.

STATEMENT OF HON. ROBERT A. UNDERWOOD

Mr. UNDERWOOD. Thank you, Mr. Chairman. Thank you for providing this opportunity to hear testimony and discuss a very important piece of legislation introduced by our colleague, Mr. Gallegly of California. This legislation cuts to the core of some very serious issues faced by territories in their interaction with the Federal Government, their patchwork treatment by the Federal Government which alternates between brief periods of condescension and assistance, primarily with long intervening periods of inattention.

This legislation addresses the issues of the functions of the Office of Territorial and International Affairs, OTIA. OTIA has come under significant criticism partly due to its role as the Federal agency that works directly with the territorial governments and that deals most directly with territorial policies.

In all fairness to OTIA, we have found the agency to be helpful on many occasions, and most recently they have been instrumental in helping us to prepare the War in the Pacific National Historical Park on Guam for the 50th anniversary of the liberation of Guam commemorations next week. OTIA was there to support our bill, H.R. 1944, which authorized a monument as part of these commemorations, and OTIA was there to further coordinate the completion of this monument of the National Park Service.

There have been other times as well when OTIA has fulfilled a valuable role in coordination. Again, most recently, their assistance in coordinating in large part contributed to the success of two sessions of the Guam Land Conference held in Guam, one session in Guam and one here in Washington, DC. In the land conference, they do deserve credit for having posed a significant Federal contingent to travel to Guam to hear the land concerns of our people, but in dealing with the territories, OTIA, and its current leadership is not the issue. It is the history of OTIA, and it has a lot of historical baggage.

In Guam's case, our civil government was preceded by a military government, and the succession of the Interior Department of the Naval Department's functions has colored the perceptions of Interior's role in Guam. Interior's own Office of Territories, the precursor to OTIA, initially had assumed all the control and power of the Naval government. The transition to full civilian government had been slow and painful, and the Office of Territorial Affairs initially was perceived as a very positive step away from Naval government, but eventually came to represent some restriction on the exercise of civilian government on Guam. It often seemed that in some cases OTIA never quite adjusted to the new territorial government's abilities to govern themselves.

In time, the local government matured and in time came elected Governors and elected delegates to Congress, and the increasing autonomy and independence of action of the territories created new realities that were not matched by significant changes in the way Interior did business. What started out as a very progressive move, a shift away from military government to civilian government under the guidance and encouragement of Interior, eventually became seen as an obstacle as Interior resisted. This was particularly dramatically in the case in Guam when the people of Guam engaged in discussions with the Department of Interior, primarily OTIA, in order to advance a Commonwealth of Guam. And in that instance, OTIA either did not have the will to help us or more importantly, did not have the capacity to help us within the Federal structure, but in either case the resulting demise of those negotiations under the Bush administration characterizes not necessarily the lack of commitment of the Bush administration, but certainly the fact that OTIA and its placement in the Federal structure did not have the capacity to really assist or move the discussions along.

It is also important to note that—and this was a point raised by Delegate Faleomavaega in the case of the leadership of OTIA—in the entire history of both OTIA and the Office of Territories there has actually been only one person from the territories to head up that office, and we have to go all the way back to the Kennedy administration when my uncle, Richard Taitano held that office, and it is a mark. It has become a continuing mark of the inferiority of territories despite the best efforts of some of the people who have held that office.

As I have mentioned previously they have been helpful on a number of issues and they obviously fill a useful function. Some of these functions need to be reviewed and as the inevitable change in political status occurs in the territories, some adjustments have to be anticipated. I would like to associate myself with the remarks

of Mr. Gallegly, if not exactly this particular piece of legislation, in pointing out that the Assistant Secretary has stated on previous occasions that she will be the last one and that the Secretary of Interior did indeed say on Guam last week that OTIA will wither away.

Now, I don't know whether this is the kind of Karl Marx withering away of the state that was offered to us under the theory of communism or whether it is the kind of withering away that needs a little bit of a shove and a push from countervailing forces, but certainly Mr. Gallegly has provided some of that impetus and I congratulate him for that.

What I would really be interested in seeing is some specifics attached to the idea that OTIA will wither away and to find out if there is a timetable and to remind everyone again and to point out that Congress has plenary power over the territories and that in the absence of a defined policy or movement towards the eventual demise of OTIA and a concrete replacement, this is not a budgetary issue. Reinventing Government doesn't necessarily mean just eliminating one function of government.

We have to have some kind of concrete replacement in mind, and I would certainly be interested in seeing the administration's proposals for what they see as the eventual role of OTIA, not necessarily the role that it performs now, because in many instances it has been helpful and we will continue to work collaboratively, but what is the grand design; what is the vision? Because there is a real clear need and admission of the fact that OTIA has got to go. We need to move on, we need to establish a timetable, we need to build a sunset provision that will ensure a smooth transition occurs for the changes which will eventually come. Thank you, Mr. Chairman.

Mr. DE LUGO. I thank the gentleman from Guam. Let me say to you, last night I was fortunate enough to be watching C-SPAN, or that is my wife, Sheila, was watching C-SPAN and called me under a special order, on your special order, and I must tell you, as I told you earlier today, that it was beautiful, moving, it touched me. It will touch all Americans who see it. I hope that copies of this film will be made available to people of Guam to see it.

You stated it so beautifully, the history of the occupation, the war reparations, the sad injustice of the playback on the reward for the great loyalty of the people of Guam, and I am very glad that you were kind enough to put me as the first cosponsor when I requested it last night on calling your office. It is something that our Nation should address itself to as a matter of honor.

We will go on with recognizing the other members of the subcommittee, but I want to say that you touched on something. A number of things were very important in your statement, but especially the one about your Uncle Taitano who was the only person from the territories to have that office. You know, when it was decided to name the assistant secretary post, we felt that by raising it to that level that this would work in the insular areas in the territories' favor, but as time has gone by, it hasn't worked that way in many cases.

We felt that if we could make it, you know, assistant-secretary level, that at that level there would be this clout. Well, what has happened in the real world is that that position is such an attrac-

tive political position, and the territories don't have a Presidential vote, and we are limited in our influence on the national scene, and so what has happened under both Democratic and Republican administrations is that the positions have been filled not because of political interests of the territories, but rather because of political interests of mainland politics. And as a result under both Democratic and Republican administrations these positions have been filled with persons who upon coming into the office had little or no background in territorial affairs, and this is the problem that we are facing.

Mr. FALEOMAVAEGA. Mr. Chairman.

Mr. DE LUGO. Yes.

Mr. FALEOMAVAEGA. I just wanted to add to your comments about the statement that was made last night concerning the 50th anniversary of the liberation of Guam. I say this as a sad commentary on the part of the Congress and the fact that we were able to find a full delegation to attend the 50th anniversary of liberating Normandy in Europe in World War II. We could not even get five Members to attend this most important celebration in the territory of Guam where some 500-700 Guamanians were slaughtered during Japanese occupation.

We cannot even get five Members to get a military flight in the same manner that other Members went to Europe. We couldn't even do this for our fellow citizens in Guam on this most important occasion, the 50th anniversary of this occasion that will take place next week. I say this as a sad commentary and add it on to your comments, Mr. Chairman.

Mr. DE LUGO. Let me say something on that and let me apologize to my friend from Nevada. I will recognize you in just one moment. One of the reasons that we can't get five Members from the Congress to attend these ceremonies is because the press would beat the blank, blank, blank, censor censor, censor, out of any Member that tried to attend at this time because of what is going on in the Congress, and what the press should be focusing on is what happened during the occupation in Guam and the liberation of Guam.

Tell us some of that story, but there has been nothing, virtually nothing in the mainland press about what went on in the Pacific. Virtually nothing in the mainland press about what went on particularly in Guam where these were American nationals, nothing. Anyway, that is enough. We all know that is what is going on.

Let me recognize the gentlelady from Nevada, Mrs. Vucanovich, who is still with us for any opening statement.

STATEMENT OF HON. BARBARA F. VUCANOVICH

Mrs. VUCANOVICH. Thank you, Mr. Chairman. I have no opening statement, but would just simply like to welcome our distinguished former Member, Ranking Minority Member on this subcommittee, and I have had the opportunity to travel with him through the territories and with you, Mr. Chairman, and understand and have heard a lot about these issues. But I welcome not only Mr. Lagomarsino, but all the other members of the panel and would like to hear their comments on this legislation. I think it is timely that we did deal with this and I look forward to hearing the comments and the testimony of all the Members. Thank you.

Mr. DE LUGO. Thank the gentlelady.

Now, let me recognize the Resident Commissioner, former Governor of Puerto Rico, a very valued member of this subcommittee, the Honorable Romero-Barceló.

STATEMENT OF HON. CARLOS ROMERO-BARCELÓ

Mr. ROMERO-BARCELÓ. Thank you, Mr. Chairman. I would like to commend you on having held these hearings. I think it is very important in terms of evaluating the functions of the OTIA and whether or not it should survive as an office or whether it is better to have its demise or, as was very aptly put by Mr. Underwood, its withering away.

I would also like to congratulate Mr. Gallegly for putting forth this bill, which I have cosigned, although my final support will depend on whether the territories that are involved in this issue want it to happen or not. I would think even the President's, whatever their opinion is and whatever their desire is, because they are the ones that are definitely involved because Puerto Rico is not now within the jurisdiction of OTIA.

I would like to also welcome Congressman Lagomarsino and congratulate him also and thank him for all the interest and all the efforts he has displayed for all the territories. He has been a real true and sincere friend of Puerto Rico.

Although I did not have the privilege of serving with him, I did have the privilege of testifying before this committee when he was a member of the committee. And also thank him for his help with Puerto Rico. He was always a true friend. I welcome him, I am very glad to see him back here. Although the OTIA has no jurisdiction over Puerto Rico nor does it have any functions affecting my district, I do support the notion, as I have expressed, that the office has outlived its mission. This may be an appropriate time to consider the cessation of its function or if it has not outlived its mission, at least to consider the redirection of its functions, and the current delegates are doing more than a fine job in representing their territories here in Congress and in the Federal Government.

I have participated with them in their efforts and the hard work they put in with limited resources. They have to take care of matters not only here in the House, but also attend to what is happening in the Senate. Without any Senator over there, they have to make sure that whatever is approved here in the House doesn't fall by the wayside in the Senate, so it is a double effort that is required from us, and also they have established good relations with the Federal agencies. I am most interested, though, that the offices of the delegates serve as the liaison with the Federal agencies, as my office does. My experience has been that when I was Governor, I asked the Carter administration to have a task force for Puerto Rico.

Well, they established a task force and it involved a representative from every one of the departments. The task force, instead of being a help, became an obstacle because every time anything regarding Puerto Rico came up in any agency, it was referred to the task force, and of course, the people that were representing the task force were never available for the meetings so they sent a second or third person down the tier who had no authority to do any-

thing, and everything got held up in the task force. So it didn't do anything good for Puerto Rico. It became an obstacle to getting things done.

I think that any office that has to participate in any decision-making for the territory, other than the representative of the territory, becomes an obstacle unless it is an office to give support to the commissioners or to the delegates here in Congress. If the office were to give support to Mr. Underwood or to Mr. Faleomavaega or to Mr. de Lugo, I am sure that they would be more than welcome, but if a person who was directing that office tries to say he doesn't agree with the resident commissioner or he doesn't agree with the delegate for what they want for the territory, then it becomes a problem instead of a solution.

I think that it is proper to address the functions of OTIA and whether or not it is in the best interest of the Nation and of the territories that it continue, and I look forward to the hearings, and I am sure we will reach the conclusion that is best for all of us. Thank you.

Mr. DE LUGO. I thank you very much, Governor. It is very interesting to hear from your experiences as Governor on the one hand where the Carter administration was trying to help. They were responding to exactly what you were proposing, and yet in the real world we found that it didn't work. So that is very helpful for us to know, and now I want to thank all of the Members for their statements and we want to welcome the first witness of the day.

The gentleman that we welcome has been invited by the committee, both by the Chair and the Ranking Member to come and travel all the way from California to testify on this legislation. I tell people that he agreed to do that because it was my good fortune for many, many years to serve on this committee with Bob Lagomarsino and then for a number of years recently to have had the honor of chairing the committee with Bob Lagomarsino when he was Ranking Republican.

Now, I want to say that the way we worked there was no Republican and Democratic issues when it came to the territories. On the Commonwealth of Puerto Rico, that was different. On the smaller territories, we always worked in a bipartisan way. We never thought Republican-Democrat. We, under all administrations, just wanted to do what was best for the insular areas. We have traveled together many times to the Pacific areas and to the Virgin Islands, and as Bob pointed out, gaining a lot of experience. I have had the pleasure of reading your statement, Bob, and it is so good to have you here because you give a historical perspective that is very helpful to this subcommittee, so let me welcome on behalf of all members of the committee, our good friend Bob Lagomarsino. I want to tell you we miss you terribly, as I told you a little while ago. Welcome.

**STATEMENT OF HON. ROBERT J. LAGOMARSINO, FORMER
RANKING MINORITY MEMBER, SUBCOMMITTEE ON INSULAR
AND INTERNATIONAL AFFAIRS**

Mr. LAGOMARSINO. Thank you, Mr. Chairman. Mr. Chairman, members of the subcommittee, first I would ask that my statement be included in the record at this point.

Mr. DE LUGO. Without objection.

Mr. LAGOMARSINO. I would also ask that an op-ed piece in this morning's *Washington Times* by our colleague, your colleague, Elton Gallegly, be included in the record on this subject.

Mr. DE LUGO. All right, without objection, so ordered.

[The information follows:]

[From the *Washington Times*, July 14, 1994]

A MODEST PROPOSAL TO CUT THE BUDGET

(By Elton Gallegly)

Ever since Bill Clinton arrived in Washington, Americans have been hearing about change. They have been hearing that we need to reinvent our government, to get rid of the bureaucracies of the past, the grid-lock, and to create an efficient operation that provides a higher level of service at a lower cost.

Well, today, Congress has the opportunity to make just such a "change" and it should jump at the chance. Today, we have the ability to do away with an outdated and unnecessary federal bureaucracy that employs 48 bureaucrats and costs U.S. taxpayers \$4.5 million a year.

I am referring to the Office of Territorial and International Affairs (OTIA), which operates as part of the Department of Interior and functions today as America's de facto "Colonial Office," the last vestige of our colonial past.

The office was established in the 1930s to administer U.S. possessions such as Alaska, Hawaii and the Philippines and now somehow finds a way to fill eight-hour days "overseeing" such lands as American Samoa, the U.S. Virgin Islands, Guam and the Northern Mariana Islands—all of which have popularly-elected governors, legislatures and local judicial systems.

All of the territories also have elected representatives in Washington and all—with the exceptions of the Northern Marianas—are accorded standing in the U.S. House of Representatives. This ambitious and impressive level of progress can't help but raise the question: What, then is OTIA's current mission?

Unable to find one, I have proposed cosigning this operation to its rightful destination—the trash heap of terminal bureaucracies. Today, the House Committee on Natural Resources' Subcommittee on Insular and International Affairs will hold a hearing to consider the issue. I hope we will do the right thing here—by ourselves and by the American people—and pass a piece of legislation that will both save money and send a message to our remaining territories that validates the significant strides they have made in self-governance.

This would not in any way change the nature of the relationship between the United States and its territories, it would simply eliminate the OTIA and transfer its scant responsibilities to the Departments of Commerce and State.

In eight years in Congress, I cannot remember coming across a more obvious slam dunk on the side of deficit reduction and smaller, more efficient government than the abolition of OTIA. I have yet to hear any compelling argument against such a move, and the ones making the most strenuous objections are those with employment ties to the operation.

But even those whose jobs are on the line cannot clearly announce what exactly it is they do with \$4.5 million of our tax dollars. Ask this collection of bureaucrats how they specifically go about "administering" these far-flung, self-reliant territories and the discussion immediately degenerates into semantics.

In a letter in which he declined to support my bill, Interior Secretary Bruce Babbitt spoke of the fact that the OTIA was not the administrator but had in fact become a "facilitator" for the territories. He declined to name one specific case of "facilitating" that either had been accomplished by the OTIA or that was now underway, saying only that "OTIA's role and mission will continue to evolve."

In a recent editorial sent out to Pacific Rim newspapers, Assistant Interior Secretary for OTIA, Leslie Turner, wrote, "The proposal to abolish OTIA, however well intended, is based more on past actions and practices of an old OTIA. This is the new OTIA with a new vision."

All of this, of course, sounds like what it is—government bureaucrats trying to save their jobs. I wouldn't expect anything less from a group of people whose livelihood depends on pushing a pencil that has long since run out of lead. We, as elected officials interested in the right kind of "change," shouldn't let them get away with it.

Mr. LAGOMARSINO. It is a real pleasure, although I must say I have mixed emotions about being here in this room and in this Congress to appear before the subcommittee and particularly to be with those of you whom I had the privilege of serving with on this very subcommittee. Thanks to all of you for your kind words.

I must say that I am very pleased to see that Barbara Vucanovich is now a member of this subcommittee. That makes me feel very good. The subcommittee is in good hands. I began my membership in Congress as a member of this subcommittee, of this committee, which was then known as the Committee on Interior and Insular Affairs.

One of the committee's major areas of jurisdiction covered matters related to the territories and the trust territory of the Pacific Islands. I served for many years also, in a complementary way really, on the Committee on Foreign Affairs, Subcommittee on Asian and Pacific Affairs. I must say that in that dual capacity I was able to help accomplish a great deal, I think, for the territories. I must say, and some of you have referred to this, that I am disturbed by reports that this subcommittee might be abolished. It is already ominous, I think, that the name of the main committee now does not include the words insular affairs anymore. I hope that doesn't happen.

I had the good fortune, as you all know, of engaging in insular issues in the 1970s with Ron de Lugo and with Tony Won Pat of Guam, Baltasar Corrada del Rio of Puerto Rico, and Congressmen Don Young of Alaska and fellow Californians Phil Burton and Don Clausen and with a staff member to Phil Burton named Eni, who had a slightly different name then.

Mr. FALCOMAVAEGA. Bob, I have become a chief since then.

Mr. LAGOMARSINO. The termination of the trust area was an ongoing issue of major proportions due to the Cold War and the strategic interests of the United States and the Pacific, and the need for a safe Pacific theater remained a very high concern.

Now, some thought that maybe we were preoccupied with that, maybe we were overly anxious to resolve the Micronesian trusteeship, and some felt that doing that in that way was a detriment to both the trust territories and the U.S. territories. There were more hearings held during the nearly two decades I served here on the pending Compact of Free Association with the islands of the trust territory, populated by less than 200,000 than there were held on bills for all the other territories with a combined population of 3 million to 4 million. It was a very serious issue. People asked, Should we relinquish what we had then, control over this vast area of the Pacific reclaimed at such enormous cost in human lives and resources during World War II? You have already mentioned what happened on Guam.

I shared those concerns, and I asked the incoming Reagan administration to review the policy, and they essentially came back with the same idea. They confirmed the direction of the U.S. in support of free association for the trust territories, and it was clear that the U.S. would be on solid footing in supporting separate sovereignty of the Micronesian Islands as freely associated states. But we knew the approval through the United Nations Security Council

was going to be difficult, knowing what we did about the past problems caused by the Soviet Union and other Eastern bloc countries.

But another major plus for support of the policy of offering free association was the dismantling of the trust territory bureaucracy administered by the Office of the High Commissioner. Now at one time the high commissioner was a permanent part of the U.S. Government. I suppose many people thought it would last forever, but it didn't. It withered away, and once the mission was accomplished, termination of the office was expected and came about. I viewed the end of the Office of the High Commissioner as a mark of success for the United States as well as a compliment to the last High Commissioner, Mrs. Janet McCoy in 1988. It is important to note that although the trusteeship has not yet ended for Palau, it is getting close. There was no need to continue the High Commissioner's administrative office and staff.

The government of Palau operated largely independently, anticipating the start of the Compact as provided by the authorizing and implementing legislation of the Congress, which took, as I have said, many, many, many years and many, many hearings and lots of pulling and tugging. I can't help but relate to you a story about Palau. Some of you were there and heard this.

Many of us were in Palau, what, five years ago I guess now, and a young, newly elected member of the legislature came up to me and he said, Congressman, I have to tell you that I used to work, I worked for a Senator, Senator Balas. And Senator Balas—this is his words, not mine—Senator Balas was so impressed by your—and I must say also my wife was there at the time and had been there on a previous occasion—anyway, he said he was so impressed with your efforts on behalf of Palau that he named his infant son after you.

I said, really, that is really nice, Robert Balas. He said, no, no, you have got it wrong. It is Lagomarsino Balas. That kid is probably about 10 years old now. But similarly the Northern Mariana Islands, also a former member of the trust territory, operated in a self-governing mode after the Congress approved the implementing law for the Covenant and their constitution came into force in 1978. Although we exercised control under the Constitution, it wasn't generally expected the Commonwealth would be placed under the administrative oversight of OTIA once they became United States citizens.

The Marianas were self-governing and the Covenant provided a mechanism for future Federal consultations. Covenant section 902 provided consultations for issues of mutual concern to NMI and the U.S. That was supposed to be done every 10 years. It is interesting that the consultations did not include the Department of the Interior, as no role was anticipated for them.

I support the proposed transfer of technical assistance and operation management assistance to the Economic Development Administration. The Department of Commerce contains the agencies that are best equipped to deal with matters relevant to the economic development of the island territories.

I think it is in the best interests of the territories and the United States to attain the highest level of economic self-reliance possible.

Transferring these assistance programs to EDA would directly benefit, as I say, both the territories and the U.S.

I also support the transfer of the responsibility for Palau to the State Department. The Office of Pacific Island Affairs has been instrumental in providing for the termination of the Trusteeship and the implementation of the Compact of Free Association.

As I recall, the State Department opened an office in Palau many years ago now, and has taken the lead on most matters affecting Palau. The State Department has handled all U.S.-Free Association matters since the implementation of the Compacts for the Federated States of Micronesia and the Republic of the Marshall Islands.

When the Congress enacted the Compact of Free Association in December of 1985, the administration was asked to provide, within one year, a Federal policy for the United States offshore areas and the territories in particular. That was to address the concern of individuals from the territories that we had spent too much time on legislation affecting the trust territory.

I expect, too, that they thought that perhaps in some areas the trust territories were getting a better break as well. In reality, though, Congress had been consistently responsive to the evolution of self-government in the territories over the preceding two decades.

We provided for the direct election of Governors in all the territories. They all had elected representatives in Congress except for the Northern Mariana Islands resident representative. They all had constitutions or were authorized to have them. Democratically-organized, republican governments, small letter R, and in some cases even large letter R were in place in the territories, and that policy was supposed to define the future of U.S./territorial relations.

Well, a conference was held, there were numerous discussions in the executive branch. But to date, no Federal policy has been issued. Well, I have come to believe that the Federal bureaucracy could not and maybe now cannot issue a policy for the territories which would start the countdown to end the existing Federal territorial bureaucracy. So I commend my congressman, Congressman Gallegly, for his forthright efforts to forge new Federal territorial practices through the Territorial Administration Cessation Act.

I think it is evident that the Federal Government should get out of the way of the territories and let them get on with self-government. They are self-governing communities under the U.S. flag like our 50 States.

I served for many years as the chairman of the International Republican Institute, part of the National Endowment for Democracy, and observed firsthand the struggle to establish democracy in many countries, many not unlike the U.S. territories. I point to our territories and did to them, too, as sterling examples of democratic, self-government, self-determination. Yes, there have been problems, but generally local and Federal laws have worked as they were generally intended, and I think oftentimes the problems that territories had were either not helped or were hurt by interference, even though well-intended by the Federal Government, of all parties.

I think, Mr. Chairman, that it is time for the elimination of the position of the Assistant Secretary for Territorial and International Affairs at the Department of Interior, as proposed in this act. While I have heard this morning and had heard before that the current Assistant Secretary claims she wants to be the last, it would be prudent to dismantle the bureaucracy now rather than spend Federal resources trying to determine how long it should go on, trying to curry favor with the territories, many of whom feel beholden to a Washington that does control funding and policies affecting them.

Political status change for the territories is the only major issue left in the territories' future development since economic development can be enhanced through EDA at Commerce. The lack of resolution of political status matters is not a basis for retaining the position of assistant secretary. In fact, current political status matters affecting the territories are handled by individuals outside of OTIA.

As I mentioned earlier, the Northern Marianas Covenant section 902 discussions are dealt with by a Presidential appointee. The Guam Commonwealth discussions have been led by the Counsel to the Secretary of the Interior, again not by OTIA.

I think it is very encouraging and I commend the President for appointing a coordinator for territories. That is, I think, a very good step forward. I recommend that the United States develop a mechanism similar to that of Covenant section 902 for the NMI for political status consultations with the territories. I think a federally-mandated political status referendum held in the territories at least once every 10 years, maybe more often than that to start with in order for Congress to remain informed of the self-determination aspirations of the people of the territories.

With such a mechanism in place, high-level discussions affecting the Federal territorial relationship could be held without regard to the existence of an administrative office like OTIA. And, of course, it goes without saying that the delegates and the resident commissioner continue to play a very important role in letting the Congress and the administration know what is going on in the territories and what needs to be done.

I want to again commend my former colleague and my Congressman Elton Gallegly for his initiative. I also commend Chairman de Lugo for continuing, as I knew he would, his spirit of bipartisan cooperation and for holding this hearing on a bill sponsored by a Republican colleague, as he always did on legislation that I submitted. I believe prompt consideration and passage of this act will be in the best interest of the territories and the United States, and I really appreciate the opportunity to be allowed to come here and testify on this important matter. I might just add, Mr. Chairman, that I really can't think of anything else I would have come back here to do, so thank you.

[Prepared statement of Mr. Lagomarsino follows:]

Statement of
THE HONORABLE ROBERT J. LAGOMARSINO

Committee on Natural Resources
Subcommittee on Insular and International Affairs

Subcommittee Hearing on H.R. 3797
Territorial Administration Cessation Act
July 14, 1994

Mr. Chairman and Members of the Subcommittee:

It is a real pleasure to appear before the Subcommittee on Insular and International Affairs and particularly to be with those whom I had the privilege of serving with on this very Subcommittee. As many of you may know, I began my Congressional tenure in 1974 as a Member of this Committee, then known as the Committee on Interior and Insular Affairs. One of the Committee's major areas of jurisdiction covered matters related to the territories and the Trust Territory of the Pacific Islands, the latter being the former Japanese Mandated Islands. I also served for many years on the Committee on Foreign Affairs, Subcommittee on Asian and Pacific Affairs.

I had the good fortune of engaging in insular issues in the 1970s with Delegates Ron de Lugo of the Virgin Islands and Tony Won Pat of Guam, Resident Commissioner Baltasar Corrada del Rio of Puerto Rico, and Congressmen Don Young of Alaska and fellow Californians Philip Burton and Don Clausen. The termination of the Trust Territory was an ongoing issue of major proportions due to the international and strategic interests of the United States in the Pacific. The Cold War was waxing strong and the need for a safe Pacific theater remained a high priority for those concerned about a secure future for America.

To some, the U.S. may have been preoccupied with, and overly anxious to resolve, the Micronesia trusteeship issue to the detriment of self-determination in both the Trust Territory and U.S. territories. During my nearly 2 decades in Congress, there were more hearings held on the pending Compact of Free Association with the islands of the Trust Territory, populated by less than 200,000, than were held on bills for all the other territories with a combined population of 3 to 4 million. Serious questions were raised as to whether the U.S. should relinquish control over this vast area of the Pacific reclaimed at such an enormous cost in human lives and resources during World War II.

I was one who shared those concerns, and asked the incoming Reagan Administration to review the U.S. policy. The results of the review confirmed the direction of the United States in support of free association for the Trust Territory islands seeking that status. It was clear that, from an international perspective on self-determination, the U.S. would be on solid footing in supporting separate sovereignty of the Micronesian islands as freely associated states. Even so, approval by the United Nations Security Council was going to

be difficult, given the past problems caused by the Soviet Union and other Eastern Block countries.

However, another major plus for support of the policy of offering free association was the dismantling of the Trust Territory bureaucracy administered by the Office of the High Commissioner. Not only would the islands achieve self-government through compacts of free association, but the federal government would save tax dollars in the long term.

The history behind the implementation of the Compact of Free Association and the end of the federal administration of the Trust Territory has a clear analogy with the Territorial Administration Cessation Act which is before the Subcommittee this day. The Office of the High Commissioner was tasked with the responsibility of providing for the economic, political, and social development of the islands of the Trust Territory. Once the mission of High Commissioner was accomplished, termination of the office was expected. I viewed the end of the Office of the High Commissioner as a mark of success for the United States as well as a compliment to Mrs. Janet McCoy, the last person who occupied that position in 1988. It is important to note that although the Trusteeship had not ended for Palau, there was no need to continue the High Commissioner's administrative office and staff. The Government of Palau operated largely independently, anticipating the start of the Compact as provided by the authorizing and implementing legislation of the Congress.

Similarly, the Northern Mariana Islands, also a former member of the Trust Territory, operated in a self-governing mode after the Congress approved the implementing law for the Covenant and their Constitution came into force in 1978. Although Congress exercised plenary authority over the Northern Mariana Islands as a territory under the territorial clause of the U.S. Constitution, it was not generally expected that the Commonwealth would be placed under the administrative oversight of the Office of Territorial and International Affairs once they became United States citizens. There appeared to be no basis for placing the NMI under Interior. The Marianas were self-governing and the Covenant provided a mechanism for future federal consultations. Covenant Section 902, provided consultations for issues of mutual concern to the NMI and the U.S. The latter were to be conducted between representatives of the President and Governor at least once every 10 years on matters affecting the relationship between them. The consultations did not include the Department of the Interior, as no role was anticipated.

I support the proposed transfer of technical assistance and operation management assistance to the Economic Development Administration. The Department of Commerce contains the agencies that are best equipped to deal with matters relevant to the economic development of the island territories. It is in the best interests of the territories and the United States to attain the highest level of economic self-reliance possible. It is essential to be judicious in the use of federal funds. The pressures of the federal budget deficit have only increased over the years and that trend appears to be continuing. As a life-long fiscal conservative, I believe the federal government has an obligation to the U.S. taxpayers to utilize federal

resources most effectively. Transferring these assistance programs to the Economic Development Authority would directly benefit the territories and the U.S.

I also support the transfer of responsibility for Palau to the State Department. The Office of Pacific Island Affairs has been instrumental in providing for the termination of the Trusteeship and the implementation of the Compact of Free Association. As I recall, the State Department opened an office in Palau many years ago, and has taken the lead on most matters affecting Palau. The State Department has handled all U.S.-free association matters since the implementation of the Compacts for the Federated States of Micronesia and the Republic of the Marshall Islands.

When Congress enacted the Compact of Free Association in December of 1985, the Administration was asked to provide, within one year, a federal policy for the United States offshore areas and the territories in particular. One of the reasons the provision was included was to address the concerns of some individuals from the territories that Congress had spent too much time on legislation affecting the Trust Territory. In reality, Congress had been consistently responsive to the evolution of self-government in the territories over the preceding two decades. The Congress had provided for the direct-election of governors in all the territories. All of the territories had elected representatives seated in the Congress, except for the Northern Mariana Islands Resident Representative. All of the territories had adopted local constitutions or were authorized by Congress to develop constitutions. Democratically organized republican governments were in place in all of the territories. A federal policy for the territories would define the future of U.S.-territorial relations.

In partial compliance with the federal law, a conference was held and numerous discussions took place in the Executive branch. However, to date no federal policy for the territories has been issued. I have come to believe that the federal bureaucracy could not, and possibly now cannot, issue a policy for the territories which would start the countdown to end the existing federal territorial bureaucracy.

I commend Congressman Gallegly for his forthright efforts to forge new federal-territorial practices through the Territorial Administration Cessation Act. It is evident that the federal government must get out of the way of the territories and let them get on with self-governance. They are self-governing communities under the U.S. flag like our 50 states.

I served for many years as the Chairman of the International Republican Institute, an arm of the National Endowment for Democracy, and observed first-hand the struggle to establish democracy in many countries, some not unlike the U.S. territories. I point to our territories as sterling examples of democratic self-government. Yes, there have been problems, but local and federal laws have worked as they were generally intended. Perhaps the greatest testament to the development of self-governance of the territories are the actions by the people of the territories at the ballot box to provide for new direction when the legal system eludes change.

It is time, Mr. Chairman, for the elimination of the position of the Assistant Secretary for Territorial and International Affairs at the Department of Interior, as proposed by the Territorial Administration Cessation Act. While I have heard that the current Assistant Secretary claims she wants to be the last, that is a familiar strategy of those who want to dodge the effects of a pending proposal. It would be prudent and wise to dismantle this bureaucratic structure now, rather than spend federal resources to engage in public relations campaigns to curry favor with the territories, many of which feel beholden to a Washington that controls funding and policies affecting them.

Political status change for the territories is the only major issue left in the territories' future development, since economic development can be enhanced through EDA at Commerce. The lack of resolution of political status matters is not a basis for retaining the position of Assistant Secretary for Territorial and International Affairs. In fact, current political status matters affecting the territories are handled by individuals outside of OTIA. As I mentioned earlier, the Northern Mariana Islands Covenant Section 902 discussions are dealt with by a Presidential appointee. The Guam Commonwealth discussions have been lead by the Counsel to the Secretary of the Interior, again not by OTIA.

I recommend that the United States develop a mechanism similar to that of NMI Covenant Section 902 for political status consultations with the territories. In addition, I recommend a federally mandated political status referendum be held in the territories at least once every 10 years, in order for Congress to remain informed of the self-determination aspirations of the peoples of the territories. With such a mechanism in place, high level discussions affecting the federal-territorial relationship could be held without regard to the existence of an administrative office like OTIA.

I want to again commend my former colleague and my Congressman, Elton Gallegly, for his initiative. I also commend Chairman de Lugo for continuing his spirit of bipartisanship cooperation and holding this hearing on a bill sponsored by a Republican colleague. I believe prompt consideration and passage of the Territorial Administration Cessation Act will be in the best interest of the territories and the United States. Thank you for the opportunity to appear and testify on this important matter affecting the territories.

Mr. DE LUGO. Well, that is a tremendous compliment to the people of the territories and to this committee, your love for this committee and your love for the people of the insular areas. Your statement is an excellent statement. You have shared a wealth of knowledge and experience about the territories and the history with the committee. We value it greatly.

You have made a number of thought-provoking suggestions. In going through your prepared statement, you say, "I have come to believe that the Federal bureaucracy could not and possibly now cannot issue a policy for the territories which would start the countdown to end the existing Federal territorial bureaucracy." Why not?

Mr. LAGOMARSINO. I think just common inertia, and the Governor pointed out one of the reasons. When you get to committees involved, they hardly ever seem to decide anything of finality. And another thing is that it is a very complicated process, and each of the territories, as each of the different United States, is different. Samoa is certainly different than the Northern Mariana Islands, and Puerto Rico is different than almost anybody, it is, and so I just don't see how that is going to come to pass. They have had, what, eight years now, and just haven't done it.

Mr. DE LUGO. You made a suggestion here, it really caught my attention both in your prepared statement and in your extemporaneous remarks to the committee, where you recommend that the United States should develop a mechanism whereby the territories would at least every 10 years be federally mandated to have a political status referendum so that Congress would remain informed of the self-determination aspirations of the people of the territories. That is a very interesting proposal.

I have never heard that proposal before, and it makes me think of, well, certainly on the one hand, it would keep Congress informed. On the other hand, I look at Puerto Rico and I see the struggle that has gone on for so many years. Political status dominates everything in Puerto Rico, as you know, Bob. Wouldn't this turn the people of the other insular areas into political status junkies?

Mr. LAGOMARSINO. Well, I suppose there is that danger, but on the other hand, it would provide a way to know exactly what the people there felt about these various status issues. The way it is now, it is, I guess whoever has the most money to spend on lobbyists and others to inform Congress as to what they think is going on there.

Obviously, as I was saying a moment ago, perhaps one suit would not fit all. It might be different, obviously, in different territories. I don't know, for example, how that would work, say in Samoa would be a very special thing, and I think you would have to approach that very, very carefully, much more so than in other cases because of the very unique situation there, but I think generally there should be some mechanism where the people can be allowed to say what they feel to express their opinion.

I think that was part of the problem with Puerto Rico. There were those who wanted to do that and there were those who didn't, and as a result Congress really didn't know, maybe we still don't know what the people there want.

Mr. DE LUGO. I think it is a very interesting proposal you make. As you say, one suit may not fit all, and on the other hand, various areas are in different stages of development towards the question of political status.

In the case of Guam, for instance, the people of Guam know what they want, and they have been fighting for and pushing for commonwealth. Now they are working on that issue and the administration is addressing itself to it.

In my own area, we had a referendum locally, legislative referendum on political status and it went nowhere. But that does not mean that the issue should not be addressed again, and I think that your proposal could provide a way that there would be enough serious discussion, for instance, in an area such as my own on the issue, and that there would be a real education among the people and an understanding of the importance of dealing with this issue, so I thank you for that proposal. Let me recognize at this time the gentleman from American Samoa for any questions.

Mr. FALOMAVAEGA. Thank you, Mr. Chairman. Again, I would want to second the chairman's opinion and your very profound statement. Congressman Lagomarsino, as I have said earlier, I do trust and have a very high regard for your expertise and certainly your experience as a longstanding member of this committee in dealing with territorial issues. I think we did serve together as members of the Foreign Affairs Committee, which was an excellent forum where you had an opportunity also to deal with some of our trust territorial issues when it came before the Foreign Affairs Committee.

As you know, sometimes our friends in the United Nations, not necessarily friends, have been very critical of this colonial vestige label that sometimes our country gets attacked by concerning these territories. I wondered if you could share with us if in your experience of dealing with this area—the United Nations charters the non-self-governing territories—if you feel that these non-self-governing territories should have some sense of recognition within the United Nations structure or is it still being considered as an internal affair that really should not have any bearing on the developments of these territories?

Mr. LAGOMARSINO. Well, that is a real tough one because, on the one hand, I think generally I would not agree that they should be represented as such in there. It is obviously the free association states, that is up to the U.N. whatever they want to do, and I guess they are. But with regard to territories, I would see them more like States, ultimately as States of the United States. States of the United States, of course, are not recognized in the U.N. nor should they be, but that, again, is one of the reasons why I feel that there should be a divorce from Interior, at least from the present structure because it does give that impression. No question about it that this is some kind of a second-class citizen operation, and these are territories. They are treated differently.

It is like Indians. Many people think Indians are treated on reservations, and it is just not the right picture to present to the U.N. or to the rest of the world, I don't think, and that is one reason, as well as the more obvious reason, that that is how I think many of the people in the territories feel about it as well.

Mr. FALEOMAVAEGA. Four years ago I had introduced a bill, and I think I got blasted for it. It was to suggest that if territories could be represented with delegates and that perhaps Native American Indians should have a similar form of representation somehow or some way. Somehow it didn't get to first base with anybody considering that possibility as far as Native American Indians are concerned.

I have a question. I have suggested earlier that NMI, the citizens of the Northern Mariana Islands are now U.S. citizens, that they should have a delegate seat like the rest of the territorial family. Can you share with us and remember why this was never part of the Covenant negotiations? I don't feel it had a lot to do with it, but I am just curious if you remember.

Mr. LAGOMARSINO. I really don't remember, but you are right. He was very much, Phil was very much for that concept, so there had to be a good reason, but I sure don't remember what it was.

Mr. FALEOMAVAEGA. But you would support NMI having a delegate seat here?

Mr. LAGOMARSINO. Oh, I would.

Mr. FALEOMAVAEGA. You suggested that perhaps we could have a phase-out. I am putting in that word; you think perhaps a phase-out of OTIA could be a possible option rather than having it done immediately cut and dried?

Mr. LAGOMARSINO. You are the ones who write the laws.

Mr. FALEOMAVAEGA. That is all I have, Mr. Chairman.

Mr. DE LUGO. Thank you very much, Eni. Now, let me recognize Congressman Lagomarsino's Congressman, Elton Gallegly, the sponsor of this legislation.

Mr. GALLEGLY. Thank you very much, Mr. Chairman. You know, a few years ago he was my Congressman and then Phil Burton came along and changed the lines around and when I was elected to the House, my district and Bob's district were really interwoven. In fact, in many instances he would have constituents on one side of a street and I would have the other side of a street. And when I was elected, I had the good fortune of being appointed to this committee with Bob and also to the House Foreign Affairs Committee as well, and the counsel that Bob provided to me as a freshman and as a sophomore and the last term that we served together is something that I don't know how I would have gotten by without.

And I might add that that counsel has continued now as I have the honor of representing him as his Congressman. Bob and I talked on more than just a regular basis, and on his counsel and insight into issues not only affecting our district but the Nation, I will be eternally grateful to Bob for that personal relationship and professional relationship with both him and with Norma.

Bob, it means, as I have said, so much to me and to this committee to have you here today. Your testimony, eloquent as always, but very, very thorough, and comprehensive. Just one thought that I had listening to it. With your expertise and so on, the one question I would like for you to maybe just go on record again, I think it was pretty well covered, but maybe just reemphasize a little bit your thought about the effect, should this bill pass, the effect this would have on the lessening of the influence of the territories.

Do you think that would happen or do you think just the reverse by giving them a little more independence?

Mr. LAGOMARSINO. That is kind of a leading question. I think—

Mr. GALLEGLY. I just came back from being interviewed by a newspaper reporter, and you know they never lead.

Mr. LAGOMARSINO. I would think there would be those who would say this indicates a lessening of attention by the Congress and the administration, but that ought to be more than offset by what the President just did. I think that is an upgrade, and I think also it can and should be played as a maturing of the relationship that the territories do not need and the time has passed for that kind of operation. Sure, it has worked to some extent in the past, and this subcommittee has had a lot to do with that.

It was this subcommittee, as I recall, that put in the technical assistance programs, which now apparently is the main thing that OTIA does, and that can be done by others now that it has been brought along. I think you can really make the argument that by taking it out of Interior you are elevating the relationship to one of more approaching at least equality, more approaching that of the United States to the various 50 States of the Union. So I think that it would definitely help, not hurt; now, of course, it depends on what Congress does and what you all do.

If Congress forgets about the territories, if there is no committee that is going to look after it, that is a different thing. And it wouldn't matter then probably whether you had OTIA or someone in the White House or what if there wasn't a body in Congress that is going to be looking after it and holding oversight hearings and all the rest of it.

Mr. GALLEGLY. Thank you very much, Bob. Thank you, Mr. Chairman.

Mr. DE LUGO. Thank you. The gentleman from Guam.

Mr. UNDERWOOD. Thank you, Congressman Lagomarsino, for your testimony. I appreciate very much finally having the benefit of your experience and your understanding of the issues. A couple of things caught my attention.

One is that you expressed a great deal of concern for the possibility that this subcommittee may be eliminated in the next Congress and that you hope, as certainly I do, that this subcommittee will continue on, and that the subcommittee to a great extent provides the focus of attention for issues pertaining to the territories.

Might it not be argued that inside the Federal bureaucracy the lack of a focal point for attention to the territories in effect provides the basis for inattention to territories and that if you saw the two along parallel lines that some people might argue that if indeed territories are being treated as local government units comparable to States, then there is really no need for having a subcommittee in Congress?

Mr. LAGOMARSINO. Well, some might argue that way, and no doubt would, and no doubt have already, but I know the argument was made that way. This committee used to have a Subcommittee on Indian Affairs. That was abolished, but the Senate still has one. And I think this committee should still have one as well, as a matter of fact.

Now, there can be, you know, all kinds of different combinations and there have been in the past, but I think there should be at least somebody, whether in this committee or some other committee. It should be this committee, I think, although I guess you could make a good argument that it could be one of the other standing committees of Congress that had a subcommittee of dealing with territories; but there should be one, it seems to me.

Mr. DE LUGO. Let me interrupt for just a moment, and that is a very good point. It is underscored by the fact that you are correct. The committee did drop the Subcommittee on Indian Affairs, but it was reestablished in this Congress, and it is headed now by Congressman Bill Richardson of New Mexico.

Mr. LAGOMARSINO. Is it a subcommittee? It is? It was kind of a task force for a while.

Mr. DE LUGO. It is a subcommittee now. Yes.

Mr. UNDERWOOD. Thank you. But along the lines of whether the Congress should continue to draw attention to the territories through a subcommittee, perhaps the source of the problem in terms of the Federal bureaucracy, in terms of the executive branch, is not necessarily the fact that there is an office that pays attention to territories, but perhaps it is the fact that it is inappropriately placed. You have argued and you have said that now that with the creation or the establishment of some line of communication with the White House that this perhaps will resolve the issue.

On the other hand, perhaps with the benefit of your experience, how do we deal with the position that in such a case we have the subcommittee, the Congress has no capacity to require the person who is the focal point for territorial issues in the White House to come to a subcommittee hearing and in effect exercise that congressional oversight over territories? I understand that once it is placed in the White House that the subcommittee or any committee of Congress cannot then require these people to come and explain their activities.

Mr. LAGOMARSINO. I guess that is technically correct, but I think in my experience—and correct me if I am wrong, especially Mr. de Lugo, you were here the whole time—but in my experience they would come, people with similar roles, for example, in relation to Puerto Rico, they would come and talk to us. They would, and if they didn't, I think the political consequences would be such that they wouldn't like it very well. So it can be done, although I don't know that you could subpoena them. I don't know about that, but I think they would—

Mr. DE LUGO. That is correct. That is good to cite Puerto Rico because we had representation from the White House on Puerto Rico questions coming and appearing before this committee, but you know, it is a matter of goodwill. In other words, as you say, the Congress cannot subpoena, we couldn't subpoena the White House to come, but there is a working relationship set up and the representative of the White House comes and testifies before the committee, so in this case—

Mr. LAGOMARSINO. Certainly, it will continue to be the case, even if this legislation passes in its exact form before you, that there will be departments of government that have responsibility for carrying out the program, and they can certainly be subpoenaed. The De-

partment of Commerce, to which part of this would go, can certainly be subpoenaed.

Mr. DE LUGO. But you raise a serious question.

Mr. LAGOMARSINO. That is a good question.

Mr. UNDERWOOD. I will just make a couple of points. One, I am also very interested in the idea of federally-mandated political status elections. I think once every 10 years is a little much. Maybe it will turn us into political status junkies. I am not sure that the word federally-mandated is a good one. Perhaps federally-supported, and I want to make the distinction between how the trust territories were dealt with and how the territories were dealt with in terms of political status.

Mr. LAGOMARSINO. Good point. It would probably be better to say, you are right, federally supported, but I think there should be a mechanism that would at least allow the people there to do it if they wanted to. I guess that would be better; yes, you are right. We should not mandate that they do that, but there should be a mechanism whereby a certain number of people there can petition to have it on a ballot regardless of what the local laws might say. That would have solved a lot of problems in Puerto Rico, I think, had we had that.

Mr. UNDERWOOD. Well, in the case of the trust territories, the Federal Government was actively involved in making possible financially and otherwise political status.

Mr. LAGOMARSINO. And that was a different kind of a situation because we were under the mandate from the United Nations to end the trust territory relationship at some point, so there had to be a mechanism for doing it and we were the ones responsible. It sure took us a long time.

Mr. UNDERWOOD. And the last point I would like to make is the U.N. involvement in terms of the territories. I hasten to point out that it is the U.S. that has voluntarily placed these territories in front of the Committee of 24 as a non-self-governing territory, and that although it is recognized, that the U.N. has no official role in it in terms of causing changes. This is a role that was established early on in the creation of the United Nations and with the support of the U.S. Government at the time. Thank you.

Mr. DE LUGO. The gentlelady from Nevada.

Mrs. VUCANOVICH. Thank you, Mr. Chairman. Just following along, Bob, a little bit on the questioning from Congressman Underwood, some people have suggested that OTIA should continue until all the political status matters in the territories are resolved. Since you have dealt with these territorial political status situations for a long time, do you think that is a reasonable standard, the termination of OTIA?

Mr. LAGOMARSINO. No, and when you put that together with the suggestion about the 10-year plebiscite, you know, we might be talking about at least one 10-year period. I don't think that is necessary because this is going to be, in my opinion, or likely to be an ongoing situation. I don't think that we are ever going to arrive at the position where the political status, short of statehood, is going to be completely static.

There are changing conditions in the world that we can't even foresee at this point. Who knows, way off in the future, and I am

sure Mr. Underwood would not appreciate this, but who knows, maybe at some point NMI and Guam might form some kind of interrelationship that would cause the Congress to have to become involved again. Who knows?

I think if we are going to wait for that, we might as well forget it, just say OTIA is permanent, we will inscribe it as the 12th commandment and go on from there.

Mrs. VUCANOVICH. Do you think the territories actually need something like OTIA or need OTIA to give them clout and influence?

Mr. LAGOMARSINO. I think they need something. They need some focal point. As I have said several times this morning, I think they need a committee of Congress.

Now, they do have something that other congressional districts for the most part don't have, and that is a representative who has the same resources or can have the same resources as any other Member of Congress, but with a few exceptions a much smaller constituency. So they are able, I think, to spend more time with the Federal bureaucracy and with those who are actually related, you know, doing the handing out of the money or the making of the policy that affects them, so I think that is something, an advantage that they have that will no doubt continue. That is not true of Puerto Rico, but it is a different situation.

Mrs. VUCANOVICH. Well, I have just one more question.

Mr. LAGOMARSINO. I was going to add because the action of the President in appointing a coordinator, I think, now, it may be that, who knows, that that might not work for one reason or another. Perhaps the resources given would not be sufficient. Perhaps the person appointed will not be sufficiently aware and involved, but that is all something that Congress can ride herd on and should come to that and OTIA or something else in Interior or anywhere else could be reestablished.

Mrs. VUCANOVICH. This may be just sort of a philosophical question, but considering all of the years that you were involved with this legislation and with dealing with the territories, what was your expectation for the eventual U.S. territorial relationship? What sort of a future did you see from that?

Mr. LAGOMARSINO. Well, I think probably just about what I was saying a moment ago that it is just going to continue to be evolving. For example, in the case of Guam, I think some of the things that at least when I was still in the Congress that Guam was asking for were things that Congress probably would not give, at least in its entirety, so that would continue to evolve. And eventually I would think that the territories, if I was going to see anything that they would evolve towards, it would be probably more like the NMI situation except for those who, for whatever reason, decided they wanted to follow the free association route and maybe some will want to do that.

You know, it is just a different world in the last couple of years, the end of the Cold War and end of the Soviet Union and so on, self-determination, and I think that we watch what is happening in Bosnia. We watch what is happening in other parts of Yugoslavia and the Soviet Union, Russia itself, all of these reaches for self-determination. Even there we should not be surprised that peo-

ple in our own area, our own family are going through the same kind of thought process.

Mrs. VUCANOVICH. Well, we have had some massive changes all over the world. Well, I have no further questions, Mr. Chairman. Thank you very much, Bob, for being here.

Mr. DE LUGO. Thank the gentlelady. I see that——

Mr. FALEOMAVAEGA. I just wanted to note that on the question of political status issues with the insular areas, I will say that, as a historical fact we have had a very bad experience with OTIA when it comes to that issue. So I think I just don't want to go through another repetition of that, but I just have one more question for the Congressman, and I wondered, this change, if Congressman Gallegly's bill does pass, that this might also have some jurisdictional problems even here in our committee system.

Will I mean that we may have to seek a membership in the Energy and Commerce Committee and also the Foreign Affairs Committee because of these two Agencies' direct involvement, and this, in effect, will take jurisdiction out of this committee. I wanted to ask Congressman Lagomarsino——

Mr. LAGOMARSINO. Well, that is a very good point, but, of course, that is something that can be handled by the Congress itself. Congress can determine jurisdiction of committees.

I think a bigger danger is whether there will be anything to have jurisdiction with. But if there is something to have jurisdiction with, a subcommittee or some other form, I think a subcommittee is probably the only thing that would work. Certainly, the Congress can agree that this subcommittee, whatever the subcommittee, have jurisdiction over the subject matter, no matter which Department it is invested in and as a matter of fact that happens now. This subcommittee certainly has witnesses from all sorts of agencies of government, always has had.

Mr. FALEOMAVAEGA. And I think as a matter of historical note, the fact that this is the Committee of Natural Resources, and our committee in the other body is the Committee of Natural Resources and Energy. Of course, the territories appear almost like a tag along, as an incidental to the real issues at hand affecting this committee's jurisdiction, as well as to the responsibilities given to the Secretary of the Interior, which is primarily public lands, parks, et cetera. So the territories are caught somewhere in between, and of course——

Mr. LAGOMARSINO. And that is probably why the idea of some kind of an office in the White House makes sense.

Mr. FALEOMAVAEGA. Thank you very much, Mr. Chairman.

Mr. DE LUGO. Thank you. I have some additional questions, but let me ask the gentleman from Guam, do you have some questions at this time?

Mr. UNDERWOOD. No.

Mr. DE LUGO. All right. Well, this discussion of political status has been very interesting because you put your finger on it. The world has changed so dramatically just in the last couple of years that proposals that would have been rejected by the Congress out of hand because of the Cold War a few years ago today are realistic and are attainable and have to be given serious consideration.

I note with interest that the present Assistant Secretary of Insular Affairs over at Interior said at a recent conference that she supported the vote in Congress and full representation for the territories in the Congress. This is a matter that we will discuss when the Secretary is before the committee, but that is a very interesting proposal. But beyond that, the political status of these various areas, you said, for instance, that you saw these areas attaining a political status similar to a State, but do you think statehood would be realistic for some of the smaller territories?

Mr. LAGOMARSINO. Probably not.

Mr. DE LUGO. Probably not?

Mr. LAGOMARSINO. Probably not.

Mr. DE LUGO. But when you say that, I believe——

Mr. LAGOMARSINO. But closer to it——

Mr. DE LUGO. As American citizens, they should have the full rights of all other American citizens; that is, to vote for President and full voting representation on the issues that affect them.

Mr. LAGOMARSINO. I would think the vote for President could be fairly easily—not easily—but could be done.

Mr. DE LUGO. That could be done.

Mr. LAGOMARSINO. It would be on some kind of a proportional basis, but I don't know how you would do a representative in Congress as such because the territories, many of them don't have that much in common, Guam and NMI, but aside from that it is pretty difficult to think of ones that you could put——

Mr. DE LUGO. Well, isn't it true from your experience, Bob, that when, for instance, Guam, which is the most progressive at the present time, struggles to get the maximum amount of self-determination and is working towards a commonwealth, and some of the things that the people of Guam, mutual consent, for instance, which is so key to their determination, when they argue for mutual consent and they argue for these fundamental rights of American citizenship that it is difficult for the Congress. Or it has been difficult in the past for the Congress to respond to both Guam and Puerto Rico because of the constitutional questions and because of the fact that, as we have said many times, our founding fathers never envisioned permanent territories, that all territories were eventually going to be incorporated as States on the mainland.

They never envisioned territories in the Pacific and in the Caribbean as we have, so that you don't have the constitutional opportunity to resolve these things. I think what you were saying about the Presidential vote, that that can be easily justified; not easily obtained, but easily justified. I think all people would agree that American citizens should vote for their President, but to attain it, it takes full Presidential support. It takes a constitutional amendment, such as was made for the District of Columbia. So it is that kind of focus that we need. We need Presidential focus on these big issues if we and the people of the territories are going to craft something. For the smaller territories, not statehood, because it is not realistic; but something that gives the people, to their citizens, the U.S. citizens residing in these territories, the full rights of States. This will take a constitutional amendment. Whereas a few years ago that possibly politically could not have been attained because of the Cold War I think that it can be attained today if there

is a focus coming from the President on issues such as this. I think we will get that from this President once some of these domestic issues he and Congress are grappling with, such as health care, are out of the way. Certainly, that has been the indication that I have gotten from the President.

Now, let me say, talking about the President, you recall that when you were providing leadership here on this committee that you, I remember, were pushing over in the Bush White House for a representative for the territories in the White House at that time. As I recall, it was going along and then it got blocked by our good friend Manny Lujan, because he became Secretary of Interior and he said, no, just give me time, we don't want it in the White House; that he was going to reorganize. I think that was talked about on the trip that we made out to the islands with him, and we know that Manuel was serious when he made that proposal, but it never happened. Why do you suppose that never happened?

Mr. LAGOMARSINO. I don't know. Probably the same reason that lots of things don't happen, just the internal bureaucracy and inertia. Many things are easier said than done, of course, and when you start looking at the actual details of how you do it, who you move where, it sometimes becomes very tough.

Mr. DE LUGO. I have one final question here. You know, even if this bill were adopted, Interior would be left with some territorial functions such as the very important function that they have at the present time which is providing or subsidizing American Samoa and conducting programs related to the nuclear testing victims in the Marshalls. Now, you don't think it is feasible to transfer these functions to Commerce or State, do you?

Mr. LAGOMARSINO. Well, I hadn't really thought about that, but it would seem that with regard to the nuclear testing that that could logically, first impression, be transferred to Department of Energy. I don't see why Samoa couldn't be in Commerce, as well.

Mr. DE LUGO. Well, if there was a scaled-down OTIA, OTIA's remaining budget functions, could they be placed, for instance, in Interior's Office of Policy Management and Budget?

Mr. LAGOMARSINO. Sure, I don't see why not.

Mr. DE LUGO. Well, one thing, there is no question about the fact that Congressman Gallegly has provided a great service in stimulating this debate, and this is going to be a very interesting hearing. Any additional questions of Bob? It is just, you have provided so much to this committee this morning with your historical perspective, and you have provided a great pleasure to me, to the Chair, in bringing back a lot of very pleasant memories over the years.

Mr. LAGOMARSINO. Thank you.

Mr. DE LUGO. Thank you very much for coming all this way and sharing this with us.

Now, our next witness is the elected representative of the Northern Mariana Islands, and he is Hon. Juan Babauta, Resident Representative to the United States. His statement is very brief, two pages.

The committee has requested all witnesses to extemporize their statements in no longer than 10 minutes. We provide 10 minutes, but obviously this takes much less than 10 minutes to present. It

is a pleasure to welcome you here before the committee, Juan, and to say what an effective job you do representing the people of the Northern Marianas, and I certainly want to thank you and the Governor for the hospitality that was extended to me when I was recently out in Saipan. We are glad to have you here this morning.

STATEMENT OF HON. JUAN N. BABAUTA, RESIDENT REPRESENTATIVE TO THE UNITED STATES, COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Mr. BABAUTA. You are very welcome, Mr. Chairman, and thank you again for inviting me to appear before your subcommittee. Mr. Chairman, with your permission, I would like to ask that my statement be included in the record and also that, because my statement is very short, I would like to read it. I also have additional comments to make along with the written statement.

Mr. DE LUGO. Fine. You have 10 minutes to summarize. Obviously, your prepared statement is less than that. Your prepared statement is placed in the record in its entirety without objection, and you may proceed as you wish.

Mr. BABAUTA. Mr. Chairman, H.R. 3797 is a bill that looks at the changing relationships between the Federal Government and the insular areas and asks whether existing bureaucracies should be modified as a result of these changes.

Even as I have been preparing to address that question this morning, however, the Federal executive branch has been making modifications in the way it will handle insular area matters.

As a result of your efforts, Mr. Chairman, the White House Office of Intergovernmental Affairs has designated an official to ensure that insular area needs are seriously considered when Federal policy is developed and implemented.

Mr. Chairman, you should be commended for achieving this recognition for insular area concerns. The official will also be, I understand, the insular areas' recourse when we reach an impasse with any of the executive branch departments or agencies.

I certainly plan to seek the official's assistance at resolving the CNMI's impasse with OTIA over the agency's refusal to report to Congress on the negative fiscal impact of immigrants from the Compact states. When I say refusal, I refer to the history from when Public Law 99-239 was passed by Congress, and it extends back to 1986, and the refusal from 1986 on up remains.

This report, Mr. Chairman, on the immigrants from the Compact states is required by law and is a matter of serious concern to the people of the Commonwealth. I may also add that there is no question that OTIA has been helpful in many areas in the past and in the present, but no matter how successful this executive branch structure from the CNMI point of view, the best way to enhance our relations with the Federal Government would be for Congress to acknowledge the right of U.S. citizens living in the Northern Marianas to have the same representation in this Congress that U.S. citizens and nationals in the other insular areas have.

I just have to thank Congressman Eni Faleomavaega for bringing this matter up, and I know I have spoken to Congressman Underwood on this matter, very supportive of it, and you, yourself, Mr. Chairman.

The White House decision to respond to you, Mr. Chairman, is an object lesson in the power of congressional representation, and a power only the people of the Northern Marianas are denied at this moment.

I asked to testify here today because I represent U.S. citizens whose lives are affected by the actions of the Federal Government. My constituents have a right and a responsibility to comment on the workings of their government. But they also have a right to do more than just comment. They have a right to partake in the decision-making process.

The decision about the future of OTIA before this subcommittee today is, in a sense, already forming. Ms. Turner suggested at her confirmation hearing that she would be the last Assistant Secretary of OTIA, and she has since said it is not a question of if, but when OTIA will end. So there seems to be no disagreement, Mr. Chairman, between the purpose of H.R. 3797 and the position taken by the administration.

H.R. 3797 touches the interest of the CNMI because both our annual Covenant grant and technical assistance flow through OTIA. However, as long as the program management functions of OTIA are transferred without interruption and hindrance to another agency competent to manage these functions, we have no objection to this transfer.

For us, the real question is not how the Federal bureaucracy is structured, but whether we have any real influence in creating that structure, and as long as the people of the Northern Marianas are denied representation in Congress, the answer to that question is, no, we do not have real influence.

It should be clear that the people of the Northern Marianas want a voice here. This May, I presented this committee with a resolution of the Ninth Commonwealth Legislature petitioning for representation in Congress.

On June 13, Chairman de Lugo entered into the *Congressional Record* the statement by the Lieutenant Governor Jesus Borja, speaking on behalf of Governor Froilan Tenorio's administration in support of representation for the CNMI. Recently, former Governor Pete P. Tenorio, the Tinian Municipal Council, and the mayor of the Northern Islands have expressed strong support for representation.

Mr. Chairman, it seems the time has finally arrived to confront the difficult question of political empowerment for the insular areas. Last month, you held a hearing on H.R. 4442, a bill that would provide self-determination. Today, we look at terminating an agency that by its existence manifests the notion that the insular areas are a lesser part of the United States. We have to change that view.

I feel that the most important act Congress can make to change that view is to give the people of the Northern Marianas a voice in Congress. Additionally, Mr. Chairman, I want to say that with respect to H.R. 3797, I have no disagreement with the basic intent of Mr. Gallegly's bill, to recognize the change, the relations between the Federal Government and the insular areas by modifying the Federal bureaucracy. With respect to the specific proposals that are addressed in the bill, number one, the transfer of responsibilities

for Palau, the Marshalls, are sent to the State Department, this proposal does not affect the CNMI. However, if the four parties involved have no objection, I have no problem with the proposal.

Proposal number two, the transfer of OTIA responsibilities for technical assistance and operations and maintenance to the Economic Development Administration, again, as long as funds now administered by OTIA continue to flow without impediment to the CNMI, I have no objection. However, there are other funds OTIA administers which are not mentioned by H.R. 3797, the Covenant funds, for example, construction grants, the hazard mitigation, substance abuse prevention, interdiction money.

If H.R. 3797 is enacted, my question is who will administer these funds, and it has to be adequately addressed. Also I would like to hear from EDA and learn if that agency can perform the administrative functions that H.R. 3797 would assign to it.

Proposal number three, terminating the position of OTIA Assistant Secretary. I speak for the effect this would have on the CNMI, and other insular areas may have valid reasons for keeping OTIA. The Assistant Secretary, as I have already indicated, has already stated her agreement that OTIA should end, and I think that the Assistant Secretary must have some valid reasons for making such a statement. She says that as the insular areas become self-governing, the need for OTIA would eventually end, and the CNMI, as you, Mr. Chairman, and Members know fully well, we have achieved self-governance. We did that in 1978 when our Constitution came into effect.

This Assistant Secretary also sees the end of the need for the OTIA when the insular areas have ample political power in Washington. And recently, in the insular conference she indicated that part of the empowerment vision that the agency has is the empowerment for the insular areas, including representation in the House and in the Senate. I don't think that is anywhere near coming, that we have to be realistic in some of the vision as indicated.

For the CNMI, Mr. Chairman, the political empowerment means having a seat in Congress. I have to keep repeating that, Mr. Chairman, because we have a group of people out there who are not represented here in Washington where decisions are made for them.

Not having representation in Congress is not an argument for continuing OTIA. However, it is an argument for congressional action to give us a seat, and with that, Mr. Chairman, I, again, would like to ask your help and the members of this committee for granting a delegate for the Commonwealth of the Northern Marianas. Thank you.

[Prepared statement of Mr. Babauta follows:]

Testimony regarding H.R. 3797

HONORABLE JUAN N. BABAUTA
Resident Representative to the United States,
Commonwealth of the Northern Mariana Islands

Committee on Natural Resources
Subcommittee on Insular and International Affairs

July 14, 1994

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify before you today.

H.R. 3797 is a bill that looks at the changing relationships between the federal government and the insular areas and asks whether existing bureaucracies should be modified as a result of these changes.

Even as I have been preparing to address that question this morning, however, the federal executive branch has been making modifications in the way it will handle insular area matters.

As a result of your efforts, Mr. Chairman, the White House Office of Intergovernmental Affairs has designated an official to ensure that insular area needs are seriously considered when federal policy is developed and implemented.

Mr. Chairman, you should be commended for achieving this recognition for insular area concerns.

The official will also be, I understand, the insular areas' recourse when we reach an impasse with any of the executive branch departments or agencies.

I certainly plan to seek the official's assistance at resolving the CNMI's impasse with OTIA over the agency's refusal to report to Congress on the negative fiscal impact of immigrants from the Compact states — a report required by law and a matter of serious concern to the Commonwealth.

But no matter how successful this new executive branch structure, from the CNMI point of view the best way to enhance our relations with the federal government would be for Congress to acknowledge the right of US citizens living in the Northern Marianas to have the same representation in Congress that US citizens and nationals in the other insular areas have.

The White House decision to respond to you, Mr. Chairman, is an object lesson in the power of congressional representation — a power only the people of the Northern Marianas are denied.

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H.R. 3797 touches the interest of the CNMI because both our annual Covenant grant and technical assistance flow through OTIA. However, as long as the program management functions of OTIA are transferred without interruption to another agency competent to manage these functions, we have no objection to this transfer.

For us the real question is not how the federal bureaucracy is structured, but whether we have any real influence in creating that structure. And as long as the people of the Northern Marianas are denied representation in Congress, the answer to that question is: no, we do not have real influence.

It should be clear that the people of the Northern Marianas want a voice here. This May, I presented this Committee with a resolution of the Ninth Commonwealth Legislature petitioning for representation in Congress. On June 13, Chairman de Lugo entered into the Congressional Record the statement of Lt. Governor Jesus Borja speaking on behalf of Governor Froilan Tenorio's Administration in support of representation for the CNMI. Recently, former Governor Pete P. Tenorio has written Chairman Miller asking for a Northern Marianas representative. And I have further evidence of the breadth and depth of support, a resolution by the Tinian Municipal Council and a letter from the Mayor of the Northern Islands, which I submit to you at this time.

Mr. Chairman, it seems the time has finally arrived to confront the difficult question of political empowerment for the insular areas. Last month, you held a hearing on H.R. 4442, a bill that would provide self-determination. Today, we look at terminating an agency that by its existence manifests the notion that the insular areas are a lesser part of the United States. We have to change that view.

The most important act Congress can make to change that view is to give the people of the Northern Marianas a voice in Congress.

Thank you.

Mr. DE LUGO. Thank you, Representative Babauta, for that excellent statement, for sharing it with the committee. There has been discussion earlier in the hearing today about the delegate from the Northern Marianas and why we don't have a delegate sitting with this committee or serving in the Congress from the Northern Marianas. I think it was Congressman Faleomavaega. In his exchange with former Congressman Lagomarsino, they talked about that, and I was listening to that, and I recall that there was support at that time.

We were very much in favor of providing a delegate, both Phil Burton, who was playing that critical role back then, Don Young, Bob Lagomarsino, myself. But at that time there was opposition to it from the Northern Marianas, and specifically the present Governor, who at that time was representing the Islands, serving in the position that you now hold. Do you know if the Governor has changed his position? Does he now support a delegate for the Northern Marianas?

Mr. BABAUTA. Mr. Chairman, the Governor, Froilan Tenorio, has indicated his support for a delegate, provided, however, that it would not adversely impact the Covenant, and I truly agree with him. I also want to make just maybe a minor correction to a statement you made. Perhaps I am totally wrong, but I stand corrected, but I have had ample time to discuss this issue with former Ambassador Hayden Williams, the chairman of the Marianas Political Status Commission and its members. I made it a point to see and speak to these people about this matter.

It seems that back then when the late Congressman Philip Burton was heading the subcommittee, that the problem was not that the CNMI, that the Northern Marianas did not want a delegate—in fact the Northern Marianas Political Status Commission wanted a delegate—and it was Congressman Burton who said at that time, no, because he had two or three things in mind: One, that he would like to see unification between the Northern Marianas and Guam to come, and he viewed that granting a delegate for the Northern Marianas would complicate that matter.

Well, unification with Guam is something that I think ought to be looked at, and Congressman Underwood has expressed interest in looking at that and studying how that might be feasible. The other matter is the matter of population, and at that time back in 1976 the population of the Northern Marianas was quite small and understandably so, there was a concern by Congressman Burton. But today the population of the Northern Marianas has more than quadrupled, Mr. Chairman and, in fact, is larger than most of the territories of some of the States here who were territories at that time before becoming States. And the population of the CNMI comparatively is now much bigger than some of those States. So that was some of the historical perspective that had to do with not having a delegate at that time.

Mr. DE LUGO. Well, I thank you for the historical perspective. That is very helpful to us. The Assistant Secretary has told us that the administration will be engaging the Marianas and Guam in a dialogue regarding the impact of migration to those islands made possible by the Federal Government's action in the Compact with

Micronesia. You said that you will seek the White House's help with getting OTIA to work on the issue.

Now, this is a matter that is clearly within OTIA's jurisdiction, unlike many of the policy problems that the territories face. Why, then, do you need the White House's help on this?

Mr. BABAUTA. The dialogue that is being proposed is a dialogue that would ask the fiscal year 1996 funding for the Compact impact, and that was information that the Assistant Secretary had given me from my recent meeting with her. I am still concerned about the Compact impact costs prior to 1996. I am talking about looking back retroactively, all the way back from when the law was passed regarding payment for the negative impact by the citizens of the freely associated states into the Northern Mariana Islands and Guam.

Mr. DE LUGO. What is the reading you are getting from the administration on this?

Mr. BABAUTA. That there seems to be some reluctance to deal with the issue from 1986 up to the present and that their main concern right now is looking at establishing what kind of a funding level would come for 1996.

Mr. DE LUGO. From this period on?

Mr. BABAUTA. Yes.

Mr. DE LUGO. That the impact begins now and you look at it into the future rather than the impact from the time of—

Mr. BABAUTA. I also might add that the Assistant Secretary has indicated her support to address that issue, but that to her is not her priority at this time.

Mr. DE LUGO. Well, didn't Chairman Yates direct OTIA to work with you in resolving this matter?

Mr. BABAUTA. He did indeed, Mr. Chairman, and after that hearing I wrote to the Assistant Secretary requesting that she and I meet over this matter, and I did go over and meet with her at her office, talked about this, and this is where the information about the retroactivity going back to 1986 issues have come up.

Mr. DE LUGO. Thank you.

The gentleman from American Samoa.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I want to thank Representative Babauta for his testimony. I just have a couple of questions I wanted to ask of him. We have heard a lot said about the Covenant between the Northern Marianas and the United States concerning section 902. This seems to be the most controversial provision in the Covenant.

Can you elaborate a little further from the historical perspective if whether or not the experience that you and other officials of your government have had with the administration and if this is more of a positive or has it always been a—why is it so controversial in terms of getting the administration's attention?

Mr. BABAUTA. Well, Mr. Congressman, I am not the one to provide historical perspective here. I was just a young lad then, but I can roll my historical perspective from my conversation with the individuals who were involved during the negotiation and having dealt with the issues.

The implementation of the Covenant, of course, provided a section for consultation between the Northern Marianas and the Fed-

eral Government and that is section 902. It was meant for consultation between the two entities. I think that the problem with the section 902 is that it is not given enough and sufficient authority to deal with the issues that would come before the two parties, and reaching resolutions on those issues.

Mr. FALEOMAVAEGA. Over the years, who has been the primary lead agency in dealing with this section?

Mr. BABAUTA. It has been primarily an appointee from the Department of Interior, from the President's side, and, of course, from the Governor's side, from the Northern Marianas.

Mr. FALEOMAVAEGA. Is this someone directly from the Secretary of Interior's office or someone much lower in terms of policy making?

Mr. BABAUTA. The last section 902 representative that was appointed by the President was an employee of the Department of Interior and had some connection with the previous administration, and that person came out of the Department of Interior. It just seems that whether we like it or not, the President's personal representative has always come from here either as an employee or as a former employee.

Mr. FALEOMAVAEGA. I think what I am trying to get at, irrespective of whether it was a Democratic or Republican administration, the point is you have never really gotten the proper representation on the part of the President, or for that matter any administration. It seems there is no appointment or the issue just keeps dragging on and you never get a point person in the administration to issue this for you on your behalf.

Mr. BABAUTA. You are exactly right.

Mr. FALEOMAVAEGA. You had indicated earlier about the situation of U.S. citizens living in NMI and currently not having congressional representation like the other territories, like American Samoa and Guam and the Virgin Islands. If I were ever to tell you about the bill to provide for a congressional delegate from American Samoa, you would not believe how this legislation passed. It is not the question of rightness, Mr. Representative; I can tell you that from personal experience. We don't have the Lagomarsinos, we don't have the Clausens, we don't have the Burtons. It is a question of catching the Congress in the right mood. The legislation or the rightness of the arguments about having territorial representation, I don't think that ever is the question. The problem here is that, in my personal experience, Congress goes through cyclical pendulum swings left and right, and you get to wondering how do you catch them at that right moment at the right time to have representation.

And I can tell you honestly, I was very doubtful when Congressman Burton introduced a bill to provide for congressional representation for American Samoa. Distinctly, I remember asking him, How is this ever possible? This territory has only about 36,000 people. His response was it is not the question of population, it is the question of representation of a territory. Of course, we found out historically that several of the territories in the continental United States, before they became States, had as many as 6,000 people in that territory and they had congressional representation or delegates in the Congress. So all I can say is that I have full sympathy

and understanding and appreciation of your efforts in trying to get congressional representation for NMI, but I can tell you, there is no logic on how Congress functions when it comes to an issue such as this.

I wish I could have a magic wand somewhere to say, yes, you are going to get it next Congress, but the way things are, I will tell you honestly, the bill to provide for a delegate for Samoa passed in 30 seconds. The only reason it passed was because of the likes of Congressman Lagomarsino and Don Clausen and Phil Burton. I don't know whether Congress was asleep or whatever at the time, but before everybody woke up we got a delegate representing American Samoa. That is exactly how it happened, Mr. Representative, and I just wish you all the luck, and some way and somehow we can work this issue out on behalf of your people as fellow American citizens.

And speaking of citizenship, last night we had a very, very visceral Floor debate on the question of whether or not U.S. nationals should be entitled to benefits, social benefits of our Government residing here in the United States for some 100,000 U.S. nationals. They may not get these benefits because there is a pending statute that was approved last night by the House of Representatives denying U.S. nationals that privilege. You know what happens? American Samoa is the only territory that has this distinction of having its citizens as U.S. nationals as defined by the Immigration and Naturalization Act, which is a U.S. national is a person who owes permanent—I memorized this because it is right out of the immigration law—a U.S. national is a person who owes permanent allegiance to the United States, but who is neither a citizen nor an alien. Figure that out. But anyway, I just hope the best for you in this quest, Mr. Representative. I yield back my time. Thank you, Mr. Chairman.

Mr. BABAUTA. Thank you for your sympathy. I probably would never understand the politics of Congress, and I certainly don't know when to come to the Congress, not knowing what their mood is going to be at any given time. However, I do have a lot of faith that this Congress will do the right thing. That is all we ask, doing the right thing.

Mr. DE LUGO. Thank you. The gentleman from California.

Mr. GALLEGLY. Thank you very much, Mr. Chairman, and thank you, Representative Babauta, for being here today. I just have a couple questions, more specifically about the role that OTIA has played relative to NMI. Can you give me any idea of what real tangible benefits you have seen from the OTIA field office representative in the Northern Marianas?

Mr. BABAUTA. I am the wrong person to ask that question, Congressman Gallegly. I do see the representative when I do come to go to Saipan, I would visit with him, but I do not know what he does on a daily basis. I really am in the dark.

Mr. GALLEGLY. Okay. There has been a lot of talk about a delegate to Congress from NMI. Would you say that you would be of the opinion that a delegate to the U.S. Congress would be more important to NMI than OTIA is presently?

Mr. BABAUTA. By a long shot.

Mr. GALLEGLY. By a long shot?

Mr. BABAUTA. Yes.

Mr. GALLEGLY. Okay. One last question, Mr. Babauta. You mentioned that the population of NMI over the past 10 or 12 years, 15 years, has quadrupled? Over what period of time?

Mr. BABAUTA. If I am not mistaken, Congressman, the population in 1976, and if I might just confer with my colleague back here, it was roughly about 15,000 to 16,000 in the 1980 census.

Mr. GALLEGLY. Okay, so say within the last 15 years it has gone from 16,000 to what today?

Mr. BABAUTA. Around 50,000.

Mr. GALLEGLY. Of that 50,000, is that all legal residents or are you counting those that are illegal immigrants from the Philippines and from mainland China?

Mr. BABAUTA. I cannot make the distinction, but roughly 50,000 are the numbers that came out of the 1990 census.

Mr. GALLEGLY. So you are saying 50,000 is like the total population there. Is it also safe to say that a very significant percentage of the population in the Northern Marianas today are in the Northern Marianas illegally entering that territory from mainland China and the Philippines?

Mr. BABAUTA. No. I think the key word is "illegally" there. These people are legally there. They are not necessarily residents of the Northern Marianas.

Mr. GALLEGLY. Okay. But they have legally immigrated there and they have a legal right to be there?

Mr. BABAUTA. Yes.

Mr. GALLEGLY. As immigrants?

Mr. BABAUTA. Yes, sir.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Mr. DE LUGO. Thank you.

The gentleman from Guam.

Mr. UNDERWOOD. Thank you, Mr. Chairman. I am very happy to note that based on your statement, Mr. Babauta, that the present Governor's administration in the CNMI supports having a delegate for the NMI. Certainly we will do our level best to make sure that that happens and we will work hard towards that.

Piggybacking off of what Delegate Faleomavaega said in terms of the mood of Congress, I would say right now it is in a foul mood when it comes to delegates.

Mr. BABAUTA. I would have never known that.

Mr. UNDERWOOD. And given the very tortuous experience that delegates have had this past year going to court, being out of court, it is not a very comfortable situation. I know there has been discussion of whether citizens in the territories are second-class citizens or not, but I can assure you that being a delegate makes you a second-class Member. And that there is no doubt about that, that is clear. But on the other hand, it does give us an opportunity to do many things that perhaps sitting as resident representative you are constrained from doing, and I know that we have tried to cooperate on this on many occasions.

You mentioned that Governor Tenorio says that he supports having a delegate with the condition that there be no adverse impact on the Covenant. Now, what possible adverse impact on the Covenant might that be? I am not sure I understand that point.

Mr. BABAUTA. I think he would be the best to explain that. I cannot think of any myself. I think he fears—and I am just trying to guess how he feels about this—he fears that the Covenant might be eroded if we establish a closer tie by having a Member of Congress from the Northern Marianas participating as a full partner in the Federal processes. He felt that the Covenant is unique so that a distance ought to be maintained and not to create any more closer ties than there are already.

Mr. UNDERWOOD. So I would assume that there is some concern over the possibility that if legislation was introduced and considered in the House of Representatives regarding a delegate for the Commonwealth, that there might be some kind of arrangement made to alter part of the Covenant; is that part of the concern?

Mr. BABAUTA. Not in a direct sense.

Mr. UNDERWOOD. Not in a direct sense. It is just that the overall separateness of the Commonwealth of the Northern Marianas has almost a Covenant, which speaks to kind of a bilateral relationship and somehow that kind of relationship is somehow being lessened by being a participant, albeit an imperfect one, in the House of Representatives.

Mr. BABAUTA. That is right.

Mr. UNDERWOOD. On Compact impact aid, you mentioned in your testimony that you had a discussion with the Assistant Secretary and I want to see if I understood your testimony correctly. You indicated that Interior was now saying that they are looking forward on this issue, in other words, to start dealing with the issue of Compact impact aid from now on as opposed to previous to this time. Is that correct?

Mr. BABAUTA. That is correct, that that would be her focus in creating this dialogue that is going to involve White House officials. She also, as I said, indicated her supportiveness in looking at the Compact impact going back to 1986, but that is not her priority at this time.

Mr. UNDERWOOD. That would be very unfortunate because we see this, certainly Guam sees this, as a legal obligation of the Federal Government relative to the impact of immigrants which have come to Guam, habitual residents, as they are called by INS, and that you used a phrase in there that sometimes I have heard also from Interior, and you have used negative impact and they have used adverse impact.

I think that is not the right phrase to use because Compact impact aid means impact. There is no assessment here as to whether it is negative or positive or adverse or not adverse. The law is clear, the territories will be compensated for costs related to the immigration of citizens of the Compact's free associated states, and I want to make sure that we understand that we are not asking for a summative judgment as to whether it is negative or positive or whether it is adverse or beneficial. It is clear that there is impact—there is no qualitative judgment on that.

Mr. BABAUTA. I stand corrected for that. I fully agree with you, and I would like to request that the record show that.

Mr. FALEOMAVAEGA. Will the gentleman yield? I think that the question of the Compact aid, from my recollection, in terms of the provisions of the Covenant, it has the full faith and credit clause

of the United States where, in other words, the funding is to be given, period.

Mr. BABAUTA. That is my understanding.

Mr. FALEOMAVAEGA. Am I hearing that you are having problems with this from the Interior Department?

Mr. BABAUTA. Yes, sir.

Mr. FALEOMAVAEGA. Why is that?

Mr. BABAUTA. Well, the law was passed in 1976. We haven't seen anything since 1976 except for \$400,000 in 1994, and we expect \$2.5 million in 1995 out of our Covenant money.

Mr. FALEOMAVAEGA. This is by interpretation of somebody in the Interior Department that you are not entitled to this funding?

Mr. BABAUTA. Maybe we should ask them.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Mr. UNDERWOOD. Just a brief comment on reunification. That should go maybe a little bit further along than maybe even the CNMI is interested in. I was president of the Micronesian Games earlier this year in which I was sitting next to Governor Tenorio and we watched the volleyball competition between Guam and CNMI which Guam won, of course. And I would like to say that it is those activities that put a damper; I told him, I said this makes it difficult for us to have reunification, doesn't it? I know that you brought up the issue that Mr. Burton had raised this possibility at one time, and it is historically true that the CNMI and Guam were artificially separated by the activities of other people, but at the same time we shouldn't be artificially reunited. Thank you.

Mr. DE LUGO. Good point. Does the gentleman from California have any further questions?

Mr. GALLEGLY. No.

Mr. DE LUGO. Well, I want to thank you very much. I have some additional questions, but I am going to submit them to you for your answers for the record and I want to thank you very much for your participation. Thank you very much, Representative Babauta.

I want to thank at this time the Assistant Secretary for her patience. She has been here from the very beginning of this hearing. It is a pleasure to welcome before this committee the Assistant Secretary for Insular and International Affairs, Secretary Leslie Turner.

Secretary Turner, it is a pleasure to have you here before the committee today, and we look forward to receiving your testimony. Let me say before you begin to testify that I couldn't help but think as you were sitting there and all these things were being said about OTIA, that some of these things must have hit you and hurt a bit unintentionally. When you fill a role you take on, you say, well, I am the Assistant Secretary for OTIA and I don't want anybody saying anything bad about OTIA.

Much of what we are saying is what has existed historically with this office. Much of what we talk about, the frustrations that we will even be talking with you about, Madam Secretary, are frustrations that we have had to live with and do not reflect in any way badly on you personally, but rather are very difficult issues that we in the territories must deal with, and we on this committee must deal with as representatives of these people. So having said that,

let me say welcome to the committee today, and please make your presentation as you wish within the time frame.

**STATEMENT OF LESLIE M. TURNER, ASSISTANT SECRETARY,
OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS,
DEPARTMENT OF THE INTERIOR**

Ms. TURNER. Thank you, Mr. Chairman, members of the committee. I think it is significant that my first appearance before this subcommittee has to deal with the role and the function and the continued existence or non-existence of OTIA. In essence, we are talking about the Federal insular relations structure. I want to submit my prepared statement for the record and would like to summarize some of that testimony and really take advantage of a great opportunity for us to engage in a dialogue and discussion.

I just returned from a recent trip with the Secretary out to Palau, Guam, and Saipan, and he was asked why it has taken so long to address issues that have been festering for years on land use and on commonwealth. And he said, you know, it has been 12 years since we have been in office, and we are running fast and furious to make up for all that lost time.

When I first met with the Secretary he said that this office was riddled with tension, neglect, inattention, and that it was time for a different kind of relationship with the insular areas, a different kind of vision, and that we needed to resolve those issues that have been festering for quite some time. He directed me and directed the office and pledged his commitment to bring a resolution to those outstanding issues.

Some of those were specific, that have to deal with Compact impact, that have to deal with the islands' concerns about having a proprietary interest in fisheries and the exclusive economic zone. Some of those have to do with energy conservation alternative renewables, land use issues, political status. Others have to do with the basic relationship between the insular areas and Federal Government. Some have to do with institution building. Those are all things that we are running fast and furious to address.

At the same time, we recognize that we need to move forward with what that new relationship and new structure will be from the executive branch perspective in Federal insular relations. The Secretary has been in very close conversation and engaged in much dialogue with the Domestic Policy Council with intergovernmental affairs in the White House because we understand and we recognize that insular matters do need the highest attention.

The islands may be small in population, they may have the economies that are small in scale in comparison to the mainland, but the issues and the concerns and the needs and the interests of the U.S. citizens and nationals that reside in those areas deserve no less attention than those that reside on the mainland. We have pressed for executive branch attention to these issues, and it was mentioned today that the Office of Intergovernmental Affairs, which acts as the liaison for locally-elected representatives, establish a contact point for local representatives with respect to insular issues. But there isn't yet that underlying infrastructure in the executive branch or that changing coordination that this committee and others here today have spoken about that is in place.

We have had ongoing discussions over this past year about possible mechanisms and changes and transfer in structures and interagency groups and coordination on policy and where that organization should lie, who should be a part of that organization, and I would have to say today that we have not reached a consensus on what that new structure should be. So, yes, I agree with those, that the issue is not if OTIA should pass away, but when, and into what kind of structure and mechanism that will address and that will serve the insular areas.

I understand that there are those with very pressing concerns who want to know when, what is the timing, and the Secretary said that he wants to bring closure on these outstanding issues that I have mentioned briefly on his watch, and I would say also that we would like to see his transfer to a new structure on his watch.

Will we achieve that? I can tell you that we have pledged our efforts and our commitment and our time to do that. I want to talk a little bit about the specifics of the bill and then I will respond to whatever questions the subcommittee would have.

H.R. 3797 would transfer OTIA Palau functions to the Office of Pacific Island Affairs in the Department of State, transfer our technical assistance program and functions and the operations, maintenance and improvement program to the Economic Development Administration, Department of Commerce, and we would seek to abolish the position of assistant secretary.

With respect to Palau, the bill mandates a two-step transition to free association status. The result would be a temporary transfer of Palau budget and Compact implementation matters from Interior to State, and I believe that would possibly occur for only several months. We are in the midst of working with State Department as part of the interagency group to bring about the implementation of the Compact and do what needs to be done from the executive side to pass that information on to the Congress for approval of the Compact.

Upon Compact implementation, fiscal matters, according to law, would revert back to the Interior. The temporary transfer mechanism proposed in H.R. 3797 might reduce government efficiency, but there would be no cost savings in dollars, and I also question whether that temporary transfer would not, in fact, hinder the transition phase that we are going through with Palau and also the efforts that are to be undertaken right now to close down the remaining trust territory office in Palau.

The Department of State representatives have told me that State is in no position to assume current OTIA responsibilities with respect to Palau and its budget. It lacks the staff and it lacks the trust territory budget expertise. State would have to approach Congress for an appropriation for FTE positions, and Palau matters would very likely be brought to a halt and Compact implementation threatened during this temporary transfer period.

On the issue of the technical assistance program, economic development is a high priority. The technical assistance program does not focus solely on economic issues. Approximately \$50 million has been invested in the insular areas in technical assistance projects that include education, health, public safety, impact of the Com-

pact, financial management training, management control initiatives, brown tree snake, substance abuse, communications and the operations and maintenance and improvement program for capital infrastructure.

I question whether transferring at this juncture the functions, the focus, of the technical assistance program to EDA is a wise and efficient move and in the best interests of the insular areas.

Administrative matters conducted in OTIA would be transferred to EDA, requiring start-up costs and time that could very seriously affect the programs and partnerships that we currently have, and again, there are services and functions within the technical assistance program that do not exist in EDA, and I mention specifically the operations and maintenance and improvement program.

OTIA's budget office currently manages more than \$300 million in active grants to insular areas. Each grant is subject to legislative controls, Federal regulations, and OMB management control requirements that do require monitoring, follow-through and audit review. The monies that are paid to Guam and the U.S. Virgin Islands oftentimes involve work with the budget office because of the bond financing and loan backing that is used on these fundings and the budget office is involved in the kind of Federal regulation and monitoring that applies to those permanent appropriations. That would apply also to Compact funding for the FAS as well as the budget functions that attend to the approximately \$150 million in the discretionary monies that we would utilize.

Under the Chief Financial Officers Act of 1990, Inspectors General assess each agency's accounting and financial management practices, and the financial statements are given a rating from worst to best—unauditable, qualified opinion, and the highest is unqualified opinion. OTIA's financial statements received the highest grade, unqualified opinion, because there is efficiency and there is good management in OTIA's office.

I understand that there is a search for where the functions and operations that occur in the OTIA should be transferred, and I think the options that exist are probably as many as agencies are there. There could be a rationale for placing those functions in any particular agency.

I understand that EDA, for fiscal year 1992, was declared "unauditable" and has not yet begun to prepare its 1993 financial statements. In the interest of serving the insular areas in the best and most efficient way, I would suggest that we need to select an agency that does have sound financial management practices.

The bill finally would abolish the position of assistant secretary, and as a political appointee one knows and understands that one's time in office is fleeting.

There has been discussion about whether there is the need for the position of assistant secretary to bring the kind of attention, executive branch attention, to outstanding issues that need to be brought to closure and whether there is a continued need for the assistant secretary. It seems from what I have heard today there certainly needs to be a focal point within the executive branch for insular matters, just as the congressional members here have discussed, when searching for a focal point that there is that attention

and there is that interest in insular matters, so the executive branch for its own needs must have a focal point.

Where that focal point will be we will see as time unfolds, and I think that the consensus and the discussions to date have suggested that placement in the White House on insular matters or at least some type of White House attention is an appropriate place. I dare say that we are moving in that direction, and Secretary Babbitt and I realize that the train is leaving the station and we need to be moving in the direction that will serve the interests and the needs of the insular areas and the Federal Government as well.

The Secretary in my discussions with him about this particular bill and about insular matters in general has often reminded me that the issue really isn't about the continued existence of one office in the executive branch. It is really about how to structure, from the executive perspective, improved policy-making that is appropriate to the insular areas. I have been given pretty simple marching orders by the Secretary, to help shape and to facilitate the passage into this new structure.

The Chairman has referred to and others have mentioned that on his recent visit out to the Pacific areas, the Secretary said that OTIA will probably wither away. I think that is right, and I think what he also has said is that we want to be partners with, we want to work with the insular areas, the insular members, in making the decisions on what kind of structure should be in place, when the lights should be turned out. And I dare say that in the evenings when I leave my office and I turn out the lights, I often think it would be appropriate and it would be a positive direction that I would one day turn out the lights on insular matters, not from inattention and lack of interest, but because we moved on to a new and a better and more appropriate mechanism for addressing insular matters.

Thank you for the opportunity to submit my prepared statement to you, Mr. Chairman, and I am ready and open to have a dialogue with you and respond to any questions.

[Prepared statement of Ms. Turner follows:]

STATEMENT OF LESLIE M. TURNER, ASSISTANT SECRETARY OF THE INTERIOR FOR TERRITORIAL AND INTERNATIONAL AFFAIRS BEFORE THE HOUSE SUBCOMMITTEE ON INSULAR AND INTERNATIONAL AFFAIRS, REGARDING H.R. 3797, A BILL TO "TRANSFER CERTAIN ADMINISTRATIVE FUNCTIONS OF THE DEPARTMENT OF THE INTERIOR RELATING TO THE UNITED STATES TERRITORIES TO THE DEPARTMENT OF COMMERCE", JULY 14, 1994

Mr. Chairman and Members of the Subcommittee on Insular and International Affairs, I am here on behalf of the Administration to discuss H.R. 3797, a bill "to transfer certain territories functions from the Department of the Interior to the Department of Commerce" and Department of State.

The Administration agrees with the underlying premise of H.R. 3797 -- that as the political and economic circumstances of the insular areas change, so must the federal arrangements for addressing federal-insular issues.

INSULAR CHANGE

There is no question that the insular areas have undergone significant change. Early on, federal government personnel "administered" United States insular areas. Over the past forty years, however, the Executive branch and Congress focused on increasing self-government and economic development in United States-related insular areas. This focus has resulted in greater internal self-government.

On the economic side, the last several decades have brought astonishing economic development to most of the insular areas. This economic growth resulted not only in higher standards of living, but exponential government revenue increases, which had the corollary effect of increasing island self-reliance for Guam, the Virgin Islands and the Northern Mariana Islands.

FEDERAL CHANGE

As the insular areas change, so must the role of the Office of Territorial and International Affairs (OTIA). OTIA should not be perpetuated forever. Indeed, the last several decades have brought significant changes to OTIA's function and structure. The territorial structure in the Executive branch was reorganized both in 1972 and in 1980. As late as 1981, OTIA had policy direction over more than 5,000 employees, which has now shrunk to 44 positions. It is time, in this period of change advocated by

President Clinton, for the current Executive branch organization to give way to a coordinated, interdisciplinary, interagency structure.

The guiding principles of such a structure must be coordinated with the insular areas, but at a minimum should include: (1) island input into federal decision-making on significant island issues; (2) strong coordination of Executive branch decision-making and liaison efforts; and (3) a meaningful insular voice in the law-making of Congress. These are the parameters of change that will make the federal government more effective and responsive to the insular areas, and further change the role of the Office of Territorial and International Affairs.

CURRENT ROLE OF OTIA

I have said that OTIA is no longer an "administrator," but rather a "facilitator." Others have taken this a step farther, saying that the insular areas' only federal need is "economic," and therefore insular area issues should more appropriately be dealt with in an agency like the Economic Development Administration. While economics is important to the insular areas, as it is for every state of the Union, there are many other significant issues addressed in OTIA on behalf of the Administration.

Let me talk briefly about our work as it exists today.

Policy, Coordination, and Legislative Function

Under President Clinton's Administration, the Department provides policy, coordination, and legislative liaison functions that focus the Administration's attention on insular issues. These functions are closely supported by our technical and financial assistance programs. We work closely with the White House Domestic Policy and Intergovernmental Affairs offices to ensure that insular matters are raised to appropriate levels of decision-making. We recognize the need for insular involvement in decision-making and issue resolution. Indeed, Secretary Babbitt endorses a participatory process for addressing the issues confronted by the Administration and the insular areas.

Current OTIA issues include: Compact impact, fisheries, participation in regional environmental and economic organizations, energy conservation and the use of alternative renewables, sustainable development, health care, future political status, Compact review, college partnering, and freely associated state matters.

- o In the Virgin Islands, because of the debilitating effect of crime on tourism and the quality of life of Virgin Islands residents, we have been working closely with Governor Farrelly on the growing crime problem.

- o We are concluding Interior funding for the rebuilding that was so critical to the Virgin Islands in the wake of Hurricane Hugo.
- o We have built partnerships among the University of the Virgin Islands, the Government of the Virgin Islands, and the United States Department of Agriculture Graduate School through our Virgin Islands Training Initiative, which provides hands on training to local government employees so that they can do their jobs more efficiently. A similar program is yielding similar efficiency in government for the insular areas in the Pacific.
- o Secretary Babbitt, with the concurrence of the President, selected Ira Michael Heyman to find common ground in Guam's political status quest.
- o OTIA played a significant role in bringing together federal players to address long-standing land ownership, use, and management issues on Guam. At the urging of OTIA the Executive branch reported favorably on legislation that would return excess federal lands to Guam.
- o OTIA proposed the reprogramming of Guam interest payment grant funds in order to build the Asan Overlook in the War in the Pacific National Park in time for the Fiftieth Anniversary Liberation Day ceremonies on Guam.
- o Similarly on Saipan, the close cooperation between OTIA and the local Administration resulted in construction of an American Memorial Park memorial for the Fiftieth Anniversary of the Battle of Saipan.
- o Over the past year, OTIA has been working with Governor Lutali and other island leaders in American Samoa to address needs for critical infrastructure, health care delivery, debt reduction, and financial management.
- o For the first time since the implementation of the Compact of Free Association in 1986, the Administration will be engaging in an effective interactive dialogue with insular leaders regarding Compact impact compensation for Guam and the CNMI.
- o The Department of the Interior, under the leadership of Secretary Babbitt, has initiated partnerships with the insular areas, other federal agencies, and private sector groups to address major policy options in the areas of fisheries, island participation in international and regional environmental and economic organizations, energy conservation and the use of alternative renewable energy resources, and sustainable development.

- o The combined efforts of Secretary Babbitt and Chairman de Lugo ensured the inclusion of the insular areas in the President's health care reform initiative.
- o The presidents of the colleges and universities in the insular areas have asked us to partner with them in making intellectual development in higher education a priority for the Administration.
- o We are working with the Commerce Department, and the Office of the United States Trade Representative to coordinate and enhance opportunities for local businesses and workers in the insular areas.

Interior's policy, coordination, and liaison efforts extend also to the freely associated states of the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM). Interior is a member of the Interagency Group on Freely Associated States' Affairs (IAG), which was statutorily authorized to coordinate policy pertaining to the freely associated states. We, with the IAG, have focused attention on the federal government's relationship with these insular areas. The decline in their strategic significance and the realignment of the State Department's resources in the Pacific have raised critical issues that the Administration must address. Recent testimony before the full House Committee on Natural Resources, regarding the federal nuclear testing program in the Marshall Islands underscored the need for additional attention from the federal government on Rongelap, Enewetak, and Bikini. The IAG's agenda includes on-going issues concerning trust fund management, clean-up and monitoring related to nuclear testing, and resettlement.

Consistent with our new partnering mission in DOI, we have responded and will continue to respond to the request of island leaders to initiate policy review and consultation on matters that have lain fallow in past years.

Supporting Mechanisms

Our technical and financial assistance operations support the policy direction of the Administration regarding the insular areas.

A. Technical Assistance

While economic development is of highest priority, OTIA's Technical Assistance Program does not focus solely on economic issues. Today, some \$15 million is invested in the insular areas annually in technical assistance projects, including education health, public safety, impact of Compact, financial management training, management control improvements, anti-substance abuse, sustainable development and aquaculture, brown tree snake

control, economic development, communications, and the Operations and Maintenance Improvement Program for capital infrastructure.

Under the direction and leadership of Secretary Babbitt, I am redirecting the Technical Assistance Program to build partnerships with the insular governments and other federal agencies. We have received suggestions and comments on the focus, procedures, and processes of the program. All of these comments are extremely useful as we refine the Technical Assistance Program to deliver the best service possible and strive to improve the quality of life for those we serve.

B. Budget

OTIA's budget office currently manages more than \$300 million in active grants to the insular areas, which includes new grants each year exceeding \$100 million. OTIA also carries out significant responsibilities for more than \$150 million in annual Compact funding. Each grant is subject to legislative conditions, Federal regulations, and stringent OMB management control requirements that necessitate continuous monitoring, follow through, and audit review. For example, during the past four years, OTIA has been administering two grants totalling \$30.5 million for new health care facilities in the Virgin Islands, of which \$15 million still remains to be expended. OTIA's work on these grants involves review and acceptance of construction plans and project budgets, review of major contracts and expenditures, review and reconciliation of financial status reports, and approval of more than \$15 million in federal payments.

I am very pleased with the efficiency with which OTIA operates. OTIA administers a \$350 million budget with fewer than 44 positions. Only 1.3 percent of the OTIA budget is devoted to administration. Further, in the first assessment of OTIA under the financial reporting requirements contained in the Chief Financial Officers Act of 1990, OTIA's accounting and financial management practices last week received an unqualified endorsement by Interior's Inspector General. This means that OTIA's financial reports and management control processes have been audited and accepted without any material reservation. This commendation is especially gratifying because only two other Interior agencies have received such an opinion in the three years since enactment of the Chief Financial Officers Act.

SPECIFIC COMMENTS ON H.R. 3797

H.R. 3797 would transfer OTIA Palau functions to the Office of Pacific Island Affairs in the Department of State, would transfer OTIA Technical Assistance Program functions to the Economic Development Administration in the Department of Commerce, and would abolish the position of Assistant Secretary for Territorial and International Affairs.

Palau

H.R. 3797 would mandate a two-step transition to free association status for Palau, rather than the one-step transition established in existing law. The result would be a temporary transfer (possibly for only several months) of Palau budget and Compact implementation matters from Interior to State. And then, upon Compact implementation, such fiscal matters, according to existing law (Public Laws 99-658 and 99-239) would revert back to the Department of the Interior.

Interior is currently engaged in designing a plan for the phase down and ultimate closure of the Trust Territory Office in Palau.

There would be no cost savings nor additional government efficiency by utilizing the temporary transfer mechanism proposed in H.R. 3797. Equally important, the IAG structure, which the law mandates for Palau in its freely associated status, will be the same IAG structure that is utilized for the Republic of the Marshall Islands and the Federated States of Micronesia. This IAG structure works well, provides for coordinated Executive branch action and will bring about a timely change in the role and responsibilities of OTIA with respect to Palau.

Technical Assistance

H.R. 3797 aims also to shift the Technical Assistance Program and Operations and Maintenance Improvement Program from OTIA to the Economic Development Administration (EDA) in the Department of Commerce. A shifting of functions would result in no foreseeable administrative savings or other benefits. Administrative matters, now conducted in OTIA, would merely be moved to EDA, requiring start-up costs and time that can adversely impact the programs and partnerships we have with the insular areas.

OTIA and Assistant Secretary

Despite use of the word "Cessation" in the bill's short title, the bill would not abolish the Office of Territorial and International Affairs. OTIA's authorization is separate from that of the Assistant Secretary. The office would continue its work on insular matters not related to Palau or the Technical Assistance Program.

While OTIA would continue, H.R. 3797 would abolish the position of Assistant Secretary of the Interior for Territorial and International Affairs. The effect of such action would be to diminish the focus on significant insular policy issues that must be addressed within the Executive branch. Broad-ranging insular issues would be subsumed in an agency that has a more narrow economic mandate.

In essence, H.R. 3797 prematurely seeks to remove important tools -- Technical Assistance Program funding and Assistant Secretarial influence -- that OTIA uses to achieve its policy, coordination, and legislative function. It would also remove Interior from the long-standing, effective IAG mechanism for addressing Palau transition matters at a very critical time. Secretary Babbitt recently said:

OTIA, as an agency exclusively dedicated to insular concerns, serves as an important conduit within the Executive branch for focusing attention and resources on island issues.

MARCHING ORDERS

The Secretary further stated:

(T)he issue is not really about the continued existence of one office in the Executive branch. Rather, it is how to structure the Federal government for improved policy-making, appropriate to each insular area.

There is no question that the federal structure for addressing insular matters must be responsive to present day realities and respect the autonomy of the local insular governments. We are in a transition phase in the Department of the Interior and in federal-insular relations. The Secretary and I have discussed H.R. 3797 at great length. The need and demand for change have not fallen on deaf ears. I have been given my marching orders by the Secretary: help shape and facilitate the passage into a new federal-insular relationship. We are writing the final chapters on OTIA. Let us continue the process of identifying and putting in place effective mechanisms within the Executive branch so that the work we do in OTIA comes to closure or is transitioned to the new structure for federal-insular relations.

My view, Mr. Chairman, is that because residents of the insular areas do not vote for President and are not represented in the Congress with the same full voting rights as persons residing in states, the United States owes a duty of "best effort" in its dealings with island members of the American political family. Let us improve mechanisms in the Executive branch and the Congress so that they allow the islands meaningful input into federal decision-making. The book on the Office of Territorial and International Affairs will then be complete.

Mr. DE LUGO. Well, let me say, Madam Secretary, that you have made a very fine presentation here before this committee. As I sat listening to your extemporaneous remarks, I cannot fault you on anything that you have said. I think that if I had heard something like this a year ago, I think, oh, we would be so much further along, certainly because I know that in Secretary Babbitt we have a person who cares about these issues, and in President Clinton we do, too, and in yourself. When you first came on board, my assessment of you was of a very intelligent, able attorney, but what was missing at that point was the background in the territorial issues. I think we would have been so much further along if this committee could have had the assistant secretary before it last year and had a presentation such as you made today, an excellent presentation, a statement of the direction that you want to go.

You say, well, why wasn't the Assistant Secretary before the committee before today? Because initially there were a lot of missteps which I am sure the Assistant Secretary recognizes today. If the Assistant Secretary didn't recognize those missteps that were made initially, the Assistant Secretary couldn't have made the excellent statement that she made here today.

I remember the problem with the Guam land resolution where OTIA injected itself and it really caused a great deal of problems. If the Chair had invited the Assistant Secretary to appear shortly after that, we would have had a very different meeting than we are having today. But after that, OTIA and under your leadership, I think my sense is that it was recognized that that wasn't the right approach and that there was no question in my mind that this Assistant Secretary was sensitive and wanted to be successful. Problems existed initially also with American Samoa.

Now, let me say that I have a great number of letters from the various territories and also from other sources commenting on this bill, and without objection I would like to place them in the record. We have a letter from Senator Lujan of Guam; a letter from Senator Manibusan; a statement from Guam; a statement from Senator Goodwin of the Virgin Islands Legislature; a statement from Mr. Donald Francois; assistant executive director of VIWPA; a statement from Hon. Joe T. San Agustin, a Senator from the Guam Legislature; we will be receiving later a statement from his representative, a statement from Jerry B. Norris, executive director, Pacific Basin Development Council; a statement from Jerry Koenke, president of the St. Croix Chamber of Commerce; a statement from Hon. A. P. Lutali, Governor of American Samoa; a statement from Jessie Thomson of the Virgin Islands; a statement from Hon. Leon E. Panetta, Chief of Staff at the White House; and Hon. Bruce Babbitt, Secretary of the Interior; also statements for the record from Bingley Richardson, Senate President, Legislature of the Virgin Islands; Ruth Van Cleve, formerly director, Office of Territorial Affairs, Department of the Interior; Ms. Adriane J. Dudley, president of the St. Thomas and St. John Chamber of Commerce, and a resolution that was passed by the Legislature of American Samoa. All of these will be placed in the hearing record.

[EDITOR'S NOTE.—See Appendix.]

Mr. DE LUGO. Let me say that most of these letters and statements either oppose this legislation or had reservations about it. A

number of these letters took no position. Taking no position on the legislation was Senator Manibusan and initially Speaker San Agustin, Jerry Norris, Jerry Koenke, and also the Chief of Staff said that he wanted to study it, not take a position initially on this.

The statement that was received from Ruth Van Cleve was solicited by this committee because she is a former Director of the Office of Territorial Affairs. She is now retired, but has a great amount of experience, and it is a very excellent statement that is very helpful to this committee. Miss Van Cleve had very strong concerns about this legislation and did not support it, I would like to inform the Secretary. So these statements will be placed in the record.

Let me say that I was very happy to receive your assurances yesterday that you, Madam Secretary, did not condone and certainly were not aware of, nor did you authorize the lobbying that was going on, at least in my district, that I know we discussed yesterday, in which the employee of the Department was lobbying the field representative against this legislation. That, of course, raises very serious legal concerns and problems.

I was glad to receive your assurances because I was really amazed, I had never seen anything like that, and to see, you know, where just plain out and out the field representative solicited government officials and others to oppose this legislation is something that I have never come across in my 20 years in Congress, and of course, that throws a cloud over all these letters that we have received and their positions. Nevertheless, I think that was a mistake and I am glad that you gave me your assurances that the Assistant Secretary did not condone that.

Let me say what has caused problems before we get down to the really important issues that we are discussing today. Nobody in OTIA is running for political office. Press releases go out from OTIA, even about technical assistance. Technical assistance as it was pointed out here in the testimony that was presented by Bob Lagomarsino, the reason we have technical assistance in the territories is because of this committee.

It was this committee that initiated the program of technical assistance for the territories, and this committee and this chairman who have worked very carefully with Chairman Yates in many times expanding on the funds that are available for technical assistance.

Now, nobody in OTIA is running for political office, but I have run for political office many times and I certainly was running for political office up until recently. You can imagine that I don't feel very good when I work hard on something and I see a bureaucratic press release going out trying to insinuate to my constituents that these funds are coming through the good graces of an office downtown. That just causes problems.

I am not going to dwell on this, but those are the kinds of mistakes that were made. I realize that OTIA found itself in an awkward position since the legislation had been introduced, and there had been the discussion about what is the role of OTIA. If I am over in OTIA, I am going to figure, well, I have got to convince people that we are relevant, that we are meaningful, but that wasn't the way to do it.

As I mentioned earlier, I was stunned when a release went out that OTIA had released about, I forget how many, million dollars of excise tax money to the Virgin Islands. OTIA played no role in getting those funds; Congress provided it. That was this delegate who sits in this chair who played a major role in that over the years, and a number of other press releases that went out.

I am very happy to see that in your prepared statement you dropped some of the things that were in the list that was put out by the field representative, circulated in his lobbying efforts, such as with Salt River, which I personally found very offensive because while I am very aware that this Secretary played a key role in convincing the administration that there should be a ceremony and a celebration of the founding of this park. I thank him for that. The way that this list was put out and the way it is phrased gives the impression that OTIA is responsible for the creation of this park and the funds that went to this park and all of that; OTIA played no role whatsoever, no significant role in the creation of this park.

This park was created by this Congress by legislation that was introduced by this chairman and pushed through this Congress with the support of the then-Secretary of the Interior, not OTIA, and the initial funding came about because of the efforts of this chairman. So you do have a chairman that is a little put off by the things that have gone on in OTIA initially, but I also put out a statement on the eve of this hearing saying that I have seen the improvements that have been made under your stewardship.

You did not come to the job with a vast amount of experience in territorial affairs. You came with a lot of experience in law, and your own experiences that you have to relate to here on the mainland, so you, as all of your predecessors, had to learn about us. I feel that you are a good person. What you have said here today I support fully, but we cannot have what happened initially anymore. I hope that you can understand that these delegates that sit here on this committee, who are legally, as Bob Underwood said, second-class Members of this House as far as our full powers go, are not second-class when it comes to effectiveness. These territories are very well-represented by these delegates because we have to know our stuff to come to this body and to move legislation and to do the job that we have to do not only in the House of Representatives and in the full Congress since we have no representation elected on the Senate side, but also in the administration itself, and we have had to know our stuff for a long time, ever since we came.

You know that I was in my 20s when I used to come and sit right back there not far from where you are sitting. I was a young Senator. I was about 27 years old, just elected to the legislature and I was sitting back there, and the Resident Commissioner of Puerto Rico, he sat down there at the bottom of the committee. He never took a vote; he could not vote.

Most of the Members back in those days, this was in 1950s, they knew virtually nothing about the territories. Maybe one chairman would know something, and most of the Members, they really didn't care, most of them. I come back after a few years and there is the Resident Commissioner representing over three million people from Puerto Rico, still sitting in that chair, never moved and

never voted, representing over three million citizens of the United States from Puerto Rico.

We changed that. We changed that in 1971 when the rules of the House were changed to give a vote and seniority. We changed that in 1970 when we provided the legislation for the delegates from Guam and the Virgin Islands. You know, initially the delegates from the Virgin Islands and Guam didn't receive full staffing as Bob Lagomarsino said. We cut a deal to take much less. I cut the deal, Tony Won Pat and I did, and we came into this House receiving much less because money wasn't the issue. I didn't care anything about that.

I got four trips back to my district a year, that was it. Do you think I am going to stay in office if I can only go home four times or Tony Won Pat could stay in office if he only got home four times? So we had to reach into our own pockets to go home and keep in touch with our people so that we could stay at it, and get the seniority and move up the ladder, and change that law, and we did. We changed it.

I got the same funding as my friend from California here, so do we all today. Later on, the representative from American Samoa came in late at night and joined us. Lots of what we have done, Phil was a master of sleight of hand and I learned a little bit of it from him because it is not easy. So it is a long history and I am not going to continue with this. Just to say that these delegates are the main representation, they are the representation of the territories here in Washington.

Initially, when you come into a body like this, as I did and Tony Won Pat, we were patronized; we had to gain the respect. I am not patronized anymore. I am not patronized by anybody. None of us are, and we are not patronized because we know our job and we know how to represent our people. That is not bragging; that is necessary.

Now, in our dealing with the administration, we are not talking here partisan politics. We are not talking Democrat-Republican politics. We are talking about what must be done for these U.S. citizens in these territories, the nationals. Let me say, and I want to commend Representative Faleomavaega for the job that he has done on behalf of his people and for raising the issue of what happened on the House Floor and because of his leadership, this is going to be corrected. The Speaker is supporting the actions of Eni Faleomavaega so that those nationals will not be cut out of SSI and AFDC funds as the legislation, that amendment did last night. That amendment defined those entitled to the benefits as only U.S. citizens, permanent resident aliens, and asylees.

Well, we all know that nationals have a far higher place in the hierarchy than permanent resident aliens or those receiving asylum. So the speaker is supporting the correction of this, and we can expect that that will be corrected in conference, but that is the sort of thing that we deal with all the time, all the time.

I have a number of things that I want to discuss with you, but at this time I want to recognize the gentleman from American Samoa for any questions he has.

Mr. FALEOMAVEGA. Thank you, Mr. Chairman, and Madam Secretary. I want to personally commend you for a very comprehensive

and eloquent statement that has been presented orally as well as in written form before the panel this afternoon. I consider withholding away somewhat an unkind term to say that this might be the fate of OTIA, because I think in viewing all the minuses and pluses, I am sure that there is much sincerity on the part of many of the people working in the OTIA in terms of their responsibilities and the kind of professional service they earnestly have strived to give that is needful for the various territories. And I also note in your statement it has been quite true. It has been 12 years since we have had a democratic administration to deal with territories, and it seems quite unfortunate that everything seems to be culminating now and you have to be the one that has to take all of the nuances of some of the things that we need to address as far as the needs of the territories.

I believe American Samoa depends more on Federal funding for the operation of its government than just almost any other insular area. I wanted to ask you if you think that this change or transfer of responsibility will have any real dire impact on Samoa's status or situation as far as getting Federal funding from the Congress with the way the government is currently operating.

Ms. TURNER. I would think that the kind of structure or that the model that you would like to see and that ought to be put into place ought to be one that retains the necessary and positive services that it provides to the insular areas. The budgeting that is currently done in OTIA for American Samoa involves not just our office, it involves PMB at Interior. It involves OMB, financial management offices—and I think that Mrs. Van Cleve, in her statement, makes that same kind of reference that there is throughout the Department a structure that addresses insular issues and so you need to look at not just one piece and perhaps moving it somewhere else or changing the structure, but look at all the dynamics of what goes into providing the economic and the financial services and other services to American Samoa. Make sure that what you put into place retains those benefits.

Mr. FALEOMAVAEGA. I see. Again, only from the historical hindsight in terms of my sharing with you some of the negative experiences I have had personally dealing with the Department of the Interior, certainly prior to your appointment as Assistant Secretary, it has not been positive, as I have shared with you previously in some of the areas and the concerns, especially when dealing with American Samoa. Do you think in any way that if Congressman Gallegly's bill is passed that American Samoa's political development will be diminished in any way?

Ms. TURNER. Actually the bill, as it is written, focuses on economic factors, focuses on Palau, and it leaves with Interior its current role. In working with the White House Domestic Policy Council, intergovernmental on political and other development issues, we have not really looked at whether you, from American Samoa or others in the administration, that there ought to be a different kind of mechanism for directing political status.

I think for American Samoa, there were some discussions we have had about having hearings on American Samoa's relationship with the Federal Government, and I would hope that you would continue to pursue your interest in those areas. I do have concerns

that at this juncture until we see within the White House, until we see somewhere in the executive branch as the focal or lead point for administration policy that there might be a lack of attention on American Samoa's political development because, from a realistic standpoint, it can get lost in the mix of health care. It can get lost in the mix of what is going on in North Korea, what is happening in Bosnia. It is the responsibility of my office and the Secretary to currently, right now, spend our time on insular matters. I just want to make sure that when we make this transfer that there is somebody that you can hold accountable for these kinds of issues.

Mr. FALEOMAVAEGA. There is currently a procedure where the White House itself does have a Legislative Congressional Liaison Office where all the Members, as well as the delegates, are entitled to that input if there is ever a problem, if we have a need for White House attention. Of course, this has been a problem over the months that not just the delegates, but even the regular Members themselves, have had a very difficult time in communicating their wishes to the White House; it's the reason why we have Leon Panetta now as the new Chief of Staff. So it is not really because you are a delegate or a congressman, even some of the Members of Congress have had problems communicating with the White House, but I wondered if you think that will in any way diminish even the role of the delegates in dealing with the Federal agencies, as you had stated earlier.

It seems to me that we can pretty much provide for that if there is ever a problem with any Federal agency, that we have always been able to communicate directly with the appropriate officials and they have all been very responsive.

Ms. TURNER. Well, you know, Mrs. Van Cleve says in her statement—and I refer to her because she does carry the sort of historical perspective here on OTIA. I haven't been in the office for so long and I think her sense of history and development of the Federal insular relations goes back to the 1950s. She says that there has always been—and I say that it probably has increased—there has always been that direct line contact with other Federal agencies, and that, as you mentioned today, it is the case that OTIA does not serve as the conduit. It is not the mechanism in which the delegates or the Governors address or respond to needs of other agencies. There are times when they will come to our office because there sometimes may be overlapping agencies involved and they are not able to get someone's attention on a particular issue, and there are times when a matter that is significant to the insular area is not as significant to a Department that may have a different focus in insular matters. So that is the kind of role we can sometimes play, but the direct contact that goes on between delegates and local representatives with the agencies has always been there and it continues to this day, and there should in no way be a change in that kind of direct interaction. I don't think that is what the focus of the bill is or the focus of the change that we are talking about in insular structures.

Mr. FALEOMAVAEGA. The question of political status is an issue, especially actively ongoing right now with the insular areas, and I want to share this with the Secretary, the members of the commit-

tee, a really negative experience that I have had personally dealing with this issue.

I recall, when the question of whether or not Samoa should elect its own Governor, at that time we had our appointed Governor. The day before the referendum was held, the Governor held a special television broadcast to all the people telling them how difficult it was. You have to get up at 3:00 in the morning to compose letters. You have to call Washington at 4:00 in the morning, and how difficult it was. You have to work 12 hours a day. It is almost a near impossible task for any Samoan to ever hold this position of responsibility.

Of course, the referendum was defeated, and what happened? It took the Congress five years to correct that problem. Thanks to Phil Burton we got an elected Governor, but we had to do this. It took us five years to correct this administrative problem that we had with OTIA at the time. I just want to point that out. Taken from historical hindsight, the experiences have not been positive.

I wanted to ask you just one more question, Madam Secretary, on the interagency council concept. Can you share with us for the record how you perceive this with Secretary Babbitt and how we could perhaps establish this interagency council you think would be the more effective way to proceed if we are ever to provide this needed point agency or point organization that could effectively deliver the services that are needed for the territories.

Ms. TURNER. Well, we have had, I can go over this past year, discussion about this interagency approach, and suggestions on how it would work well, how it would not work well. The issues really that the insular areas oftentimes want executive branch attention on are matters that involve a number of agencies because with the representation that they have, with their elected Members such as yourselves and with the Governors, they can go to the direct agencies and seek the concerned response that they want, but there are oftentimes changes in policy approach.

One example that I would raise has to deal with Compact impact, for example. There is legislation, authorizing legislation which says that Guam and the Northern Marianas should not suffer the effects of the migration of citizens from the FAS, but there isn't any appropriation for that kind of an impact. There has to my knowledge not been an effort or at least a sustained effort by the executive branch, by the administration from a policy perspective to address what kind of obligations we have in the executive side to respond to that authorizing legislation. It is like an unfunded mandate. There hasn't been any appropriations for it, but does the executive branch need to make some kind of decision on how to handle this issue.

In the past, OTIA has provided funding out of its technical assistance program, but that is not a policy of the administration, and a resolution of that issue requires discussions with PMB, policy management budget. It requires discussions with OMB. It is going to require some discussions with Domestic Policy Council.

We are in our budget activities now facing the realities where giving money to box A requires removing money from box B. In this balanced budget that we are undertaking there have to be some harsh decisions that are made on how do you respond to the

request of Guam and Saipan for redressing the situation? Do you do it with dollars? Do you do it through access to programs? I don't have a resolution for you, but I simply am saying that is the kind of interagency resolution that needs to occur and also requires that those who are affected by the decision have an opportunity to participate in that dialogue and discussion process.

Mr. FALEOMAVAEGA. I mentioned earlier that our legislature passed a resolution in opposition to the proposed bill, but they went ahead and passed the resolution without even holding a hearing, not even understanding what the implications, not even a public debate, nothing. But, you know, here is the problem in terms of sometimes making consultations with the local leaders. Currently there is a controversy between my Governor and the legislature. They are going to court over an issue, and if I have to make a decision that is federally related, how do we work this in terms of coming out with a decision. Shall we just wait and see until they agree on a given issue. Decisions have to be made. I just wanted to ask you what do you mean by consulting with the local officials. This is always a problem; whose mandate are we really relying on in terms of whose responsibility is the given.

The Governor is an elected official the primary responsibility lies with for the territorial matters. When it comes to Federal issues, I am given the understanding that the delegate has that responsibility, but sometimes we don't see eye-to-eye on questions of policy. I was just wondering, how does OTIA's role play into this problem that we have always been having. Sometimes, I am sure not just American Samoa, but perhaps even with the other insular areas, perhaps even with the States? I am sure this is true even with the member delegations from the several States.

Ms. TURNER. Well, I think with the new structure there are the existing checks and balances within our government structure where members of a legislative branch have the opportunity and, in many ways, are needed in order for executive branch decisions to be implemented. That occurs and your presence here today signifies and symbolizes the role that you play in that legislative arena.

I think you have also mentioned that the Legislative Affairs Office in the White House provides a forum and mechanism for Members of Congress to comment on, discuss and raise concerns with the White House. The contact point in Intergovernmental Affairs was to give territories the same kind of forum that applies for the States with their mayors and their legislative branches. And I think what you are talking about is probably a struggle, and it may be a healthy struggle in the democratic process that occurs now for the mainland with their senators and with their local leaders versus the delegates and the local leaders of American Samoa.

I do recognize the role that the delegates play, and I don't mean in any way to suggest that it isn't necessarily important, but I do think that there are current mechanisms in how our system operates that provides the forum to which you are referring.

Mr. FALEOMAVAEGA. Thank you very much. My feeling is sheer frustration.

Thank you.

Mr. DE LUGO. There will be a second round.

Let me recognize the gentleman from California, the sponsor of this legislation.

Mr. GALLEGLY. Thank you very much, Mr. Chairman.

Madam Secretary, I hope that you listened to the comments of our chairman early on and I would like to echo those comments, that the introduction of this bill was certainly not any personal attack on your administration. This is something that I have looked at for some time, and of course, this is the first term that I have been Ranking Member. That is, of course, why I introduced the legislation, and it does not reflect on your administration personally.

You have made some comments or at least have been quoted as stating that you would like to be the last Assistant Secretary of OTIA and the last person to turn off the lights.

Is that quote accurate, and if so, why did you make that quote?

Ms. TURNER. It is indeed an accurate quote and I will tell you why I made that quote by referring a little bit to my own experience.

The members of the committee have discussed how they sometimes feel that they are second-class Members here. The chairman referred to issues that would perhaps question the role and the effectiveness that he plays.

When I was growing up and I went away to college, I wanted to live in a group house with a number of other friends from school. I couldn't live in that house with them. It was a private house being rented out and the owner of that house didn't want to rent to a member of the African-American community. There was nothing that could be done about that because it was a private home.

I went to Boston with my family, with my father, my sister and my brothers, and we wanted to walk the Freedom Trail and we couldn't because we had rocks thrown at us by members who didn't like the color of our skin. So I know what it feels like to be treated as a second-class citizen. My parents grew up in a time when they had to sit in the balcony of movie theaters.

So when I say that I believe that being the last Assistant Secretary and turning out the lights is something that I am committed to, it is significant because it is about recognizing, it is about empowering the people in the insular areas to make their own decisions, to have their own voices heard, and it is about the executive branch paying the kind of attention to insular matters that it ought to.

I understand the significance of foreign matters, the significance of health care and all the other things that are currently going on, but the matters that the insular members have to address are just as important to their constituents as domestic matters are for mainland States. Those are the kinds of things that drive what I do on a daily basis.

I believe that the Secretary is committed to seeing those kind of changes that we are talking about happen on our watch.

Mr. GALLEGLY. I really appreciate the fact that you understand the rationale for me introducing the bill. You probably put it much better than I ever could have.

Do you have a current figure of how much out of the OTIA's \$300 million grant-making budget is discretionary?

Ms. TURNER. Approximately \$115 million of that is discretionary. And of that \$115 million figure, \$15 million is truly discretionary, technical assistance and the O&M funding. \$100 million is money that is appropriated through the budget process for government operations and for construction projects.

So it is not discretionary funding on our part, but it is not part of what we consider permanent appropriations because it will change from fiscal year to fiscal year.

Mr. GALLEGLY. I understand there is \$13 million in discretionary Compact funds. Do you have an accurate figure on the number of man-hours that are involved in managing that \$13 million?

Ms. TURNER. I don't have man-hour figures for you now. It is probably closer to \$120 million. But I do understand from my budget director that managing the Compact funding involves calculations of Compact figures that are done, involves negotiating inter-agency agreements for weather services, postal services, Federal services.

There are oftentimes bonds that are backed by Compact funding and I have been told that there are times when my budget officer has spent 80, 90, 100 hours sometimes, dealing with loan-backing issues because those who are going to do the loan backing don't understand the intricacies of what Compact funding is about.

There is significant paperwork involved, but beyond that, I have no manpower hours to give you today.

Mr. GALLEGLY. I have been reticent in approaching this issue, but I think I have to. The chairman hit on the fact that there has been reported lobbying by members or at least a member of your staff, a field representative in the Virgin Islands aggressively lobbying on Federal time with Federal resources against this legislation.

Inasmuch as this allegedly has happened on your watch and you have acknowledged I understand that you are aware of this. First of all, are you aware of it, and is it accurate, to your knowledge?

Ms. TURNER. The chairman and I had several conversations yesterday where he brought his concerns to my attention, and I advised him then as I advised you today that I do not condone lobbying on the part of any member of my staff or myself with respect to any of our responsibilities as members of the executive branch.

I am not familiar with the materials to which the congressman is referring. I was not at the time and am not now in a position to talk about where you draw the line on dissemination of factual information and lobbying, but I told him that I would look into the matter and I would have discussions with my ethics office as to the concerns that he raised.

Mr. GALLEGLY. When was the first time you had an idea this might be taking place?

Ms. TURNER. During my conversations with the chairman yesterday.

Mr. GALLEGLY. Congressman Faleomavaega mentioned earlier in his statement that his legislature had passed a resolution opposing this legislation without having had the opportunity of going to the people or having any public hearings or anything of that nature.

Is it also possible that there may have been lobbying efforts on behalf of the OTIA to members of that legislature so that they only

heard one side of the story and based on that, rather than public hearings, passed a resolution without the input from the citizens of American Samoa?

Ms. TURNER. To my knowledge, the resolution is not the result of that kind of action. In fact, I was in American Samoa, I believe, in April for their Flag Day celebrations. When there, I was advised by members of FONO that they had received the letter from the congressman about the bill and they had had discussions about the bill and that they had passed the resolution and it had been forwarded to Washington. That was in April and I have no knowledge and no reason to believe that that resolution was the result of any improper actions.

I want to speak more generally and say that I take very seriously the concerns raised about lobbying. In my conversations with the chairman, we had a very frank discussion about the dissemination of public factual information about the position of the administration, my position on the bill, and that there was, in fact, a kind of dissemination of information.

During the May insular conference, I was asked about my position on the bill and made comments and spoke about my position on the bill. It is that kind of information that, to my knowledge, my staff engaged in and that I believe is entirely appropriate. I committed to the congressman that I would look into those concerns.

Mr. GALLEGLY. I yield to the gentleman from American Samoa.

Mr. FALEOMAVAEGA. I wrote to the Governor and to every member of our legislature, both the Senate and the House. All have gotten copies of the bill and my best effort to explain to them the substance of the bill and also asking for their comments, individually or collectively. Even with the suggestion, hopefully that there would be public hearings to be held locally, and to my knowledge, the field officer in American Samoa never in any way, in any public forum, has taken any position or given any indication that there was this kind of activity going on.

Mr. GALLEGLY. I appreciate the gentleman's comments.

Madam Secretary, I think you would certainly agree that if some of these allegations are true, it is a potentially very serious situation as it relates to staff members.

With that in mind, have you or do you intend to ask the Inspector General from the Department of Interior to investigate this matter?

Ms. TURNER. It certainly is a serious matter and I have not at this juncture asked the Inspector General to intervene. I spoke with the chairman about this yesterday and I frankly don't have any need to get more information, more facts on what exactly happened, what transpired, and I intend to and I have had initial conversations with the Solicitor's Office about the concerns that were raised by the chairman to ensure that the appropriate factual investigation is done to determine if indeed there is any veracity to the matter.

Mr. GALLEGLY. Will you be kind enough to get back to our committee and hopefully the committee would then in turn get the information back to me as to whether or not the Inspector General

is looking into this and more specifically as it relates to the actions of Mr. Bunn?

Ms. TURNER. I will indeed.

Mr. GALLEGLY. Thank you very much, Mr. Chairman, and thank you Madam Secretary.

[EDITOR'S NOTE.—At the time of printing, the Inspector General was ascertaining the facts of the matter.]

Mr. DE LUGO. What is the will of the gentleman from Guam? There is a vote on the Floor in the committee of the whole at the present time. Would you like to begin questioning and then we break or shall we take a recess now, go and vote, and then come back?

Mr. UNDERWOOD. I propose we take a recess.

Mr. DE LUGO. We will take a brief recess so we can go over and vote. It is something that we enjoy doing now, and we will be back.

Mr. FALEOMAVAEGA. A symbolic vote.

[Recess.]

Mr. DE LUGO. When the subcommittee recessed to go vote, we were just about to recognize the gentleman from Guam. Let me just say that we have been—we have been joking around about that vote we are making now on the Floor. It is nice to have it. It took quite a battle on the opening day of this House and took two court cases so now it is a right in this House. It is a right that we enjoy after the decision of two court battles.

Let me recognize the gentleman from Guam for any questions he may have to the Assistant Secretary.

Mr. UNDERWOOD. Thank you, Mr. Chairman.

Madam Secretary, like the others, I would like to compliment you on your very fine statement and express my gratitude for the time and attention you have given to Guam issues. When we were there last week, Secretary Babbitt indicated that you had been to Guam so often that you were going to start paying taxes or not pay taxes, as the case may be. More importantly I was afraid you would register a vote.

I am very happy to know that there is really no disagreement with the ultimate future of OTIA and whether or not eventually the structure which it represents currently will be dismantled, but there seems to be some concern about when it is going to happen and where it is going to happen in terms of what is going to take its place.

You have indicated, not in very specific terms in your testimony, but in general terms, that this is something that is going to occur during the watch of the current administration or perhaps Secretary Babbitt's turn as Secretary of Interior. I certainly would like more specificity on that.

Along those lines, I would entertain—and I guess that is the most appropriate word I would use at this time because I am looking forward to finding a way to dismantle the structure of OTIA as things move on. There are some programs that have been identified and there are some activities that have been identified as the kind of things which are interchangeable perhaps with other agencies or programs which can be immediately dealt with in some reduced fashion or perhaps in some way to find a way to reduce the structure of OTIA.

So do you have in mind or could you possibly suggest any benchmarks or any indicators that there might be, that we would see that we are actually making progress towards the dismantling of OTIA which we are all in pretty much general agreement should occur at some time in the future?

Ms. TURNER. I think with respect to specificity I would have to say that the timing is the Secretary's watch. It is the watch that we have because it is the only time that I have any control over, where I have any control.

Will it come to complete closure during that time? I don't know, but we certainly ought to have the momentum going such that it won't be stopped when there is a new watch and a new time in place.

What kinds of benchmarks can we look for in terms of the change? Let me start out by saying that the office has a history of doing self-streamlining. I say that because I went back and looked through some of the records. At one time, there were a little over 5,000 employees and that included the trust territory members.

As the former trust territories, now the Fully Associated States moved into a new status, the office of its own accord moved and said it is time for us to shrink in size, and its current-day FTE level is 44. I think that trend will continue, that you will see that self-initiation in downsizing and shrinking.

I think one of the benchmarks that we have seen of progress towards a new day in Federal insular relations is the fact that we do have the appointment of a contact person in the White House in the Intergovernmental Affairs Office because it speaks to the attention and time that is being spent by this executive branch, by this administration on insular issues.

The Secretary was asked with all the things on his plate, mining and grazing, California desert, Presidio and all the things that we are dealing with in the Department of Interior, how much time does he spend on insular matters. He spends a thousand times more than my predecessors.

I think that is true in terms of attention and responsiveness I have been able to get so I think we are seeing signs now. Once the Compact is implemented with Palau, there will most likely be a one-year-or-so period before there is closure of the last trust territory office, which will allow for the elimination of personnel and properties, and closure of accounts.

You will see that benchmark happening. I dare say there will probably be other signs along the way, but without more engagement between us on what mechanisms we are looking to, where some of the functions might go, how they might be absorbed in other offices or within Interior—PMB was suggested—I can't be more specific than that.

Mr. UNDERWOOD. Those are some very good points. I would suggest along the same lines that the possibility of simply discharging all responsibilities of the freely associated states to the State Department, that would be another very important benchmark; perhaps entertaining the idea that Compact impact aid should be introduced as a funding formula, technical assistance phased out in favor of direct grants on a formula basis to each territory. There are all kinds of suggestions that I certainly for myself would be in-

terested in seeing in order to really document that we are moving in this direction.

I don't know whether this particular legislation here could be adapted along those lines and will certainly be engaged in some discussion along those lines, but certainly I think that we do need to see some specific indicators and benchmarks.

I would reiterate my call that the person who would be most appropriate to give a time frame and a time line is yourself. That would make everyone's task a lot simpler in this regard. Lacking that, you may find that a time line will be devised here and I would prefer that that would be something that would be mutually agreeable based on an initiative from your own point of view because who knows more about what all the details are of the office than yourself.

I was interested in your comments and you talked a little bit about some specific policy issues. Sometimes it is difficult and I know that an effort has been made and it is accurate to say that none of this reflects upon you as an individual. Also when we are talking about the future of OTIA, we are talking about something that is structural.

At the same time, it is pretty difficult to separate that out from performance on given specific issues and on positions on specific issues.

So the inactivity or the lack of attention or perhaps the obstacles or the blockage which we have witnessed in the performance of OTIA is something which obviously leaves in question the whole value of the structure that is OTIA.

I want to draw attention to something that you said relative to Compact impact aid. You mentioned that your unit was in effect unable to generate the policy in order to satisfactorily deal with the Compact impact aid issue.

I think that really cuts to the core of why we are discussing OTIA as a unit because if in fact it was able to carry that out then all the other discussions along the point would be moot. If OTIA did have the clout, did have the standing within the bureaucratic structure of the executive branch to be able to deal with the Compact impact aid issue on a basis that meant policy, that meant new directions, that meant a break with the past without having to admit at the end that we are unable to deal with this on a policy basis, then I think that much of the discussion before us today would be moot.

Along those lines, now that I know that the House has approved an appropriation of \$4 million for Compact impact aid and the Senate \$1 million of Compact impact aid for Guam and both Houses have approved \$12.7 million for CNMI, although it is deceptive because it is out of their own Covenant funds, in line with what was said earlier that Interior is likely to look forward on this issue, what is happening from now on as opposed to backwards, I hope that sometime in the next budget cycle that we will see some movement on the part of Interior on this issue.

Ms. TURNER. One of the first issues you discussed was the need for benchmarks and suggested that the transfer of functions and activities to the State Department with respect to FAS would be a clear benchmark.

There is certainly a need for benchmarks to signal that something is happening. It reminds those of us that need to take action that we have a time line to meet. That particular benchmark would require a change in the law because public law requires that Department of Interior retain involvement in the interagency group.

Nonetheless, I think a similar type of benchmark that you referred to was closure of the trust territory office. That is a benchmark action in reduction in what OTIA does and I appreciate your comments that you would extend to the executive branch, the administration, the opportunity to identify benchmarks since we are talking about executive branch structure and organization. I would hope that that is one that we can engage in together in identifying other benchmarks.

You also talked about the structure of OTIA, and over the past, its seeming immobility. I would simply say that the body probably moves only as intensely and as quickly and as ably as its head, and we have in place a Secretary who has directed and who is requiring the agency to take action and who has the interest and his membership in the Cabinet to draw the administration together and to make decisions on issues that do not revolve solely around Interior.

I think the movement of the administration on mutual consent is a cross-agency kind of decision that requires Secretarial involvement. The impact of the Compact, I think, is a similar issue, but it is not an issue that can be resolved solely by Interior. If that issue were handled by Commerce or HHS, it too would have to be handled on a cross-agency basis that would have to include OMB. OMB would be included because you are talking about funding that would not come from a particular agency. The role that OTIA is playing in pulling the necessary parties together is the same kind of role another agency would play with respect to direction from the administration on Compact impact.

On the issue of how we are going to address the issue retrospectively or prospectively, my comments to Representative Babauta were that it was a very serious issue that had not been addressed for a long time, that both Guam and CNMI had requested significant sums of money from the United States. And it certainly is a strong concern from the budget standpoint of where the funding is going to come from, and on what programs, what other aids, will be cut to satisfy the concerns in the insular areas.

I was hopeful that we could get a dialogue about where to go beginning with the 1996 budget cycle, and we are in the midst of beginning those discussions and plans to try and address the Compact impact issue.

He raised the issue about retrospective need. It certainly was important, but it presented a much more difficult issue in terms of a lump sum that he was requesting, because I don't know where the administration is going to find the money, given difficult budget times.

We talked about different scenarios and mechanisms and access to Federal programs as perhaps some way to resolve the issue.

Mr. UNDERWOOD. But then the House appropriation and the Senate appropriation on this matter, I hasten to add, is a significant breakthrough because it is a departure from the position that we have heard from Interior until now, which is that this money is

freely given as technical assistance primarily for the adjustment of citizens of the FSM coming into Guam and the Northern Marianas.

In line with that, I will read you the section of the law:

There are hereby authorized to be appropriated for fiscal years beginning after September 30, 1985 such sums as may be necessary to cover the cost, if any, incurred by the State of Hawaii, the territories of Guam and American Samoa, and the Commonwealth of the Northern Marianas Islands resulting from any increased demands placed on education and social services by immigrants from the Marshall Islands and the Federated States of Micronesia.

It doesn't speak to the issue of adjustment of these people, although that is a very important issue, and it doesn't talk about negative impact or adverse impact, which I have heard from various staff members in your office. It speaks to compensating for increased demands placed upon educational and social services.

So I am hopeful that as we look forward to 1996 that we are able to come to agreement about the accounting method that has been used and that we make some progress.

The significance of these appropriations that have occurred in the past month is that they recognize that there is a level of obligation that is due to these local governments and I think it is something that is in effect creating the policy which perhaps you are sympathetic with and perhaps the Department of Interior is sympathetic with, but the Department of Interior itself did not for one reason or another carry out.

You spoke about the head and the body, and in using that analogy trying to understand that the OTIA is part of a larger agency in the Department of Interior. In your testimony and in previous statements, you have discussed your role as facilitator and empowerer from a position to empower insular governments.

One issue which we have dealt with extensively in the case of Guam is the issue of the wildlife refuge and the wildlife refuge, which has been declared pursuant to a whole series of complicated issues on Guam and which there is almost near unanimous opposition to amongst the population of Guam and certainly the political leadership of Guam, that presents the problem that is part of your role as facilitator.

On the one hand, you are facilitating insular interests; on the other hand, you have a sister unit inside the agency, namely the Fish and Wildlife Service, that appears to be going in a direction exactly opposite that which is clearly desired by an insular area.

How do you personally resolve that and how can OTIA explain to people that they are in fact continuing to be a facilitator given what seems to me an inherent contradiction in the status and the role that you play within the Department of Interior?

Ms. TURNER. On the first issue with Compact impact, we are dealing with what is essentially an unfunded mandate. The benefits to the United States from entering into the relationship with the FAS is one that is a universal or national benefit.

I think that is where the question of how do you fund this mandate arises and that is why it is not an issue that is strictly limited to sphere. I agree when you say that for the Congress during the last budget cycle in 1995, the House made some appropriations to address Compact impact, and we have not seen that occur.

From the administration standpoint, we have not seen within the administration's own budget that is submitted to the Congress an address of the issue in some way.

I hope, as you said, that we can during this budget cycle come to some kind of resolution of the issue. If we are not talking, though, about looking at adverse impact, I am not certain what kind of impact we are dealing with.

If the impact isn't adverse, if there aren't costs that are sustained by Guam in the CNMI, it is difficult to understand what the compensation is to be.

Mr. UNDERWOOD. Well, the law states "any increased demands" placed upon educational and social services, so it seems to me what we are talking about here is arriving at an accounting method to determine what those costs are, not to discuss the overall positive or negative natures of the impact of the people who come in from the FSM or the Republic of the Marshal Islands.

What has been repeatedly stated by various staff members is that we are talking about adverse impact or perhaps negative impact which sounds like someone has to make a judgment. My point is that this is not a question of making a judgment; it is just a question of arriving at an accounting method that makes sense. I now understand that there has been some disagreement about that accounting method, but it seems to me that that disagreement is actually a kind of delaying tactic in order to avoid discussing the broader issue.

That brings me back to my initial point, which you made yourself earlier, about the nature of Compact impact aid. You stated that OTIA as a unit was unable to get a policy direction on something that is really critical to the insular areas, and given that, it seems to me that had you been successful at that or had OTIA been successful at that—I recognize that other units of various agencies and Departments in the Federal Government have similar difficulty in creating a policy direction from the administration, but this OTIA is the only one that is specifically charged with the territories and when the territories are blunted in that particular unit, where are they to go?

Until we have some kind of reasonable satisfactory answer to that, it will continue to call into question the viability of OTIA.

Ms. TURNER. My response to that is simply that we have over this past year been working with Guam to try and identify an accounting methodology to determine Compact impact. I know that there have been discussions that the cost of integration should or should not include where the FAS citizens are providing the Pell grants or their Federal program aid that is rendered to Guam because of the presence of FAS citizens should not be weighed in the factor when you are looking at impact costs. That is an issue that is on the table. That may be where the cost issue that you are discussing arises.

I believe what I was referring to with respect to the need for cross-agency decision-making on Compact impact is that the agency in the past has not addressed the policy need for a Compact impact discussion. It has certainly had the ability to do so, but for whatever reasons didn't do so. Under this administration, we were undertaking to work with those who were necessary in the budget

process, OMB and the Domestic Policy Council, to come to a decision about where the funding is going to come from.

All the funding isn't going to come from DOI's budget. It doesn't exist in the budget, so we have to figure out where and how it is going to occur and that has to involve other agencies. It is not a sole agency issue. I think the other—

Mr. UNDERWOOD. Well, with all due respect, that is precisely my point. My point is that if your unit is unable to devise executive-wide policy for the territories or the Department of Interior is unable to do so, then it is clearly time to reconfigure the whole process.

That is what I am saying. I don't want to quibble over the accounting method, but I will give you one example that is used by the Department of Defense in terms of reimbursement for the government of Guam in terms of students. If we use the same method that DOD uses to reimburse the government of Guam for students who are attending the public schools, the U.S. Government would owe Guam \$8.1 million for fiscal year 1993 and this has been something that has been ongoing year in and year out and will again continue.

I just wanted to get you to respond briefly to the issue of how you see your role given the contradictions that may exist or may adhere in trying to deal with the Fish and Wildlife issue, something that is entirely with the Department of Interior?

Ms. TURNER. I actually think that what we are talking about in terms of Compact impact is the reason we need to move to the interagency structure because it is a crosscutting issue and that is the kind of mechanism that will be more effective in serving the insular areas. It is that interagency structure that will resolve the Compact impact issue.

On land, the Secretary during his visit said he has control over use and management of the land mass that is at issue in the wildlife refuge debate on Guam. He is prepared to sit down and to discuss those management issues.

Yes, there are obligations that the Department of Interior, that the Secretary has, as Department of Interior with respect to the Endangered Species Act and its role and interest in insular areas, but I think I need to distinguish a bit between the role of Interior as the policy coordinator or some executive focal point within the executive branch on action and the role of the delegates, the Congress, with respect to insular areas.

I think that is the mechanism that exists to find the kind of balance that the insular areas think is important with respect to issues. On the land issues we certainly have heard you speak loudly and clearly on your desires, but the executive branch and Department of Interior doesn't stand in your shoes and couldn't and wouldn't want to do that, so that is how I would make that distinction.

Mr. UNDERWOOD. That points up the need again for restructuring the entire basis for the relationship of territories. Just as in the Compact impact aid issue and in the issue regarding the management of the Federal property on Guam, it points up the fact that some agency, some unit, needs to be restructured.

We are on a plateau right now in terms of how Federal territorial issues are dealt with, and we need to find some kind of new framework, and certainly the effort by Mr. Gallegly has assisted in trying to crystalize this issue.

One comment about the role of delegates, not in terms of the House of Representatives, but just in general here in Washington. It is true that the delegates, although they have a lesser status than Representatives in the U.S. Congress, they have many more multifaceted responsibilities vis-a-vis their own area.

They are the Washington representative. The official title is Washington delegate, implying that whereas most representatives are elected by their constituents to come here and deal with issues of national focus and form, delegates are expected to come here and deal with almost all manners of issue involving these relationships. So this again points to my contention that although it is positive to look at this new action in the White House, as somehow approximating the treatment of State and local governments, I still think there needs to be something more because, in fact, you can be treated like a State Government, but as long as you are not a State Government, the nature of that relationship is variable, is likely to change, is subject to the whims of a wide number of people. And along those lines, I make a special plea on the case of the delegates, that they are the elected representatives of the territories and insofar as is possible, that we have no vote for the President, we have nobody in the Senate.

So insofar as is possible, that all respect and courtesy be due them in their treatment and their handling in the executive branch, over, I would submit and argue, and above representatives who deal with the executive branch.

Thank you.

Mr. DE LUGO. I thank the gentleman from Guam.

You have touched on a number of subjects which we were just talking about here. It is very important, very true. I first came to this Capitol elected by the people of the Virgin Islands, as did Tony Won Pat, as a Washington representative representing the islands before all agencies and before the Congress and everywhere in Washington.

That was local law. That was before we got the seat in Congress. The fact is—and I have a good relationship with my governor, and I think we all do with our various Governors—but the fact is that the people of the territory elect us to represent the territory's interests in Washington, not only in the House, but before the Federal agencies as well.

I think that that has not been fully understood by the administration. These are the men and women the administration should talk to first to find out the position of these insular areas. If we are out of tune with our insular areas, we will be out of office very quickly, and that has not been done.

There has been an ignoring of the delegates and moving right to the Governors, and that was a serious mistake.

Talking about the Compact aid, you used the phrase an unfunded mandate. Compact aid is not an unfunded mandate. Unfunded mandates are usually Federal requirements on local governments that are not funded.

The Compact impact is a Federal mandate where the executive has not proposed Federal funding. It is a mandate on the executive where it is a law. It is a commitment, and it is a commitment that has not been carried out.

This is OTIA's responsibility. It has just been unable to deliver on it because of OMB, but that is the problem that we face. That is the problem we faced before this administration came in.

We are not here attacking personalities or individuals but we are dealing with a problem that is of the utmost seriousness to all of us, and that is why we need higher-level attention in the executive to make this funding a priority as the law requires.

It is not a priority at the present time in the administration. It has not been. But now here in the Congress, at least in the House, we have made it a priority largely due to the efforts of, I must say, Congressman Underwood, and the House has provided \$4 million. The Senate has provided a lesser amount.

The question I think that should be asked of the Assistant Secretary today based on all the dialogue is, Where is the administration going to come down on the question now that we are in conference? Will the administration support the position of the House?

Ms. TURNER. Well, all I can say is that we are in active discussion on how to provide and what position the administration needs to take on rendering Compact impact assistance. It is not an issue that the administration has taken on before, and it is one that I said we need to address.

Mr. DE LUGO. We are in conference now. It is now on the table. It is not in the discussion stage. It is in conference between the House and the Senate. What is the position of the administration?

Ms. TURNER. Clearly we support the funding that is now on the table for Guam and the CNMI for Compact impact. There is a redirection of some of the funding that was going to be provided to insular areas to use that funding for Compact impact. We have within our budget allocated funding from the technical assistance funding and the House has seen fit to take monies from technical assistance, additional funding and to utilize funding from the CNMI, the \$27 million, to reallocate that for Compact impact assistance, and we support that.

Mr. DE LUGO. Perhaps I didn't make myself clear. There is on the table in conference a provision in the House that provides \$4 million for Guam and the Senate is providing a lesser amount, a straight \$1 million. So we are in conference now and the administration's position will be asked for.

The question of the Chair to the Assistant Secretary is, What is the position of the administration? Does the administration support the \$4 million that the House has provided?

Ms. TURNER. We have indicated our support for the House position for the \$4 million. The administration budget was \$1 million, which is the same as the Senate and the House has seen fit to increase to \$4 million. I don't have today what the administration position is, but I do know from the Department of the Interior—

Mr. DE LUGO. You said that you supported \$4 million. Now you are saying that you don't have the position of the administration. Are you saying that the initial amount that was in the administration budget was a million dollars? That is not unusual.

In the past on many, many issues, administrations of both political parties have submitted budgets where no funding has been provided on various issues and we have gotten appropriations in either of the House side or the Senate side. Once it is in, then it is time for the administration to decide what is its position.

My question is very simple. This is a responsibility of OTIA and Interior, this Compact impact fund issue.

Ms. TURNER. If I might have a moment, Mr. Chairman.

Mr. DE LUGO. Surely.

Ms. TURNER. The administration budget for Compact impact was \$1 million and that was from our OTIA budget. The \$4 million proposed by the House is coming from taking program money from other programs within the Department of the Interior. The Department has not yet submitted its position on the conference—on how it can handle the redirection of funding from other programs in the Department of the Interior.

Mr. DE LUGO. Who makes that decision?

The game is on now. We have had our Fourth of July break. We are back in session. We are in conference.

Ms. TURNER. The decision will be made with my office, with my office, with the Office of Policy Management and Budget and with OMB.

Mr. DE LUGO. Madam Secretary, did your field liaison staff here in Washington contact a specific governor asking for a letter of support?

Ms. TURNER. I have no knowledge to what you are referring, Mr. Chairman.

Mr. DE LUGO. I am referring about the question of lobbying again, whether to your knowledge did a field liaison staff here in Washington contact a specific Governor asking for a letter of support of OTIA's position vis-a-vis this legislation that the committee is having a hearing on?

Ms. TURNER. To my knowledge, that has not occurred, Mr. Chairman.

Mr. DE LUGO. Thank you.

Again, I want to commend you on your testimony. I want to say that some of the things that cause problems for the committee—you will recall, I think, we had a hearing fairly recently on legislation that dealt with the political status. Our hearing was May 24, and we received a correspondence from the Secretary saying that the position taken by your Department was that nothing should be done until there had been consultation with insular areas on this matter. That was the position taken before our committee hearing on May 24.

The very next day, on May 25, the Secretary proposed full voting representation in the House and not for the territory. That, of course, would be a significant political status change, and it deals with a number of subjects. It raises a number of questions, and I wonder if there had been consultation with the leaders in the various territories before this position was taken?

What can you tell me about that proposal? Is that proposal being worked on in the administration? What can you tell us about that?

Ms. TURNER. Well, I can put a little context into our discussion. The comments that were submitted by my office on Mr. Young's bill

with respect to status changes and issues involving Puerto Rico, I think, were based—comments that said there needed to be further discussion and dialogue because the bill that was proposed and under discussion had just been changed and submitted the day before the hearing.

The comments that I made the following day, as you state, at the conference, as I said they were my personal views that there ought to be the full voting participation of the delegates. There is no proposal in the works so to speak on these particular matters.

Mr. DE LUGO. Madam Secretary, let me say that that is the sort of thing that causes real problems for us in the territories. When the Assistant Secretary makes a statement to this committee, she is speaking on behalf of the administration.

The conference that you were participating in the next day, you opened your statement bringing greetings from the President of the United States and you were speaking there on behalf of the administration. That isn't fair if you think that suddenly you, as the Assistant Secretary, can be speaking officially for the administration and suddenly say that my own feelings are now speaking for myself.

Let me tell you all the wonderful things that I would like to do for you.

Ms. TURNER. Mr. Chairman, I think my response is that during the context of that hearing on Federal insular relations, I stated that I had not had any kind of clearance or policy announcement from OMB or the administration, but my own sense was there ought to be better representation of the insular members in the Congress, a better, more effective mechanism in the administration for handling insular matters.

Mr. DE LUGO. Madam Secretary, let me interrupt right there. Certainly no one would argue with better representation, meaning fuller rights, in the representation, but the statement that was made was full voting representation in the House and the Senate.

This is something which on the surface would sound like "Hey, we all want that," but it also implies paying full Federal taxes. That is the reason we get the return of the excise taxes.

Has any of this been discussed with any of the Governors? Are we prepared to move towards full voting and paying Federal taxes?

Ms. TURNER. As I said during that conference, there certainly needs to be a full discussion and some creative thinking on how to bring about that kind of fuller participation in the American democratic system.

As it stands now, you have to pay to play. I am not sure that that is the only kind of way you ought to participate in the democratic process. I suggested that as we were engaging in a discussion during that conference, one of the issues we ought to undertake is how to create a mechanism to provide for fuller participation in the legislative branch and the executive branch as well.

Mr. DE LUGO. Well, let me say again, Madam Secretary, that the whole tone of your presentation today I agree with, and you are right on track. We are talking about things that have happened in the past, and I am just pointing out some of the problems, the minefield that exists out there. I think we should all work together to see how we can resolve these issues for the insular areas.

They are complex, they are tough, and I think we should all be going in the same direction. Certainly, I think at this point in our history we have a real opportunity to address political status in these areas and protect and also address the question of maximum participation, maximum participation, for these U.S. citizens.

When I read your statement, I was very happy about it, because it showed that here was something. Here was a policy that I certainly could agree with, but of course it did raise these other problems.

Now, I think that we should be moving forward. This administration, I would hope, would move forward with the Congress on addressing the question, for instance, of the presidential vote for these U.S. citizens—and the presidential vote is not an issue that should put at risk the question of Federal taxes—and then the issue of what type of participation, the maximum. How do we bring these insular areas fully into the American family, those that want to remain as a part of this American family, and how do we give the dignity that U.S. citizens residing in the insular areas are entitled to?

The only way we are going to do that is by an amendment to the Constitution. Anyone who has studied this question knows this. The time has come for us in all branches, in the Congress and in the administration, on all sides, to begin focusing on what has to be done to truly resolve this issue.

To bring that about, we need the leadership of the President, we need in place in the administration a structure that will be able to deliver on the goods and will not have individuals protecting their turf, or with other agendas that are priorities, such as defending and protecting the Federal interest, when, in fact, we have to resolve this issue which also is in the Federal interest as with the U.S. citizens in the insular areas. That is where I hope it will all go.

I have many questions for you; they are not combative. I am not going to present them today. I am going to submit them to you so that you can respond to them in due course in writing.

I would like to touch, however, on one very important issue for my district, and very important issue that the House is greatly concerned about, and that is Water Island. Water Island is a matter that lies solely in the area of responsibility of the Interior Department, specifically in OTIA.

It is Federal land, a Federal island that OTIA entered into an outrageous lease of 40 years duration, which finally is up. It was up about a year and a half ago. This has got to be settled and it has got to be resolved. And it cannot be resolved in a hearing. We are going to go through all the legal machinations. I understand that if a settlement of the Water Island lawsuit is not reached shortly, that the current schedule for the case calls for a trial to begin some time in the fall.

Now, that is unacceptable to this committee. We must have this issue resolved, if not entirely. Then we need to have the overall policy on the island's future, that has to be resolved, and we have to decide politically what is going to happen with Water Island.

I would welcome your comments on this, Madam Secretary.

Ms. TURNER. As we discussed yesterday, Mr. Chairman, and have had the opportunity to discuss in prior occasions, you have conveyed very eloquently to me, and very strongly, the concern and interest that you have in having the Water Island situation brought to closure, and in fact brought that to my attention during one of our first sessions together. And I expressed to you and committed to you the intentions and efforts of the Department and my office to try and bring that issue to closure.

We inherited actions that were undertaken. The lease of Water Island was dissolved. The Department entered into a number of contracts with some existing subleassees, and I am advised by the Solicitor's Office that those contracts are most likely very binding and would be subject to additional litigation. In addition, the Department has been sued by the master leaseholder, so there are some very real constraints under which we operate with respect to Water Island.

And I think that the Solicitor's Office would probably advise me that we ought not to discuss pending litigation. We certainly don't have control over the trial dates and schedules, but we are working with Justice Department lawyers on the case, and they understand the need to actively and aggressively push the litigation and try to move for an expedited schedule. We are trying to do that.

In the meantime, we have engaged in the necessary actions that have to be undertaken for disposition of Water Island. Regardless of how the litigation is resolved with respect to compliance under NEPA for hazard surveys, for inspections, for cleanup, all those actions are under way. We have been doing that over the course of this past year, and have had public hearings on the environmental assessment process that has to be undertaken.

I can only say to you what I said to you yesterday and say to you again: we are committed to trying to bring this issue to closure; the government of the Virgin Islands has a very significant interest in having this property returned to them. We would like to work with you to try to move in that direction.

Mr. DE LUGO. I think that is all we can say on the matter right now for the record. But I think that we will be talking about it in the weeks to come and then we will see what follow-up is necessary from the committee or how we will work this out.

Any further questions?

All right. Leslie, let me congratulate you on the way you have handled this. It is a tough hearing, a lot of the questions that you picked up came from the past, and what counts is that the presentation you made today was an excellent one. And I hope that we can look forward to working well together.

I think that perhaps the committee and the Secretary will be getting together in the near future. It will be a lot more comfortable for the Secretary the next time, we won't be dealing with the past, we will be dealing with the future and looking forward to working with you on that.

Again, I want to commend you for your presentation here and for handling these bombs that we were throwing at you in a fine way.

Ms. TURNER. Well, thank you, Mr. Chairman.

I appreciate the opportunity to appear before you today, and I, too, look forward to our working together on these matters.

Mr. DE LUGO. Thank you.

Our next witness is Hon. Orson Swindle. Mr. Swindle is the former Assistant Secretary for Economic Development Administration, U.S. Department of Commerce.

Mr. Swindle, it is a pleasure to welcome you here. Thank you for your patience.

My goodness, it is 3:00 p.m., and we started at 10:00 a.m.

Have you had an opportunity to grab a bite or something?

Mr. SWINDLE. In Hawaii, about 26 hours ago.

Mr. DE LUGO. I imagine you have digested that by now.

Mr. SWINDLE. I had a good meal on the plane.

Mr. DE LUGO. Well, thank you very much for traveling all this way. We welcome you and look forward to your presentation.

Without objection, your prepared statement is placed in the record.

STATEMENT OF ORSON G. SWINDLE, III, FORMER ECONOMIC ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. SWINDLE. Thank you, Mr. Chairman.

It is a pleasure to be back in the halls of Congress, and I hope circumstances in the near future will make it possible for me to be here more often and join the discussion.

I come here with a great deal of interest in the discussions, and I think it most appropriate that we are in this discussion. I have a great deal of familiarity with the islands. And I am going to direct my comments, the remainder of my time, toward the freely associated states, recognizing that we are talking about something larger than that, the territories, the Commonwealth, Puerto Rico, Virgin Islands, so forth. And my exposure to them leads me to believe that they are farther along the spectrum of development and independent status, autonomy, if you will, whatever particular status that they were to choose to take or we agree to take.

I was pleased to hear the discussion of change or perhaps termination of OTIA, and then I was reminded of, I think it was Will Rogers, the esteemed philosopher of our country who said, "All government programs had three things in common: a beginning, a middle and no end." And I think now we can add all government programs have possibly four things in common: a beginning, a middle, no end, and some just wither away. So maybe we have hope here.

That would lead me to the next philosopher I will quote, more well known, more current and highly esteemed, on the par with Socrates and Plato, Mr. James Carville. And in quoting Mr. Carville I hope to shift the focus of today's discussions to something I believe is extraordinarily important. Mr. Carville was quoted back in 1992 saying, "It is the economy, stupid." And I think he is right. And I think we are giving certainly an appropriate amount of attention to the political status, again, I will refer to the freely associated states and all others, because that is certainly an important thing. I am convinced that there is one thing from my experience in the Pacific islands that the islands don't need a lot more of, and that is government. I will talk about that a bit in a moment.

The comment was made by the chairman to Ms. Turner, that the next time she appeared we would be looking to the future; and I think that future looms very close, certainly for the RMI and the FSM. It is about seven years away, if my memory serves me correctly, 2001; I think that is correct.

I think we are looking at an impending disaster of major proportions on an economic basis. I think the FSM and the RMI are not anywhere close to attaining any reasonable degree of the self-sufficiency that I believe was one of the major purposes of the Compact. I cannot envision these tiny island states with so many wonderful people in them, being autonomous or independent economically; it is just not going to happen.

They will always need some kind of assistance, and that is a very appropriate thing for us to provide. But I don't think we are anywhere near where we ought to be.

With those comments, I would like to give a little background of my involvement with the islands and of my concern.

I, as Assistant Secretary of Commerce for the Economic Development Administration, in 1985-1989, made two trips shortly after the Compact was signed out to the islands. I think I visited each of the independent states, of the states of the FSM as well as the RMI twice, and I have visited all the other islands on those two trips.

But more importantly, since I left office, I have been out there, been to all of them numerous times, and have developed many friendships. I have watched with great interest what we are doing there and how well we are progressing, because I am extremely concerned, as I was when I first was introduced to the islands, about where we were really going.

It was readily apparent to me that from my standpoint with the Economic Development Administration, the most important thing in my mind that we had to get on with was finding a way to establish some economic credibility to the islands, because without a continuous flow of assistance from the United States, they were in trouble. And I felt that was again part of the intention of the Compact.

Economic development was important. I went out there to see how we might best facilitate a growing economy or a developing economy, I guess, is a better way to put it. It was readily apparent that there was no shortage of economic development needs in the islands, from a standpoint of infrastructure as well as technical assistance.

The problems that I envisioned in looking at the situation were also very obvious. We were going to have an enormous problem adapting domestic assistance programs, such as SBA, Farmers Home Administration, the Economic Development Administration, adjusting our rules and regulations to that environment. I could see an enormous bureaucratic paper mill ginning up that was not going to be able to accommodate what was going on.

From a standpoint of EDA, I recognized that EDA, being a purely domestic program with rules and regulations designed for hometown USA, was going to have a real difficult time trying to figure out how to provide the services we were capable of providing in that environment.

I took some steps initially to try to make us better able to assist, to implement, the requirements of the Compact. I assigned a permanent economic development representative to Hawaii to take care of Hawaii and the American-affiliated Pacific islands, all of them, including Samoa, and we had been involved with Samoa, Guam, and the CNMI for some time as we had in the Virgin Islands and Puerto Rico. The FSM was a new task.

I began having annual regional conferences which were just for the Pacific islands, as opposed to what had been in the past, where our Samoan friends and those from Guam and the CNMI would come to Seattle, Washington, in the middle of the winter when it snowed, to talk among the western States about economic development matters that they had no identification with whatsoever. I thought it more appropriate that we do it out in the Pacific with the Pacific islanders, and I am happy to say that since I left office, that has continued.

At the Governor's request, I provided \$15,000 to match their \$15,000, to let them have access to a technical assistance program of the Economic Development Administration called the University Center program, which I felt would be one of the quickest and least expensive ways to get much-needed technical assistance quickly to these new fledgling states and entities out there, and that worked extremely well up until recent years.

It also would provide them through the University Center at the University of Hawaii additional linkage with EDA so we would get to know them better and learn what their needs are. I then directed the EDR in Hawaii to immediately find appropriate, proper and absolutely necessary projects in each of the island states, and I wanted him to help those government entities process the papers, develop the applications, pick the project, and then I wanted them processed immediately. I felt that—yes, sir?

Mr. DE LUGO. Mr. Swindle, let me interrupt your testimony.

We are working with a problem here. The House is in session, there is a vote on the Floor, a series of votes on the Floor, and the gentleman from California, the sponsor of the legislation, wants to ask you some questions. And the only way we are going to be able to do it is if he does it right now. So if we could interrupt, and then we will continue with your presentation.

Mr. GALLEGLY. Actually, Mr. Swindle, I will only have a couple of questions, and in the interest of time, and unfortunately, we don't have control over the gavel over there.

So you have suggested a position of freely associated state economic development czar; is that correct?

Mr. SWINDLE. Yes, sir.

Mr. GALLEGLY. Within the EDA?

Mr. SWINDLE. Within the EDA, yes, sir.

Mr. GALLEGLY. Could that person also be a czar for the territories as well?

Mr. SWINDLE. Yes, sir, I think it would be most appropriate, and the reason I say this is we have got—I don't know, there are myriad agencies coming out there, and as you have read my testimony, we have so many conflicts, so many contradictions, so many self-defeating processes and competition, unfair competition among agencies, that there is no way to sort it out.

We have a very frustrated people in the Pacific; I know that from personal contact. That person could very easily accommodate or be the control or the traffic cop or the coordinator of all the efforts, and I think it would probably work very effectively. It would be a massive job, but I think it should be done.

Mr. GALLEGLY. As briefly as possible, can you give us an assessment of the agencies; the Department of Commerce would be better able to assist the development of the islands than the Department of the Interior?

Mr. SWINDLE. I think EDA already has in place professionals who, some are very good at it, some are not so good, typical of any agency, but I think they have around them the support structure to support a special effort working with the islands, if the funds were allocated for those islands, earmarked for them, and they are to be used that way with a few of the very excellent people that are in OTIA. I would hand-pick them, if it were me and I had that power. I would let them manage the program as a part of EDA, call it the Office of Territorial and International Affairs, if you like, inside of EDA, but they would be able to draw on the engineers, the planners and people of this nature in EDA. The structure is there, and I am concerned here with economic development, obviously. I think it would work.

Mr. GALLEGLY. Mr. Swindle, again I apologize for the short opportunity that I have had to ask you questions. I would like to maybe send you a list of questions personally and get your responses.

Again, I want to thank you very, very much for making the long trek in and offering your very good testimony. It means a lot to all of us here on the committee.

And if you will please excuse me, I will get over and do my duty for my country.

Mr. SWINDLE. Vote right. That is with a big "R."

Mr. DE LUGO. Well, please proceed with your testimony.

Mr. SWINDLE. All right, sir.

I was listing some of the things I did to try to get EDA cranked up to cope with the new task we have before us, not totally strange, but much larger, with a group of people that were essentially behind the power curve relative to the islands because they haven't been involved in it as long.

I think I was commenting that I instructed my EDR to go find me a good project on each island, and let's do it, I wanted to get it done. There were plenty of good projects. I had no reluctance whatsoever to just pick one and do it, as long as local officials thought that that was one of their high priorities and it fit into some kind of plan that they had.

My thought here was to show them that we could get things done. It was a new experience for them, in many cases, and I just felt it necessary that we show we could get things done and give them the impression that the United States truly cared about this Compact it signed, and I personally was going to be the leader that would care and get things done.

I established good communications. I met with all the leaders of all the island government entities, business leaders, in many cases, and established a very good communication linkage between my-

self, my Seattle office, the EDR in Hawaii, the University Center in Hawaii, and the leadership of the islands.

And as a matter of interest, I installed fax machines; nobody had ever had fax machines. I didn't put them on the islands but I at least put them in the EDR office in Hawaii and the University Center and my office in Washington, DC. I guess nobody had heard of fax at the time. My intent, as I said, was to get quick results.

One of the other things that I felt was obvious in this process of initial assessment was there was going to be enormous duplication, redundancy. I had run the Farmers Home Administration under the Department of Agriculture for four years in the State of Georgia; I knew it very well. By virtue of working with that I knew other government agencies quite well, and I just could see what was about to happen, because I had experienced it with Farmers Home Administration and HUD, for example, where we had the same program and yet our rules and regulations were quite different. You could get one thing with Farmers Home that you couldn't get with HUD and vice versa, just absolutely a nutty situation, and I could see this coming.

These contradictions, things such as one program that we might have would provide a service but would demand that the recipient, the client, would pay for a portion of it, not big-time cost, but pay. Another agency would come in, provide the same service for free.

We had a requirement in EDA, and this is a part of the inflexibility of EDA, where you had to get, I think, three bids—and I am reflecting back on five or six years ago—but we had to have three bids in order to put in a public works project, approve a public works project, and the three contractors had to be bonded. Well, in some of those islands, number one, they didn't have three contractors, and number two, sometimes there is only one. Most assuredly, there was rarely ever one that was bonded. So the bureaucrats said, well, we can't process that, and here we go into the bureaucratic mind-set that we just can't get it done.

Again, my push was to get it done. I would take the responsibility as long as it was a legitimate project. I would find a way to do it because I thought it was necessary, I thought we had to show that we cared, and we could do things.

I also was concerned after two extensive trips over the course of two years with what I call "the U.S. legacy in the Pacific." For certain, we had done some good, but the legacy that I saw that had all the characteristics of big government bothered me enormously. I was appalled at how many people worked for the government.

I tried to come up with some figures here, and as I recall, 65 percent on average. I visited them all, 65 percent of all the paying jobs in those economies worked for the government.

The median age was 15. Over 50 percent of the people were under 15. The population growth rate was 4 percent. I think it was—no, the RMI. The government system runs almost exclusively on Federal payments from the United States, and the tax base was almost nonexistent, and we had 15 years to get the thing to where it was on a par with some semblance of self-sufficiency; we have seven years left.

In my personal assessment, the RMI and the FSM in particular, of course, that is who we are talking about, are nowhere near being

economically self-sufficient to any degree that is acceptable. I don't think we are going to even come close to approaching what we might have dreamed of or hoped for.

Many people are at fault. Certainly, the islanders can share that fault, but I think we set a doggone poor example because of our Federal programs and the way we approach things. The conflicts, the frustrations, the confusion, all of this creates problems. I was trying to instill a concept of business, where you paid for it, you understood it wasn't free, and interestingly, in many of the programs we dealt with businesses indirectly through government things and we had people paying things.

The University Center program, the clients were paying, and I was trying to instill this. And then OTIA comes along and they start giving money away or someone else comes along and they start giving money away, and the islanders who liked the services that we were trying to provide, look around and say, well, why should we do business with you when we can get it for free? We were sending the wrong signals.

I would like to give a couple of examples just for the record here for discussion. And I want to apologize in my written statement, I need to change under the number one on it looks like page 3 here, I have in parentheses down at the bottom of the page, the "Micronesia Institute," an absolute mistake of word processing. It is the "Micronesia and South Pacific Program."

I am referring to a program at the University of Oregon. This program was initially started and supported by the employees of OTIA. It was a pilot project of several years ago, and it has continued to expand. It sends students from the University of Oregon, of all places, to the islands, obviously, at great expense. It sends them out to provide technical assistance at no charge to the recipients.

This program duplicates EDA's very fine University Center program at the University of Hawaii. In fact, it may even be modeled after that program, and it uses these students to provide technical assistance.

I am not questioning the performance of the Oregon program, because I understand it is doing some good work. The issue is that it was started with the support of OTIA, when OTIA was quite familiar with the fact that EDA had a University Center already in existence that was doing superb work.

The University Center that EDA sponsored charged clients for their services; again, trying to instill a concept of business and entrepreneurship and responsibility to help build a private sector. But the OTIA program comes in with considerably more money and provides the similar services at no cost.

My question is, What was the motivation behind the OTIA action? Why did OTIA not discuss this move with EDA? OTIA was very familiar with the EDA program; they did not discuss the implementation of this new program with EDA nor did they discuss it with the University Center. This is not the way we ought to do Federal programs because it is self-defeating.

Another example. The Pacific Island Network program, with which I am quite familiar because after my first trip to the Pacific in 1987, shortly after I returned, the Department of Commerce and OTIA got together and sent a large contingent of Federal bureau-

crats out to the Pacific islands. They came back with a plan to set up a Pacific islands network which was to be a new layer of government to set about to try to coordinate and facilitate the use of Federal programs.

This program does a lot of things. It has expanded, gets lavish funding, and provides free consulting services, and anything it has done could have been done by the existing University Center program, which was already there and doing good work.

A third program, I would strongly suggest that your committee look at the Close-Up program supported, I think, by Senator Bennett Johnston and funded again by OTIA to the tune of about \$1.2 million, I understand. Close-Up—and I know about this personally because I have a dear friend who has a kid participating in it; in fact, I think two this summer. Close-Up pays to send high school and sometimes grammar school students from the Pacific islands to Washington, DC, for summer internships to see how our government operates.

Now, that is a wonderful experience, I have no doubt, and in a time of unlimited resources would be probably worthwhile doing. But given what we are facing in the lack of economic development progress in the Pacific islands, given the limited resources that we have, I find it hard to believe that that is a good use for the taxpayers' money.

I would suggest we ask, Who are the kids who are coming here, who are their families? Because I know for a fact the children of this person that I happen to know, who is a very dear friend, she could have paid and would have paid for her kid to come back to participate in it, but nobody asked. It was free. \$1.2 million for trips back to Washington, DC. This does not make sense to me.

On the surface, eliminating OTIA by relocating its technical assistance, its operating and management assistance programs to EDA makes good sense. It sounds logical. However, I have a great fear of tragic consequences if this happens to be done.

By the way, I do support doing it but I do support it with conditions, and I would like to make those clear.

First, I believe the role of both agencies and many other Federal agencies involved out there need to be defined. The czar that I mentioned would be perhaps a good way to do it. We need to look at the redundancy of the agencies, the waste—I think it would blow our minds if we really understood how much money we wasted out there.

After the Compact went into effect, incidentally, there was just a continuous entourage of Federal bureaucrats coming to the islands. It might be interesting to go back and see how much money was spent on travel for all these boondoggles that went out there. All that money could help in developing the private sector, but we wasted it.

I think I left EDA, and certainly through my personal interest in the islands and wanting to help, I left the agency with a desire to really do things out there. Unfortunately, after I left, the Bush administration did not have the same degree of concern, and I dare say that the Clinton administration, by things I have already seen, has even less interest in the islands. That is a personal opinion.

I know a lot about EDA. One of the reasons I fear shifting the OTIA responsibilities for the management technical assistance and operating assistance out there stems from the fact that EDA has been a political football throughout its entire existence.

I fought the use of it politically down to where I was on my knees sometimes fighting it. We have an election coming up this year, obviously, that is very important. There will be one coming up in 1996 of even greater importance.

California, for example, has had a number of natural disasters. The Pacific islands could easily get lost in the politics of 1994 and 1996, and not even be known as to where they are; and I think that is, sadly to say, a very real possibility knowing how EDA has been manipulated in the past. I think that deserves consideration.

Again, however, common sense tells me that we ought to do this. There is no sense in having redundant agencies and too many employees around consuming scarce dollars, when we could be taking those dollars and making them create wealth through helping start businesses and start private sector development in the Pacific islands.

If the merger is decided upon, I would suggest several things: First, I would transfer essential employees of OTIA along with the assistance funding over to EDA. I would get the very best of those in OTIA, and there are some superb people over there. There are some I consider retired, but they just stayed there and kept doing things. I wouldn't want them over in EDA doing that.

I would suggest that the program funding would be transferred to EDA as a separate appropriation line item, earmarked for the islands, for those employees transferred over. And as I mentioned, EDA has a lot of support it could give that cluster of people who are more well-versed and more experts in the Pacific islands than the people in EDA are, and they would work with that money, with the instruction to don't let anything get in the way of you. I am not saying they go around the Assistant Secretary, but that money is for the islands, because if it is not, in an election year, it is going to be tough to give money to the Pacific islands where they don't have many votes. And I think the congressman knows exactly what I am talking about.

I think, thirdly, that the FAS states and the territories should be required to put some money in the game, too. I think it makes it a lot more important and helps us get our sense of priorities in perspective.

Fourthly, I think future funding assistance from the Federal Government out of our programs now, and I am not talking about the Compact obligation dollars, the Federal program, Federal assistance programs, that money should be devoted almost exclusively to developing a private sector economy out there as best we can. History seems to tell us that the United States does a very, very poor job of "nation-building" and a good job of creating a "welfare" kind of dependence, unfortunately.

And I think we have good examples out in the islands, where they depend too much on us and we are too quick to give the money. And by the way, you will find nobody who will support the islanders any more than I. I have a great affection for them personally, professionally I have many friends among them, and I think

we have a moral obligation to help them progress toward self-sufficiency as best we possibly can. I know we can do better than we have done.

Then my last suggestion, which Congressman Gallegly addressed, I think there ought to be a kind of Pacific island freely associated state economic development czar with an EDR that would coordinate that effort and make it go forward, that person being responsible to the Assistant Secretary of EDA. Obviously, there are many details to such a scheme, requiring greater thought than we can possibly cover here in a short discussion.

I would reemphasize again, there must be a serious focus on private sector development, entrepreneurship, accountability. I would strongly suggest that whatever we do, we have a plan, and we set some goals. And, before we ever start it, we have a means to measure the results of it, and then we go back and insist that we look to see what we accomplished. Because so much of what I have experienced in government with well-intentioned bureaucrats, I have no doubt they all mean well, but there is too much of this tendency to be up on the hill and pour a bag of marbles out and let them roll to the bottom, and they think their job is over after they shove them out of the bag and they walk away from it. That is not getting it done, it has not gotten it done in the islands.

I do think we have a catastrophe waiting on us if we don't do something well these last seven years for the FSM and the RMI. And, of course, Palau is just starting, but we need to learn from this experience to help Palau do better, and I just know that we are capable of doing much better.

And I thank you very much for letting me come and be with you.

[Prepared statement of Mr. Swindle follows:]

TESTIMONY OF

ORSON G. SWINDLE, III
former Assistant Secretary of Commerce
for Economic Development (1985-1989)
500 University Avenue, #309
Honolulu, HI 96826
(808) 946 3993

before
the
Subcommittee on Insular and International Affairs
Hearing on HR 3797

July 14, 1994

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Mr. Chairman and sub-committee members. Thank you for this opportunity to join in the discussion of HR 3797, the "Territorial Administrative Cession Act." It is a timely discussion for a number of reasons, not the least of which is what I hope to promote -- a proper review and reminder of our obligations under the Compact of Free Association (the Compact) with the former Trust Territories, the most recent and final member entering a Compact with the United States being the Republic of Palau.

I wish to emphasize my belief that the first criteria in these deliberations should be the successful implementation of provisions of the Compact with regard to effectively assisting the former Trust Territories to improve their economic self sufficiency and political stability.

I became involved with the Compact nations of the Federated States of Micronesia (FSM,) the Republic of the Marshall Islands (RMI,) and the Republic of Palau (ROP,) during my tenure as Assistant Secretary of Commerce for Economic Development (EDA) between 1985 and 1989. EDA had for some time provided assistance to the Territories of Guam and American Samoa, and more recently the Commonwealth of the Northern Mariana Islands (CNMI.) After the signing of the Compact Agreement, I visited the newly formed nations of the RMI and the FSM to determine how we might best assist them in their quest for better economic conditions.

It was readily apparent that there was no shortage of needy projects and technical assistance requirements to which we could devote resources. The problems I envisioned with implementing our programs would obviously come mostly from the bureaucratic processes of getting the work on applications completed by the applicants and processed by EDA. EDA, a domestic agency with rules and procedures structured for Hometown, USA, lacked the flexibility as well as the background in the region to effectively deal with the challenge. To better cope with the situation, I took several steps:

- o Assigned an Economic Development Representative (EDR) to be permanently located in Hawaii to serve Hawaii and the former Trust Territories, rather than trying to cope with the problems of distance and time from the EDA Seattle Regional Office.
- o Began annual regional economic development conferences for the islanders in Hawaii or out in the islands rather than having the islanders come to Seattle for the annual western regional meetings where they had little in common with other attendees.
- o At the island governors' requests, provided funding to match an equal amount (\$15,000) from each island state so that they could participate in EDA's

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technical assistance program which is known as its "university center program" at the University of Hawaii. I saw this as the quickest way we could effectively and inexpensively provide much needed know how and technical assistance to the island *businesses* and fledgling governments. This also provided the island governments with additional links to EDA.

o Directed the EDR to quickly define, assist in application completion and process at least one project appropriate for each island state -- as mentioned above, there was no shortage of potentially good projects.

o Established a solid line of communications and information among the island states, the EDR in Hawaii, the Seattle Regional Office, and the Assistant Secretary's office by taking a personal interest in the welfare and progress of the islands. Astounding as it may seem, I installed fax machines for the Seattle Regional Office, the EDR's office in Honolulu, and one for the Pacific Business Center to facilitate better communications --- the first ever used!!

My initial intent was to get something worthwhile done quickly, by-passing (if possible) bureaucratic delays to demonstrate that progress could be made. In addition, I wished to establish communications with the good people and leaders of the islands to demonstrate that the United States sincerely cared about their future. I believe that was accomplished during my tenure at EDA.

It was apparent from the very beginning that redundancy would run rampant as the various federal agency programs became available. It was also very apparent, and remains so today, that the different agency rules, regulations and criteria would conflict with and even undermine the programs of each other. I suspect the waste of resources is staggering because of duplication of efforts, complications leading to endless delays, and confusion due to the differences in criteria among the agencies. Most assuredly, the frustration of the islanders is significant.

The differences, the complexities, the inflexibility, and the outright contradictions evident in the myriad programs to which the islanders have been exposed are mind boggling, even to those of us familiar with such nonsense. Imagine the effect it has on the islanders. One program demands local contributions to the costs, another from a different agency provides very similar services for free. Construction projects require multiple bonded --contractors to bid in places where there is but one contractor on island, often not American, or no "*bonded*" contractor at all.

Add to this the very troubling legacy of United States oversight for the past 50 years -- a U.S.-like bureaucracy and government organization heavily influenced by a "government job mentality" -- and the prospects of evolving into some degree of economic

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self-sufficiency are discouraging. As I recall, well over 65% of all paying jobs are government jobs and the private sector tax bases are extraordinarily small. The population growth rate was excessively high (over 4% in the RMI) and over 50% of the population was under 15 years old (the median age is about 15.) The government system runs almost exclusively on federal payments and federal programs under the 15 year plan of the Compact Agreement -- and that is scheduled to end in the year 2001 for the FSM and the RMI. Reality is obvious. The Compact Nations are no where near a satisfactory level of economic self-sufficiency.

As implementation of the Compacts with the RMI and the FSM got underway, hundreds of federal employees appeared in the islands. It might be interesting to check on how much money was spent on travel to the islands. Knowing of the large sums of money that would be made available, dozens and dozens of consultants were attracted to the islands -- some formerly of the federal bureaucracy involved with the former Trust Territories; some formerly of the particular agencies assigned to work with the islands; and some formerly involved in the Compact negotiations. The islanders were besieged with hundreds of ideas, products, advice, pressure selling of services, and they (and we) have paid a dear price for services never effectively provided.

Programs implemented by federal agencies were intended to better the standard of living for the people of the Freely Associated States (FAS.) The Department of Interior's Office of Territorial and International Affairs (OTIA) employs some extremely fine people. However, in too many cases their efforts were duplicative of other federal programs. Some would argue that "duplication" is not always bad, but if one federal agency's program undermines another, it is definitely bad. There were so many programs and agencies involved that it was inevitable that there would be overlap and duplication. Some efforts were downright wasteful, illogical, confusing and self defeating and resulted in little real progress in moving the islands toward greater self sufficiency. Consider the following examples:

~~The Micronesia & South Pacific Program (MSPP)~~

1. A program (~~The Micronesia Institute~~) supported initially by OTIA staff (as I recall) as a "pilot project" several years ago, and continuing to expand, sends students from the University of Oregon to the islands (obviously, at enormous expense) to provide technical assistance at no charge to the islanders. This program duplicates EDA's university center program at the University of Hawaii. -- and may even be designed using the EDA center as the model. It uses students to provide technical assistance and access to information not available to the islanders.

The performance of the Oregon program is not the issue. It is, I understand, doing a good job. The issue is that it was started with support from OTIA at a time when EDA's university center was already very successfully doing what the University of Oregon program wanted to do. In addition, the opportunity for the Hawaii university center to

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expand its services was purely a matter of dollars which, if provided, could be applied far more efficiently to the clients from Hawaii than from the Mainland. There was no coordination or discussions initiated by OTIA with EDA or the Hawaii university center to evaluate the merits of beginning the Oregon effort -- and OTIA was very familiar with the Hawaii operation.

~~The Micronesia Institute~~^{MSP}'s services were different from those of EDA's university center in only two ways: The services of the students from Oregon were provided free of charge, and they come from Oregon (at great expense) where EDA also has a university center. What was the motivation behind the OTIA action? Why did OTIA not discuss this move with EDA?

I believe I am correct in saying that in order to get more services directly to the government or small business client, the University of Hawaii agreed to requests from its university center that it waive the overhead charge typically imposed on federal grants to university at rates of 25 to 40%. The University of Hawaii also contributes cash to the university center's operation as do the client states in the FSM and RMI. In the case of the University of Oregon, does it provide cash to that program and does it charge overhead? Rumor has it that it does not provide cash and it does charge overhead.

Services provided by the university center at the University of Hawaii required client (typically the state or national government) payments -- one purpose being to instill business principles into the process. "As one islander put it, 'why pay when we can get the same for free?'" Here is a case of one federal agency program quite lavishly funded undermining another federal agency program promoting business concepts and paying as you go! How do we propose to help in economic and entrepreneur development and instill concepts and ideas of self sufficiency this way? How will the private sector ever develop?

2. The Pacific Islands Network (PIN) program funded in part by OTIA and the Department of Commerce either duplicates or provides services that EDA could have provided. In creating the PIN, federal government bureaucrats created yet another federal program and established an entirely new level of bureaucracy -- *at no small expense to the tax payers* on the same campus as EDA's university center! PIN was created to provide assistance in identifying other federal programs to assist the islands in their coastal zone resource management. The new program placed five or six PIN representatives in the FAS, the Territories and the CNMI. To my knowledge, OTIA did not require any contributions, matching or otherwise, by the recipient state or government entity for PIN's services. As PIN expanded upon its original mission to include consulting, it was provided federal funds for *free consulting services* that the islands could at least have helped pay for, and that the EDA's university center could have provided through University of Hawaii faculty and students at least as cost effectively as the PIN.

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A portion of the cost of PIN could have been paid for by the island governments IF the federal government had required it and if the islands really wanted it, but OTIA and the Department of Commerce didn't require it. Again, an overlapping program was created by federal bureaucrats and confusing signals were sent to the islanders. Islanders had to contribute cash, and still do, for the EDA's university center, but not for the PIN.

3. I strongly encourage a closer look at the "Close Up" program supported by Senator Bennett Johnson and funded by OTIA (approximately \$1.2 million, I understand.) "Close Up" pays to send high school and some grammar school students from the islands to Washington as interns to observe our government in operation. Nice trip, but as a priority in light of the coming end to Compact funding and the slow progress toward self-sufficiency -- it seems like a poor use of limited funds. It might be helpful to know who the kids are that come to Washington. From families who could pay for the costs? Some, I know could pay the costs and were willing to do so.

Programs such as these no doubt are begun with the best of intentions. Unfortunately, federal sponsors failed to do their home work and determine what other agencies were doing. The result has been confusing signals, frustration and considerable despair.

On the surface, eliminating the OTIA by re-locating its technical assistance and operations and management assistance programs into EDA and transferring other administrative functions related to the former Trust Territories to the Department of State sounds logical. However, I fear tragic consequences may occur with regard to the FAS.

First, I believe the roles of both agencies and the wasteful nature of what they are presently doing need to be addressed. We badly need to do our job better regardless of where responsibility is placed. By the same token, our friends in the islands can do better also; but in all honesty, we have not set the best of examples.

Second, the Committee must recognize that EDA does not possess the expertise on the island nations as does OTIA.

Third, I fear transferring the technical, operations and management assistance functions of OTIA to EDA will result in the United States essentially forgetting the Freely Associated States as well as our strategic, moral and legal obligations. Although the EDA Seattle Regional Office has sincerely addressed the needs of the islands, the personal level of interest and commitment for the islands has apparently not been high on the agenda of my replacements as Assistant Secretary. This was the case in Bush Administration, and for certain, has been demonstrated to be the case with the Clinton Administration. I strongly suspect EDA will become a political tool in election years 1994 and 1996. Attention will be given to California and other large voter states. The islands may well be forgotten for they are not a voting factor. That, sadly, is political reality and it will be a shame!

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However, common sense says we ought to be able to reduce the bureaucracy though merger, save millions of dollars, and do better work at getting the job done. There are truly good people in both OTIA and EDA. If left to do what they are professionally capable of and motivated to do, we could solve numerous problems. Politics, turf battles and special interest need to stay out of the mix.

If merger is decided upon, I strongly suggest consideration of the following:

1. Transfer of the essential employees in OTIA along with the assistance funding. These should be the very best OTIA has to offer, not those who long ago retired but stayed on the job to play political games with new assistant secretaries and program dollars.

2. Program funding should be transferred to EDA as a separate appropriation line item that will not be absorbed by other programs within EDA or by the many special interests preying on EDA. The program funds, in an appropriate amount, should be set aside for use only by the islands. Those funds would be managed by the experts from OTIA operating from a special new office within EDA, perhaps appropriately called "OTIA," under the supervision of the Assistant Secretary of Commerce for Economic Development.

3. Require FAS contributions (cash) and direct participation in the operations of the federal programs to empower local institutions and leaders.

4. Future federal assistance must be focused on private sector development and on reducing the size of government and the obvious dependence upon government jobs. Absolutely establish some means to measure program effectiveness based upon mutually established goals and an implementation plan.

5. History seems to tell us that the United States does a poor job of nation building and a good job of creating a "welfare" kind of dependence. Maybe the further economic development of the FAS should be approached differently. Maybe we should support the State Department initiative of exploring opportunities of sharing economic development responsibilities with institutions such as the Asian Development Bank, the UN Development Program and the International Monetary Fund.

6. In the mean time, strongly consider establishing a position of FAS Economic Development Czar within the EDA reporting to the Assistant Secretary to coordinate the federal assistance programs for the FAS, eliminate duplicity, confusion, contradictions and waste.

The use of these funds, and whatever EDA provides from its domestic program funds such as public works and technical assistance, should be directed in a concentrated effort toward establishing conditions to attract and develop a private sector economy.

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Obviously, there are many details to such a scheme requiring greater thought than discussions here permit. In addition to this kind of merger, there must be a serious, objective and responsible evaluation of all federal programs active in the American Affiliated Pacific Islands, including the Freely Associated States. On a per capita basis, we are spending an enormous amount of resources and essentially not getting very far down the road toward honest implementation of our obligations. Surely we can do better!

Mr. DE LUGO. Well, I thank you, Mr. Swindle, for coming all this way from Hawaii and staying with us so long to share your experiences with the committee; it has been very helpful.

I have listened with great interest. I read your statement this morning, your prepared statement, and I have listened to your extemporaneous statement today. I found a lot that I certainly share your concern with.

I have been out many times to the freely associated states, Micronesia, and I am also quite concerned about the private sector. Is there a strong enough private sector there in place? When this time period is over, where will we be?

I have taken a particular interest in Palau where I felt that Palau was headed for real problems, and I think that we have made some real improvements in Palau because we have been able to focus on Palau. I wish we could have focused on all of Micronesia in that way.

You know, the fact is you have experienced it, you came from Georgia, from the private sector, and your experiences as a businessman. You came into government—and then what you have described is what we all find in government. Our intentions are good, but suddenly we are battling with other Departments that have different rules and things just don't make sense. I mean, particularly when we take them out there to the islands where we are just trying to help them and get these things straightened out.

I would say to you that on Close-Up, unfortunately, for you, I love Close-Up. I certainly understand what you are saying. Well, this is a matter of priorities, that is what you are saying.

Mr. SWINDLE. Yes, sir.

Mr. DE LUGO. This is a different time; we have a tight budget. Where do we put this money; what is the priority? I certainly hear you on that.

But I also know that from the years that I have been here in Congress, the children that come here to Washington under the Close-Up program from my own district are exposed to many things. I am so impressed by the fact that they are able to come to the Nation's Capital and have the experiences that they have here that I didn't have as a young person.

The first time I got to come to this Capital, I was already an elected official. I was 27 years old. I think of that every time I see these kids. I think of, God, I wish I had been able to have come here as a kid. As a kid you are not exposed to the reality of the situation. I grew up in the islands and where do I get my reality from? From the old movies that finally make it out to the islands or books I read, you know, very limited.

But the experience to come to the Nation's Capital—and I think that if we can afford it, it certainly is something that is important to the continuing understanding of the people in the freely associated states of the mother country that they are associated with. They are independent, but they are associated with us. And so, I just, in the budget battles, that is where these things are determined.

Have you seen the program where we have got all these competing priorities; and where are you going to put your money?

Mr. SWINDLE. Yes, sir, I understand what the congressman is saying, and I truly believe in it. And I might just share something I did when I was Assistant Secretary of EDA; I stretched a point one time and provided \$60,000 to bring eight high school students from the FSM and brought them to California—I can't think of the name of the small town. There was a very bright young man who was teaching agriculture and just so innovative, and the kids just loved him. And I said we need to get some of those kids who are thinking about being involved in agriculture to come and be with him. And they spent the better part of a year—the families of the community would take them in, so that cut expenses. I paid for the airfare and whatever else was involved in it. And I really think it is worthwhile doing.

My point is, as you certainly recognize, it is a matter of priorities. We can't pay for what we are doing now, and I can't help but think that when—we spend more per capita, I think, on the islanders than we spend in any district in the country, and when we have got places that are really struggling and having tough times economically—I say it this way because I suspect very few people know what we do with the Pacific islands. If they found out what we are spending out there, they might have some problems with that, and I think that would be a tragedy, because I think first and foremost, we have an obligation, and second, we need to help. These are loyal friends of ours.

Mr. DE LUGO. I think what you are really saying, Mr. Swindle, is we don't want to see this money taken away from the islands because there is a need.

Mr. SWINDLE. Definitely. A tremendous need.

Mr. DE LUGO. What I hear you saying is we want it spent well.

Mr. SWINDLE. Yes, sir.

Mr. DE LUGO. Because there is that need, you don't want to see it wasted and thrown around, as no question was done in the past, because we didn't have these kind of budget concerns some years ago. I mean, there was a lot of money that was being handed out all over the place, but that isn't the situation anymore, and these dollars have to be, you know, wisely spent. That is what I hear you saying.

I don't hear you saying—

Mr. SWINDLE. I am not talking about cutting. I am saying the point is this—

Mr. DE LUGO. Spend it well.

Mr. SWINDLE. If we in the Federal Government, I am no longer in it, but if we in the Federal Government don't get our act together and stop the waste that we induce through creating new, overlapping programs, by having programs that are conflicting and contradicting and self-defeating, if we don't straighten that out—I mean, that is my involvement—immediately, we want to sit down and straighten it out. But each one of them belongs to a special interest, and it is tough and I know the problem you are facing. But if we don't start doing what is right for the country, there is no hope for us, much less the folks out in the islands.

I mean, it is mind boggling to me. In fact, I know we have some extraordinarily frustrated, good people in the FAS. I see them quite frequently, coming to Hawaii. They come over to the house and

have dinner or something, and I talk to them, "How is it going, how is it going?" "We are just getting fed up." They are fed up with EDA. By the way, EDA's EDR incidentally is on like a three-month sabbatical teaching classes in China, and they have no EDR in Hawaii. How nuts is that? He is the only guy out there, and he is not there.

Mr. DE LUGO. I sat here and listened to your testimony, and I was very interested in it because you would be talking—well, let's take, for instance, you supported the legislation, but you have serious concerns about and started talking about exactly what I saw. Certainly the Chair understands, it is the politics of the situation, and the pressures of the situation. And it was for that reason that you said you have got to have a set-aside for the territories; if you move over to EDA, there has to be a specific sum set aside for EDA.

Now, before you said that, I read your statement, and I read your concerns, and that is exactly what my concern was. I have seen set-asides. In fact, we deal with set-asides all the time for the territories. That used to be there was nothing there—I am talking about the U.S. territories now—and then I came and others came and we were able to set money aside. But in the set-aside is the effort to protect it and to get it to that point, but in the real world—now we move over to EDA and you have got this set-aside which per capita is much larger than the overall EDA budget. Stick it out there, and it might last.

We may get away with it for a couple of years, but every year it is going to get tougher. That is my concern, that it is going to be a focal point. Who knows? Four years from now—I mean, you are just going to have a constant—won't that set-aside be under continuing pressure, you know, to be cut or to be reassigned elsewhere?

Mr. SWINDLE. Yes, sir, I think it certainly will. But OTIA is under pressure to obliterate it. Which is the better alternative? I think it is better to go ahead and make the transition.

I listened to Ms. Turner's comments, and certainly there are complications. And I know I am probably oversimplifying this, but I am a great believer that leadership gets things done, just do it, just do it.

We need to do something. We can save millions of dollars in operating costs of the two redundant agencies, of the two overlapping agencies. We can make it better. We can take the very best from OTIA, who know the islands, who know what to do is right, and not sitting there just drawing a check and throwing money to the wind and creating, incidentally, some of these duplicate programs. I know for a fact one of them was almost deliberately started, and it has become a nightmare now.

Just go ahead and do it. It could be done by the beginning of fiscal year 1996; it could be in place and operating. I have forgotten the budget cycle I have been away so long—it conceivably could be implemented this coming fiscal year, but I think more appropriately one fiscal year removed would be better. But you could transfer those funds, arrange a transfer of 15 of the 43 people, or 18, I don't know what the right number is. Somebody with a lot

of knowledge of the people could pick it out, set it up, and just do it.

Mr. DE LUGO. Well, I want to thank you very much for your testimony.

I have got a number of questions here. We will submit them to you, we will send them to you and appreciate if you would respond to them for the record for us.

Mr. SWINDLE. Be more than happy to.

Mr. DE LUGO. Because of the time involved—it is already 20 minutes of 4:00—just one final thing. On the point that you were making regarding the University of Oregon; aren't there a lot of people from Palau living in Oregon?

Mr. SWINDLE. I saw the newsletter they put out. Yes, there are a lot of islanders living in Oregon. Washington State and Oregon are places where a lot of them live. But I looked at the students; the picture of the students; I didn't see a lot of islanders in there.

Just think about it, Congressman. How much money does it take to fly a kid the extra miles from Oregon to Hawaii? That is \$1,000, and they are providing services free, which is a distortion. We will never teach private enterprise if we keep giving things away, and plus all those extra thousand dollars for each one of those students could be going to lease—I know they lease something, but it could be used more effectively from Hawaii.

Mr. DE LUGO. Well, thank you again for your testimony.

Our next witness is going to be a young gentleman by the name of Dehdan A. Miller, who is going to make the presentation. He is going to read the statement of the Governor of the Virgin Islands to this committee.

Now, Mr. Dehdan Miller is a graduate of Harvard College, with honors. He graduated with honors last January. He is the son of St. Thomas attorney George Marshall Miller, and Dehdan serves as a legislative assistant in my office at the present time. He has been assigned to public works and education matters, and he is a young man that I predict a very bright future for. I think his past has been pretty bright, too. Things are even going to get better. We are very happy to have him working with us at the present time here on Capitol Hill.

So, Mr. Miller, will you present to this committee the statement of the Governor of the Virgin Islands.

I understand it is quite a brief statement, so if you will read it for us.

STATEMENT OF HON. ALEXANDER A. FARRELLY, GOVERNOR, VIRGIN ISLANDS, READ BY DEHDAN A. MILLER, LEGISLATIVE ASSISTANT TO REPRESENTATIVE DE LUGO

Mr. DEHDAN MILLER. Mr. Chairman, members of the subcommittee, thank you for your invitation to comment on H.R. 3797. It is a significant proposal, not only because of its effect on administrative procedures but because it is so earnestly pursued by the Ranking Republican on the subcommittee.

I have respect for Congressman Gallegly and his interest in the territories. He has been helpful to the Virgin Islands on a number of occasions.

I would like to be helpful to him here, but in its current form, I cannot support H.R. 3797. The bill affects the Virgin Islands in two important ways: One, it would shift certain administrative functions from the Department of the Interior into the Department of Commerce; two, it would eliminate the position of assistant secretary within the Federal hierarchy as an advocate for territorial interests.

As this committee knows well, the territories have no voting influence on Federal policy. Our citizens cannot vote for the President; our delegates cannot vote in the House; we have no representation in the Senate. These realities cause our delegates to develop ingenious ways to affect decisions in Congress and gain the attention of the administration.

There are some amazing success stories in spite of our handicaps. This bill even declares that the territories now deal with the Federal agencies, quote unquote, "like a State."

The fact is we are not States. We have nowhere near the influence or access to Federal Departments that the States have. We are often forgotten or overlooked in the formulation and creation of Federal policy.

Not three months ago, representatives of the President's National Health Plan were quoted in the Virgin Islands *Daily News* as not knowing that the people of the Virgin Islands were U.S. citizens.

Our visibility to the Federal system cannot be taken for granted. We struggle to be heard and to count when we do not have a single vote. We are already painfully aware that we lose one of our most effective voices with the retirement at the end of this year of our delegate and the chairman of this subcommittee.

Now, H.R. 3797 proposes to eliminate the position of assistant secretary for the territories. To end this visibility, lose our chairman, and learn of the possibility of this very subcommittee being abolished, well, it sends the wrong signal at the wrong time.

After five decades of slow but steady progress for the territories, we wonder if the passage of this bill means the Federal Government believes that we have come far enough. I respectfully suggest that we do not give up what we have gained until it can be replaced by the right to vote. It is not enough to say that most of the territories have reached their goal.

Alaska and Hawaii are States; Puerto Rico has direct formal access to the White House; some smaller areas have resolved their status issues. Now that the remaining issues seem few and less important, H.R. 3797 seems to want to sweep the residue under the rug. I am opposed to that.

So long as one United States citizen is left without full and fair voting access to their Federal Government, then the Congress and the President should keep the problem very visible, very much alive. We are not so small we can or should be forgotten. I favor retaining the position of assistant secretary for the territories at this time.

H.R. 3797 proposes to shift administrative functions from the Interior to Commerce. It does not say why Commerce is a better location, it does not impose guidelines or guarantees that the Depart-

ment of Commerce will preserve and protect the territories rights and interests.

How do we know that Commerce will do a better job? It is just a shift, passing the buck.

Mr. Chairman, you have been clear and vocal on the need to improve the administrative procedures between the Federal Government and its territories. I have been particularly supportive of your idea that the broad spectrum of policy decisions affecting the territories might be best addressed through a position in the White House.

This would be a significant step up the ladder. It says to me that the Federal Government will continue to underscore the importance of representation of the territories. It says that the U.S. citizens without the right to vote will be given the extra attention that such a problem deserves, but the change from Interior to Commerce is, at best, a horizontal move. Without the preservation of the assistant secretaryship, it may well be a downward move.

I ask for this committee to carefully consider both the appearance and the actual consequences of the changes proposed in H.R. 3797, I ask that you focus on the core issue of democratic representation as well as the administrative functions of the Federal bureaucracy. I hope the committee will ensure that every change in the Federal territorial relationship is a step closer to giving U.S. citizens in the territories the same influence and representation in the Federal Government as all other U.S. citizens have. H.R. 3797 lacks that perspective.

[Prepared statement of Governor Farrelly follows:]

TESTIMONY
of
THE HONORABLE ALEXANDER A. FARRELY
GOVERNOR
UNITED STATES VIRGIN ISLANDS

Before the
Subcommittee on Insular and International Affairs
United States House of Representatives

July 14, 1994

(H.R. 3797)

Mr. Chairman and members of the Subcommittee

Thank you for your invitation to comment on H.R. 3797. It is a significant proposal, not only because of its effect on administrative procedures, but because it is so earnestly pursued by the ranking Republican on this Subcommittee.

I have respect for Congressman Gallegly, and his interest in the territories. He has been helpful to the Virgin Islands on a number of occasions. I would like to be helpful to him here. But in its current form, I cannot support H.R. 3797.

The bill affects the Virgin Islands in two important ways: 1) It would shift certain administrative functions from the Department of Interior to the Department of Commerce; 2) It would eliminate the position of Assistant Secretary within the federal hierarchy as an advocate for territorial interests.

As this committee knows well, the territories have no voting influence on federal policy. Our citizens cannot vote for the President. Our Delegates cannot vote in the House. We have no representation in the Senate. These realities have caused our Delegates to develop ingenious ways to affect decisions in Congress and gain the attention of the Administration. There are some

amazing success stories in spite of our handicaps. This bill even declares that the territories now deal with the federal agencies "like a State". The fact is we are not States. We have no where near the influence or access to federal departments that states have. We are often forgotten, or overlooked, in the formulation and creation of federal policy. Not three months ago, representatives of the President's National Health Plan were quoted in the Virgin Islands Daily News as not knowing that the people of the Virgin Islands were U.S. citizens.

Our visibility to the federal system cannot be taken for granted. We struggle to be heard, and to count, when we do not have a single vote. We are already painfully aware that we lose one of our most effective voices with the retirement at the end of this year of our Delegate and the Chairman of this Subcommittee.

Now, H.R. 3797 proposes to eliminate the position of Assistant Secretary for the Territories. To end this visibility, lose our Chairman, and learn of the possibility of this very Subcommittee being abolished -- well, it sends the wrong signal at the wrong time. After five decades of slow but steady progress for the Territories, we wonder if the passage of this bill means the federal government believes we have come far enough. I respectfully suggest that we do not give up what we have gained until it can be replaced by the right to vote.

It is not enough to say that most of the Territories have reached their goal. Alaska and Hawaii are states. Puerto Rico has

direct, formal access to the White House. Some smaller areas have resolved their status issues. Now that the remaining issues seem few and less important, H.R. 3797 seems to want to sweep the residue under the rug.

I am opposed to that. So long as one United States citizen is left without full and fair voting access to their federal government, then the Congress and the President should keep the problem very visible -- very much alive. We are not so small we can or should be forgotten. I favor retaining the position of Assistant Secretary for the Territories at this time.

H.R. 3797 proposes to shift administrative functions from Interior to Commerce. It does not say why Commerce is the better location. It does not impose guidelines or guarantees that the Department of Commerce will preserve and protect the territories' rights and interest. How do we know that Commerce will do a better job? It is just a shift, passing the buck.

Mr. Chairman, you have been clear and vocal on the need to improve the administrative procedures between the federal government and its territories. I have been particularly supportive of your idea that the broad spectrum of policy decisions affecting the Territories might be best addressed through a position in the White House. This would be a vertical move -- a significant step up the ladder. It says to me that the federal government will continue to underscore the importance of representation of the Territories. It says that U.S. citizens without the right to vote will be given the

extra attention that such a problem deserves.

But the change from Interior to Commerce is, at best, a horizontal move. Without the preservation of the Assistant Secretaryship, it may very well be a downward move.

I ask this Committee to carefully consider both the appearance and the actual consequences of the changes proposed in H.R. 3797. I ask that you focus on the core issue of democratic representation as well as the administrative functions of the federal bureaucracy. I hope the Committee will ensure that every change in the federal/territorial relations is a step closer to giving U.S. citizens in the territories the same influence and representation in the federal government as all other U.S. citizens have. H.R. 3797 lacks that perspective.

Mr. DE LUGO. Thank you very much, Mr. Miller, for the presentation of Governor Farrelly's statement to this committee. Let me say that Governor Farrelly was well represented here, as were the Virgin Islands. Please thank the Governor for his presentation.

Let the Chair say that I hope the next time that Mr. Miller appears before a committee of Congress it will be Attorney Miller.

Mr. DEHDAN MILLER. Thank you.

Mr. DE LUGO. Good luck.

Our final witness today is Mr. Tyrone Taitano, chief of staff for my good friend the Speaker of the Legislature of Guam, Speaker Joe T. San Agustin.

Mr. Taitano, welcome. You have the Speaker's statement.

STATEMENT OF TYRONE TAITANO, CHIEF OF STAFF, ON BEHALF OF HON. JOE T. SAN AGUSTIN, SPEAKER, TWENTY-SECOND GUAM LEGISLATURE

Mr. TAITANO. Well, with your permission, Mr. Chairman, if I could ask that it be entered into the record, and I will read an oral summation of it.

Mr. DE LUGO. The Chair thanks you.

Mr. TAITANO. I appreciate the lateness of the hour and that I am the anchorman.

Mr. DE LUGO. I haven't had lunch, I don't know if you have, but we definitely want to receive the thoughts of Joe T., so without objection, the entire statement of the Speaker will be placed in the record and will you proceed to summarize.

Mr. TAITANO. Thank you, Mr. Chairman.

Before starting, I would like to convey the Speaker's apologies for not being able to be here. He dearly wanted to be, but due to the press of, let's say, business on Guam, as well as the commencement of the commemoration of the 50th celebration, it was not possible to be here. But he thanks you and the subcommittee for this opportunity.

The summation of the Speaker's testimony begins as follows:

Mr. Chairman, at the outset, allow me to express my appreciation to both you and Congressman Elton Gallegly for your invitation to testify at today's hearing on H.R. 3797.

Before commenting on the merits of the legislation itself, I would like to compliment Congressman Gallegly for his initiative in proposing this measure. One of the deepest frustrations we in the territories have regarding our relations with the Federal Government comes from the inattention of policymakers to this subject. To the extent that such generalizations apply, it could indeed be said that the history of Federal policy is more aptly described as one of benign neglect rather than malicious intent.

Nevertheless, such neglect and disregard has often been harmful to our interests and detrimental to our development. Congressman Gallegly's interest, and indeed that of this subcommittee, are therefore always welcome, particularly as contrasted to what has been the general pattern of Federal attention to the territories.

Like Congressman Young's efforts earlier this year, I applaud Congressman Gallegly's attempt to grapple with some of the fundamental issues affecting Federal/territorial relations.

Mr. Chairman, I have spent most of my adult life in public service on Guam. Over a 45-year period, I have observed the development of public institutions on Guam and Federal policy regarding the island. I have seen local government make the transition from a Naval government to a civilian government, with an appointed Governor and elected legislature, and then to one headed by an elected Governor.

In serving four Governors, either in the Governor's office or as a Cabinet official, I had the opportunity to witness firsthand the evolving relationship between Guam's Government and the Office of Territorial and International Affairs. It is from this historical perspective, as well as in my current capacity as Speaker of the Guam Legislature, that I wish to comment on this legislation.

With the enactment of the Organic Act of 1950, the people of Guam saw the beginnings of elected government and the beginnings of their history with the Interior Department. Guam's second civilian Governor, Richard Lowe, was appointed by President Eisenhower. As Governor, Richard Lowe often exercised his veto power on measures passed by the Guam Legislature. The legislative attempts to override his vetoes were overturned by President Eisenhower due to the power of the peculiar provisions of the Organic Act of that time.

In the late 1950s, the Eisenhower administration adopted a new policy on such actions. As reported in Lowe's own memoirs, the Eisenhower White House decided it would no longer intervene to support the territorial Governor's vetoes unless the vetoed bill involved the national interest or was contrary to the Organic Act.

This was a telling moment in Federal/territorial relations. Clearly the Eisenhower administration was not withdrawing from involvement in Guam affairs out of a sense of regard for our peoples' right to self-government or self-determination.

After all, the White House was not relinquishing its power to appoint Guam's Governor or to intervene in the local legislative process. Essentially, all this new policy indicated is that it did not want to be bothered with such matters unless they affected Federal interests.

This disinterest in our community's affairs, except when Federal interests were at stake, was generally reflected throughout the Federal bureaucracy. Although there were some people in this office that cared about Guam, it was clear that the main purpose of the territories office was not to serve the interests of the territories, but rather to serve the interests of the Federal Government with respect to the territories.

Speaking as someone who worked on the staff of several appointed Governors who were answerable to the territories office, I found this to be the case no matter which administration was in power in Washington.

In my view, OTIA during this period, was more trouble than it was worth. Generally speaking, advancements in our community's development during this time were largely a consequence of initiatives by the government of Guam or Guam's leaders rather than the territories office in Washington. I suppose though this should not be a great surprise.

As I stated earlier, OTIA's priorities, no matter what administration was in power, related to the preservation of Federal interests, rather than the advocacy of Guam's interests. The voluminous reporting that they required of Guam's appointed Governors was never really matched by any commensurate initiatives by OTIA to improve the welfare of Guam's people or advance Guam's development.

This does not mean to say that there were no Federal measures to help our island during this period. However, the burden for developing these measures largely fell to Guam's appointed Governor and its elected legislature.

Although the support of the territories office was important, I for one cannot really recall any substantial policy initiative during this period that had its genus within OTIA.

As a matter of fact, when we had some problem with the Federal Government, the solution was almost involved with OTIA. Although we did touch base with them for some reasons, I do not recall the territories office taking an active role to help Guam. The responsibility for looking out for Guam rested with Guam's government, not the territories office, although they still insisted on receiving their reports from the appointed Governors.

The establishment of the elected governorship did not change its relationship much aside from reducing the volume of reports we had to file with OTIA. In a host of issues of great concern to us, OTIA has not been there for us. I do not mean to say that these issues have not received the attention of OTIA, but in the final analysis they have not been particularly relevant to the process of dealing with many of these issues.

The limitations of the territories office, and its diminishing relevance to the development of individual territories, have been evident early on. During the Kennedy administration, responsibility for Puerto Rico issues was transferred from the territories office to the White House level where it has remained ever since.

At that time, the position of the director of the Office of Territories, the precursor to the current OTIA assistant secretaryship, was held by Richard F. Taitano of my home island of Guam. After the transfer of Puerto Rico concerns to the White House, Mr. Taitano proposed abolishing the Office of Territories and transferring all the territories to White House purview.

Needless to say, his proposal did not get very far and, in fact, aroused considerable opposition. So while the territories office survived, its responsibilities diminished.

I am not a great fan of OTIA as an institution; however, I realize, as I am sure the subcommittee does, that there are unresolved issues in Federal/territorial relations which are far more profound and important than any question regarding either my office or the Department of the Interior. It is in this larger context that I believe the subcommittee must judge the legislation before you today.

Despite all the criticism that could be leveled against OTIA, and I believe much can be, it would be misleading to say this institution is a source of all that is flawed in Federal/territorial policy. It may be convenient to say such a thing, but it would not be accurate. The real culprits are inaction, inattention and neglect.

I should also note, Mr. Chairman, that my criticisms of OTIA as an institution are not meant to be a reflection on its current leadership, which is far superior to its immediate predecessors.

To raise the question of OTIA's future without pondering the future of Federal/territorial relations itself, would be inordinately selective. In considering the prospect of OTIA's elimination, I must admit that one question enters my mind, What next?

Let's assume that Representative Gallegly's bill becomes law. What does this mean for Federal policy for the territories? Would Guam/U.S. relations now be handled at the White House level as is the case of Puerto Rico? I, for one, would welcome such an approach. If this is not to be the case though, would some other entity be created to replace OTIA? If so, what sort of entity? In brief, where does Federal territorial policy go from here.

This last question is one which should be answered regardless of the ultimate fate of OTIA. In Guam's case it is a question that we have attempted to answer in our quest for commonwealth.

For several years now, we have been waiting for the Federal Government to provide a clear response. So far such a response is not evident, but we are hopeful that it will be forthcoming.

Representative Gallegly's bill, in challenging the justification for OTIA, does not provide an answer for this question either. Yet I believe that this concern must be addressed in tandem with any proposal to reform or eliminate OTIA.

If this subcommittee were to proceed to dismantle OTIA without answering this basic question, then it risks leaving the impression that there are no unresolved issues with respect to the territories. Such an impression would be mistaken and would foster the neglect that has historically flawed Federal policy for decades.

Mr. Chairman, it is my hope that I have assisted in some way in your subcommittee's deliberations on H.R. 3797. As I trust I have made clear, should the Congress approve H.R. 3797, I would not mourn OTIA's passing, but I would be left wondering about the future course of Federal/territorial relations.

In concluding my remarks, I do leave you with a single question. If you do abolish OTIA, what next?

That concludes the summation, Mr. Chairman.

[Prepared statement of Mr. San Agustin follows:]



SENATOR JOE T. SAN AGUSTIN (D)
SPEAKER

Office of the Speaker

TWENTY-SECOND GUAM LEGISLATURE

155 Healer St.

Agana, Guam U.S.A. 96910

Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

July 12, 1994

Del. Ron de Lugo
Chairman
House Subcommittee
Insular & International Affairs
2238 RHOB
Washington D.C. 20515-5501

Dear Mr. Chairman,

At the outset, allow me to express my appreciation to both you and Congressman Elton Gallegly, for your invitation to testify at today's hearing on H.R. 3797. Certainly, the future of the Office of Territorial & International Affairs is important consideration to the people of the Territories. Consequently, I am grateful for your efforts to solicit our input on this proposal.

Before commenting on the merits of the legislation itself, I would like to compliment Congressman Gallegly for his initiative in proposing this measure. One of the deepest frustrations we in the Territories have regarding our relations with the Federal Government, comes from the inattention of policy-makers to this subject. Having no right to vote for President and starkly limited representation in the Congress, the people of the U.S. Territories are often ignored by a Federal Government that continues to insist on maintaining its authority over our future. To the extent that such generalizations apply, it could indeed be said that the history of federal policy is more aptly described as one of benign neglect rather than malicious intent. Nevertheless, such neglect and disregard has often been harmful to our interests and detrimental to our development. Congressman Gallegly's interest, and indeed that of this Subcommittee, are therefore always welcome particularly as contrasted to what has been the general pattern of federal attention to the Territories. Like Congressman Young's efforts earlier this year, I applaud Congressman Gallegly's attempt to grapple with some of the fundamental issues affecting federal-territorial relations.

Mr. Chairman, I have spent most of my adult life in public service on Guam. I have served as a civilian employee for the Navy, on the staff of a number of Governors of Guam, in various cabinet positions, as an elected official, and on several government boards. From these vantage points, I have observed, over a 45 year period, the development of public institutions on Guam and federal policy regarding the island. I have seen local government make the transition from a Naval Government, to a civilian government with an appointed Governor and elected Legislature, and then to one headed by an elected Governor. In serving 4 Governors in either the Governor's Office or as a Cabinet official, I had the opportunity to witness, first hand, the evolving relationship between Guam's government and the Office of Territorial & International Affairs. It is from this historical perspective, as well as in my current capacity as Speaker of the Guam Legislature, that I wish to comment on H.R. 3797.

With the enactment of the Organic Act of 1950, the people of Guam were granted the beginnings of elected government. Previously, under the Naval Government, the island's Governor was a naval officer, who had full executive, legislative, and judicial authority. Naturally, as a naval officer, the Governor of Guam was answerable, not to the people of Guam, but to the naval chain of command. The only input Guam's people had in their own government was through a purely advisory Guam Congress. However, the lack of authority and ineffectiveness of this institution were readily apparent and were a major focal point of discontent for the sheer lack of political rights Guam's people had under the American flag.

After 1950, responsibility for Guam's affairs was transferred to a civilian government supervised by the Department of the Interior. Under this early arrangement, a Legislature with real law-making authority was elected by Guam's people. The Governor, however, was appointed by the President of the United States and was answerable to the Office of Territories in the Interior Department. As in the case with state governments, the Governor of Guam could veto bills passed by the Guam Legislature and the Legislature, in turn, could override the Governor's veto with a two thirds majority. Unlike state governments though, the Governor of Guam had the option of asking the President of the United States to overturn an override vote by the Guam Legislature on legislation. To use Congressman Gallegly's home state as an illustration as to how this system worked, this would be like having the California State Assembly override a veto by Governor Pete Wilson and then having President Clinton set aside the override vote of the Assembly. As a former member of the California State Assembly, I am sure Congressman Gallegly can empathize with the level of dissatisfaction that Guam legislators, and Guam's people had, with such an arrangement. Compounding our own problems with this system, was that, unlike

Californians, Guam's people in the 1950s had no say in choosing their Governor let alone their President.

Conceivably, the fact that the President had such a direct role in Guam's legislative process and the fact that the Governor of Guam was a Presidential appointee, might have been a basis for serious attention by federal authorities to Guam's political, social, and economic development. However, that did not prove to be the case. To the extent that Guam did receive some attention, it generally related to the preservation of federal interests rather than the development of our community. The peculiar law-making process which I described earlier, provides us with an example of prevailing federal attitudes at time. Guam's second civilian Governor, Richard Lowe, had exercised his veto several times on measures passed by the Guam Legislature. These vetoes were often overturned and Lowe consequently requested President Eisenhower to set aside the overrides. Since Lowe was a Presidential appointee to begin with, it is not surprising that Eisenhower ended up supporting his appointee over the democratically elected representatives of the people of Guam.

In the late 1950s though, the Eisenhower Administration adopted a new policy on such actions. As reported in Lowe's own memoirs, the Eisenhower Administration decided that it would no longer intervene to support the Territorial Governor's vetoes unless the vetoed bill involved the national interest or was contrary to the Organic Act. This was a telling moment in federal-territorial relations. Clearly, the Eisenhower Administration was not withdrawing from involvement in Guam affairs out of a sense of regard for our people's rights to self-government or self-determination. After all, the White House was not relinquishing its power to appoint Guam's Governor or to intervene in the local legislative process. Essentially, all this new policy indicated is that it did not want to be bothered with such matters unless they affected federal interests.

This disinterest in our community's affairs, except when federal interests were at stake, was generally reflected throughout the federal bureaucracy, including the Office of Territories. Although there were some people in this office who genuinely cared about Guam, it was clear that the main purpose of the Territories Office was not to serve the interests of the Territories, but rather to serve the interests of the Federal Government with respect to the Territories. When I served on the staff of Governor Joseph Flores and Governor Manuel Guerrero, I was intimately involved in the ongoing relationship between the Government of Guam and the Office of Territories. Every month, the Governor would send the Territories Office, in Washington, a huge stack of documents relating to virtually every single action taken by Governor for that month. Frequently these documents would come back to us with notations to do this

or not to do that for one reason or another. This sort of long distance management, from 12,000 miles away, continued until the establishment of an elected Governorship in 1970.

The period of the appointed Governorship, remains in my mind and that of many of other observers, as the "high water mark" of OTIA's influence and indeed relevance with respect to Guam. Based on my own experience, I long ago arrived at the conclusion that, OTIA, during this period, was more trouble than it was worth. Generally speaking, advancements in our community's development during this time were largely a consequence of the initiatives by the Government of Guam or Guam's leaders, rather than the Territories Office in Washington. I suppose though this should not be a great surprise. As I stated earlier, OTIA's priorities, no matter what Administration was in power, related to the preservation of federal interests rather than advocacy of Guam's interests. The voluminous reporting that OTIA required of Guam's Governor was never really matched by any commensurate initiatives by OTIA to improve the welfare of Guam's people or advance Guam's development. This does not mean to say that there were no federal measures to help our island during this period. However, the burden for developing these measures largely fell to Guam's appointed Governor and its elected Legislature. Although the support of the Territories Office was important, I for one, can not really recall any substantial policy initiative during this period that had its genesis within OTIA.

During the last few years of the appointed Governorship, I served in the cabinet as Director of Administration. In this capacity, I was responsible with dealing with two federal-territorial issues which were of great importance to our community at the time. One was the impact of a maritime strike which had the effect of cutting off the flow of goods and supplies to our island from the Mainland. The other issue related to the extension of an important mortgage subsidy program to provide housing for our people. To resolve our difficulties with the maritime strike, I worked closely with the Department of the Army and Rep. Phil Burton of California. Obtaining the extension of the mortgage subsidy program involved direct discussions with the Department Housing & Urban Development, the White House, and Senator Ted Stevens of Alaska. In the case of each of these issues, the Territories Office was only peripherally involved. Although, we did touch base with them for protocol reasons, I do not recall the Territories Office taking an active role as advocates for Guam. In essence the responsibility for looking out for Guam's interests rested with Guam's Government, not the Territories Office although they still insisted on receiving their reports.

The establishment of the elected Governorship did not change this relationship much aside from reducing the volume of reports we had to file with OTIA. In a host

of issues of great concern to us, OTIA has not really been there for us. This has been the case whether talking about amendments to the Headnote 3a program, which killed the island's only manufacturing industry or last year's Base Closure & Realignment Commission decision on military base consolidation on Guam. I do not mean to say that these issues have not received the attention of OTIA. However, in the final analysis, they have not proven to be particularly relevant to the process of dealing with these issues.

The limitations of the Territories Office and its diminishing relevance to the development of individual Territories, had been evident early on. During the Kennedy Administration, responsibility for Puerto Rico issues was transferred from the Territories Office to the White House level where it has remained ever since. At that time, the position of Director of the Office of Territories, the precursor to the current OTIA Asst. Secretaryship was held by Richard F. Taitano of my home island of Guam. After the transfer of Puerto Rico concerns to the White House, Mr. Taitano proposed abolishing the Office of Territories and transferring all the territories to White House purview. Needless to say, his proposal did not get very far and, in fact, aroused considerable opposition. And so while the Territories Office survived its responsibilities diminished.

This seemingly contradictory approach of keeping the Territories Office alive while relieving it of the purview for the largest territory was obviously not prompted by any concern for providing a coherent policy for the Territories. Then again, what has traditionally occurred at OTIA, has had very little to do with what is happening out in the Territories and more to do with "inside-the-beltway" considerations. I mean this as no reflection on the current leadership at OTIA, which is clearly superior to their immediate predecessors. However, to repeat a point I made earlier, OTIA's historic role has been in the preservation of federal interests rather than advocacy of Guam's interests. In the pursuit of what is perceived to be federal interests, OTIA has, at times, been an opposing or inhibiting factor, with respect to Guam's efforts at development, particularly political development. Such an approach, I believe, is ultimately counterproductive. It merely perpetuates the record of inattention, ignorance, and neglect, which has unfortunately been the hallmark of federal-territorial policy for most of this century, and which neither serves the interests of the Territories or the federal government.

Consider if you will, the Bush Administration Task Force on Guam, otherwise known as BATFOG. This was a task force headed by the last OTIA Asst. Secretary. Its job was to deal with our Quest for Commonwealth Status and report to the Congress on its findings. After years of discussions with our Commission on Self-

Determination, after untold expense incurred by both the Federal Government and the Government of Guam, and on virtually the last day of the Bush Administration, BATFOG finally produced a report on Commonwealth -- a report whose shortcomings were surpassed only by its irrelevance. The BATFOG report has been called a betrayal by Guam's Governor and, to the best of my knowledge, in Washington, it is document of interest only to file clerks. With each passing day since the report's issuance, it becomes even more evident that the entire BATFOG effort was a monumental waste of time. From Guam's perspective, our experience with BATFOG remains the most onerous incident in the long history of our relations with OTIA. Again, I do not mean this as any direct reflection on the present leadership of OTIA. However, I have to say that Guam's present hopes for executive branch action on Commonwealth, are entirely due to the fact that this issue is being handled by a Clinton Administration official who is outside of OTIA. Time will tell if progress indeed is to be made on Commonwealth. Clearly though, such progress will depend, not on bureaucratic management, but on the type of clear policy direction which has been so lacking in the field of federal-territorial relations.

As I guess you can surmise, I am no great fan of OTIA as an institution. However I realize, as I am sure this Subcommittee does, that there are unresolved issues in federal-territorial relations which are far more profound and important than any question regarding a minor office in the Department of the Interior. It is in this larger context that I believe your Subcommittee must judge the legislation before you today. Despite all the criticisms that could be levelled against OTIA, and I believe many can be, it would be misleading to say this institution is the source of all that is flawed in federal-territorial policy. It may be convenient to say such a thing but it would not be accurate. The real culprits are inaction, inattention, and neglect.

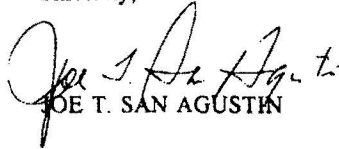
To raise the question of OTIA's future without pondering the future of federal-territorial relations itself, would be inordinately selective. In considering the prospect of OTIA's elimination, I must admit that one question enters my mind: "What next?" Let us assume that Rep. Gallegly's bill becomes law. What does this mean for federal policy for the territories? Would Guam-U.S. relations now be handled at the White House level as in the case of Puerto Rico? I, for one, would welcome such an approach. If this is not to be the case though, would some other entity be created to replace OTIA? If so, what sort of entity? In brief, where does federal territorial policy go from here?

This last question is one which should be answered regardless of the ultimate fate of OTIA. In Guam's case, it is question that we have attempted to answer in our Quest for Commonwealth. For several years now, we have been waiting for the

Federal Government to provide a clear response. So far such a response is not evident, but we are hopeful that it will be forthcoming. Rep. Gallegly's bill, in challenging the justification for OTIA, does not provide an answer for this question either. Yet, I believe that this concern must be addressed in tandem with any proposal to reform or eliminate OTIA. If this Subcommittee were to proceed to dismantle OTIA, without answering this basic question, then it risks leaving the impression that there are no unresolved issues with respect to the Territories, there are no unanswered questions regarding federal-territorial policy, and there is no need to pay further attention to these concerns. Such an impression would be mistaken and would foster the neglect that has historically flawed federal-territorial policy for decades.

Mr. Chairman, it is my hope that I have assisted in some way in your Subcommittee's deliberations on H.R. 3797. As I trust I have made clear, should the Congress approve H.R. 3797, I would not mourn OTIA's passing but I would be left wondering about the future course of federal-territorial relations. In concluding my remarks therefore, I do leave you with this single question ---- If you do abolish OTIA, what next?

Sincerely,



JOE T. SAN AGUSTIN

Mr. DE LUGO. Well, thank you very much, Tyrone, for the presentation of the Speaker and please give him my best regards, my personal regards. You are my favorite people, and please tell him and the people of Guam how much I regret that I will not be able to join with them in the celebration.

I wish that I could go out there with Congressman Underwood, but I simply cannot, both because of what is going on here and because I have to be back in my district with a commitment that I have made and I simply have to keep; I cannot break next weekend.

So I regret that I can't be out there because this is a very special commemoration and just listening to Congressman Underwood last night on the House Floor talking about that period in Guam's history simply brought it all home again.

I have a great admiration for the people of Guam and I have a great admiration for the way they conducted themselves during the occupation, the heroism that they displayed, the courage that they displayed and the loyalty that they showed to the United States as American nationals at that time.

So I salute them and I salute you and I thank you for the presentation.

Mr. TAITANO. Thank you, Mr. Chairman.

I appreciate the kind comments and I am sure that Guam's leadership appreciates that. Although you may not be with us physically, your heart will be with us as well.

Mr. DE LUGO. Thank you very much, Tyrone.

Well, the Chair believes that we have had a very good hearing here today and I think that the committee is certainly in the debt of Congressman Gallegly in proposing this legislation which has provided the opportunity for a discussion in this hearing and given us the opportunity to bring out and address these questions.

This is not going to be the end of it. I think that we are going to have additional hearings on many of the matters that were discussed here today before this committee. I want to thank all of the witnesses that participated in this hearing all day, and I want to rule that additional material pertinent to this hearing will be placed in the record. Also, without objection, the record will remain open for any additional statements that are received by the subcommittee.

So with that, I want to thank the staff for their work on both sides of the aisle and I want to thank all of you who have remained until this late hour, and I think at this point, 4 o'clock, the Chair is going to adjourn this hearing and see if I can get to that sandwich that is waiting for me outside.

The committee stands adjourned.

[Whereupon, at 4:00 p.m., the subcommittee was adjourned.]

APPENDIX

JULY 14, 1994

ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD



SENATOR JOE T. SAN AGUSTIN (D)
SPEAKER

Office of the Speaker

TWENTY-SECOND GUAM LEGISLATURE

155 Hester St.

Agaña, Guam U.S.A. 96910

Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

JUL - 7 1994

June 24, 1994

The Honorable Ron De Lugo
Chairman
House Subcommittee on Insular and International Affairs
1626 Longworth HOB
Washington, D.C. 20515

Dear Mr. Chairman,

Thank you for the courteous invitation to appear before the Subcommittee on Insular and International Affairs regarding H.R. 3797. I regret, however, to inform you that my schedule does not permit me to attend due to the commencement of Guam's legislative session in that week.

I recognize the importance of H.R. 3797 and its significance to Guam and our neighboring islands. Certainly, some degree of reform is needed at OTIA.

Once again, my thanks to both you and Congressman Gallegly for considering me to participate in the hearing. I am sorry that I will not be able to take part in the discussion, but I am sure that the subcommittee and its members will act in the best interests of the insular areas.

Sincerely,

JOE T. SAN AGUSTIN

Twenty-Second Guam Legislature



Senator Pilar Cruz Lujan

Legislative Secretary

Chairperson - Committee on Judiciary and Criminal Justice

July 13, 1994

Honorable Ron De Lugo
Chairman
Subcommittee on Insular
and International Affairs
U.S. House of Representatives
Washington, D.C. 20515-6201

Dear Mr. Chairman:

This is to regretfully inform you of my inability to testify or participate in your Subcommittee's hearing on H.R. 3797.

Due to previously scheduled commitments, I am unable to appear and express viewpoints on the measure. Incidentally, I am conceptually in favor of the bill's objectives, insofar as the measure prompts us to think about change and efficiency in dealing with offshore territories.

Again, I express my regrets and hope you are doing well.

Sincerely,


PILAR C. LUJAN



TWENTY-SECOND GUAM LEGISLATURE
MARILYN D.A. MANIBUSAN
Senator

JULY 12, 1994

HONORABLE RON DE LUGO
CHAIRMAN
SUBCOMMITTEE ON INSULAR AND
INTERNATIONAL AFFAIRS
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES
1626 LONGWORTH HOB
WASHINGTON, DC 20515


DEAR MR. CHAIRMAN:

HAFA ADAI! It is most unfortunate that I am unable to attend the Subcommittee's hearing on H.R. 3797 on Thursday, July 13.

I am very involved with Guam's 50th Liberation celebration and there are pressing preparation matters needing my personal attention.

I appreciate your confirmation letter to my participation at the hearing. My written testimony to the Subcommittee will be forwarded soon.

SINCERELY,


MARILYN D.A. MANIBUSAN

**U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515-6201**

MEMORANDUM TO CHAIRMAN DE LUGO

FROM: Brian L. Modeste

DATE: 7-14-94

RE: Hurricane Hugo Appropriations through the Department of Interior.

	Admin. Recommendation	Enacted
FY-90	2 mil	1 mil
FY-91	3 mil	20.39 mil
FY-92	-0-	15.3 mil
FY-93	-0-	2.97 mil



DEPARTMENT of the INTERIOR

news release

PARTNERSHIPS FACILITATING EMPOWERMENT:

OTIA'S NEW MISSION

Your newspaper has recently published a number of articles that have been critical of the Office of Territorial and International Affairs (OTIA). In the spirit of fairness and providing equal time to another view, allow me to share some thoughts regarding the transformation of OTIA under the Clinton Administration.

When I became Assistant Secretary last May, I had high hopes that the energy and creativity of a fresh Democratic Administration would transform federal-territorial relations. A new team headed by Secretary Bruce Babbitt was appointed at the Department of the Interior. Our marching orders were clear -- to make government work more efficiently and effectively for its constituents. In other words, our task was to "reinvent government."

At OTIA, I am translating this into a new vision for an office that has for too long been perceived as a "colonial administrator" of distant, powerless islands. My challenge is to transform OTIA's role in light of the present realities in the insular areas.

I agree with those who say that the territories have obtained and are achieving greater self-government. All of the insular areas have their own locally-elected governors and legislature. Except for the CNMI, all have an elected delegate

or representative to the U.S. House of Representatives. And Palau, the last Trust Territory, has just approved a Compact of Free Association with the United States.

These developments point to a need to reassess the proper role and mission of OTIA and its relationship with the insular areas. Given this background, OTIA's new vision can be summarized in the following phrase: "Partnerships facilitating empowerment."

Let me briefly touch on each component of OTIA's new vision and cite examples of how it has been implemented in the past few months under the Clinton Administration.

Partnerships. In the distant past, OTIA operated under a paternalistic relationship with the territories through federally-appointed governors. The underlying assumption was that federal officials in Washington "knew more" and could do a "better job" governing the U.S. territories than the people who lived in the islands. With the growing political, social and economic development of the insular areas, paternalism has given way to partnerships between federal and territorial governments.

Under this model, federal and territorial governments operate as equal partners, working cooperatively and seeking mutually beneficial resolution of specific issues between them. Recent examples of this new relationship can be found in the "partnership agreements" that OTIA is coordinating between the American Samoa Government (ASG) and various federal agencies: a team from the Department of Justice will conduct an

assessment of the crime situation in American Samoa and the need for investigative and prosecutorial assistance to supplement local capabilities; a team from the Internal Revenue Service will set up a training program for local officials in tax collection and enforcement; ASG and OTIA will work together to establish a co-management and maintenance program for the local hospital to improve services; and ASG and OTIA will form a joint working group to address financial management issues. Another example is the jointly-created management team between the National Park Service and the Virgin Islands government that was organized to plan the development of the Salt River Bay.

Facilitating. At the same time OTIA is transforming its relations with the insular areas to partnerships, we are also transforming our role from an "administrator" to a "facilitator." While an administrative role may have been necessary years ago, when the insular areas did not have their own locally-elected governments, such a role is incongruent with the level of self-government each territory currently exercises.

In this context, a more appropriate role is for OTIA to be a facilitator of federal actions toward the insular areas. This new role was recently exemplified by OTIA's involvement in the Guam Land Conference hosted by Congressman Robert Underwood. The issues discussed at the Conference involved a host of federal civilian and military agencies: National Park

Service, the Fish and Wildlife Service, the General Services Administration, the Department of Defense, CINCPAC and COMNAVMAF. OTIA facilitated the process of resolving these issues by focusing time, attention and resources within the Executive Branch and coordinating high-level federal agency participation in the Conference. Similarly, in regard to the President's initiative to reform the national health care system, OTIA worked to ensure that the concerns and needs of the territories were brought to the attention of key officials in the Administration.

Empowerment. The third component of OTIA's new mission is to empower the insular areas to further determine their own affairs. Respect for local self-government is only as real as the respect shown for the elected leaders of the insular areas. This administration is serious about acknowledging the important role of the territorial governors as chief executives of their islands. This administration is also mindful of the growing voice of territorial delegates in Congress. We want to ensure that important decisions are made in Washington with the advice and input of elected territorial leaders.

Thus, for example, OTIA was instrumental in forming a working group between the Secretaries of Interior and Commerce to review and evaluate federal fisheries policies in the Exclusive Economic Zone adjacent to U.S. insular areas. During a recent Pacific Basin Development Council meeting, the federal government sought the participation and consultation of the

Pacific Rim governments and agreed to engage in a joint analysis of current federal fisheries policies and recommend steps that will allow a greater role in the management of these renewable resources by territorial governments.

OTIA has also been working with the Department of State to review long-standing policies regarding territorial participation in regional organizations, especially environmental organizations such as SPREP. We hope to develop an approach that is consistent with federal and international laws, yet also recognizes the legitimate desires of U.S. insular areas to take a more active role in these organizations, particularly given their central location in the Pacific Rim and the Caribbean Basin.

In conclusion, OTIA has a new mission and a new vision under the Clinton Administration. We are moving from a paternalistic relationship to a cooperative partnership; from an administrator to a facilitator; and from dependency to self-empowerment.

While I understand and sympathize with the sentiments of those who argue that OTIA should be abolished, the real issue is not OTIA. OTIA is only one component in the larger framework of how the federal government relates to the U.S. insular areas.

The real issue is how the federal government as a whole should restructure its relationship with the insular areas. Just as OTIA's mission is evolving over time, the federal

government's role and its philosophy toward the territories should likewise be changing. I would like to share more thoughts on this topic at another time. For now, I ask that you evaluate OTIA by what it is doing now, rather than by what it has done in the past.

ELTON GALLEGLY
23rd DISTRICT CALIFORNIA

2447 RAYBURN BUILDING
WASHINGTON, DC 20515-0523
(202) 225-5811

300 ESPLANADE DRIVE
SUITE 1801
OAKLAND, CA 94612-1282
(805) 485-2300
(805) 413-0023

Congress of the United States
House of Representatives
Washington, DC 20515-0523

July 15, 1994

COMMITTEE
JUDICIARY
SUBCOMMITTEES
ECONOMIC AND COMMERCIAL LAW
IMMIGRATION AND REFUGEES
FOREIGN AFFAIRS
SUBCOMMITTEES
EUROPE AND THE MIDDLE EAST
WESTERN HEMISPHERE AFFAIRS
NATURAL RESOURCES
SUBCOMMITTEES
REGULAR AND
INTERNATIONAL AFFAIRS
RANKING
MINORITY MEMBER

Ms. Joyce N. Fleischman
Acting Inspector General
Department of the Interior
Mail Stop 5341
1849 C Street, N.W.
Washington, D.C. 20240

Dear Ms. Fleischman:

I am writing to report several possible violations of federal law governing the conduct of federal employees, and to ask that you immediately investigate these allegations.

Earlier this year, in my capacity as the Ranking Minority Member of the Natural Resources Committee's Subcommittee on Insular and International Affairs, I introduced a measure that would abolish the position of Assistant Secretary for Territorial and International Affairs and transfer certain administrative functions of that office to the Departments of State and Commerce. Yesterday, that Subcommittee held a hearing on this bill, H.R. 3797, and Assistant Secretary Leslie Turner was a witness.

During the course of the hearing, the panel's Chairman revealed that the day before he had met with the Assistant Secretary and complained that a member of her staff had been engaged in "lobbying" local and territorial officials in the Virgin Islands to publicly speak out and oppose H.R. 3797. In response to questioning by panel members, Ms. Turner stated that she had no prior knowledge of this activity nor condoned it.

Committee members and staff have learned that the OTIA field representative in the Virgin Islands, Robert Bunn, lobbied local government officials and private citizens to oppose H.R. 3797, the Territorial Administration and Cession Act, and to support the continued existence of OTIA. Enclosed are copies of fax transmissions apparently made by Mr. Bunn to the Office of the Governor of the Virgin Islands.

I am told that the President of the Virgin Islands Chamber of Commerce was also pressured by Mr. Bunn and subsequently issued a guest editorial in the Virgin Islands local paper criticizing the legislation and lauding OTIA.

Ms. J.N. Fleischman
July 15, 1994
Page Two

I have also been informed that other OTIA employees lobbied two territorial governors' offices in the Pacific to oppose H.R. 3797 and to support OTIA. There may well be other individuals in the public and private sectors who have been lobbied with government resources and on government time to oppose my bill and retain OTIA.

Actions such as those described above may constitute violation of 18 U.S.C., section 1913. That statute clearly states that appropriated funds may not be used in an attempt to influence legislation under consideration before Congress. Its violation by an employee of any department or agency may be fined not more than \$500 or imprisoned not more than one year, or both; and removed from office or employment.

Ms. Turner stated at the hearing that she has already conferred with the Department's Solicitor and the Department's Ethics Office. While I welcome this initial inquiry, I believe this matter requires the attention of your office because of the possible criminal violations involved in this matter.

As a Member of Congress, I am not unaccustomed to facing opposition to legislation I have introduced. That is part of the process, and in fact a strength of the process in our democratic society. So, the fact that some have spoken out against my bill is not troubling to me.

It's not a secret that OTIA has been the focus of criticism on Capitol Hill. So, it's not surprising that some OTIA employees are worried about losing their jobs. But, what is disturbing is that taxpayers may have been funding a public relations and lobbying effort intended to affect a bill now pending before the Congress.

If that were not enough, what is particularly egregious about this instance is that OTIA officials may have been pressuring officials of governments that office administers. These government officials, dependent on OTIA for funding and certain administrative approval, may have felt threatened or coerced.

Please take the necessary steps to immediately investigate these apparent irregularities in the use of federal resources and abuse of position. I am hopeful that Assistant Secretary Turner will cooperate in assisting you in this investigation. Similarly, I stand ready to assist you in any way I can.

Ms. J.N. Fleischman
July 15, 1994
Page Three

I would ask that you inform me of your findings at the conclusion of your investigation. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Elton Gallegly", written in a cursive style.

ELTON GALLEGLY
Member of Congress

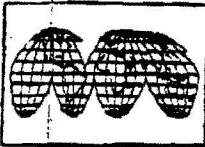
EG:pb



United States Department of the Interior

OFFICE OF THE SECRETARY
Territorial and International Affairs
Room 204, Federal Building
St. Thomas, USVI 00802

Fax Transmission



Date: 6-17-94

To: Honorable Alexander A. Farrelly, Governor

From: Field Representative, U.S. Virgin Islands
Office of Territorial and International Affairs

TEL: 809-774-1190
FAX: 809 776-1204

Number of pages transmitted including cover sheet: 2

Please advise sender of pages not satisfactorily received by calling the above telephone number.

Dear Governor Farrelly,

Just a reminder; the hearing to consider HR 3797 is Thursday morning. A brief note expressing support for OTIA would be greatly appreciated. Thank you.

Bob

NOTE: This transmittal contains PRIVILEGED and CONFIDENTIAL information intended for the use of the Addressee(s) named above. If you are not the intended recipient of this transmittal, you are hereby notified that dissemination or copying of this transmittal is strictly prohibited. If you have received this transmittal in error, please immediately notify us by telephone and return the original transmittal to us at the above address via the U.S. Postal Service. Thank you.

POINTS FOR CONSIDERATION

- o Rep. Gallegly's bill, H.R. 3797, seeks to dismantle the only federal office whose interest is the U.S. territories.
- o The Office of Territorial and International Affairs (OTIA) is headed by an Assistant Secretary who provides a broad range of technical assistance (grants and expertise) to the insular governments, maintains a field office in each territory, and gives the territories a high level avenue for liaison with the Executive Branch agencies and Congress.
- o The Virgin Islands' imminent loss of Congressional seniority coupled with the projected dissolution of the House Sub-Committee for Insular and International Affairs, makes OTIA even more important for the Virgin Islands.
- o Although H.R. 3797 has little chance of passing the House, much less the Senate, opposition to the bill and support of OTIA will ensure the continued funding of technical assistance, operations and maintenance, and training programs currently provided through the Department of the Interior.
- o Neither the people nor political leadership of the insular areas have been consulted about this legislation, nor advised as to the possible impact, should it be successful.

We Made a Difference

- o When, in the desperate hours following Hurricane Hugo something had to be done to bring the Governor to St. Croix, Delegate de Lugo turned to the OTIA Field Representative, although FEMA, the National Guard General and others were present. Transportation was immediately provided for the Governor and the Delegate.
- o When Government House was at a loss as to how to proceed to extinguish the out of control landfill fire on St. John, a call to our OTIA field office produced an underground fire expert from Bureau of Mines. This critical technical expertise enabled the right decision to be made at the right time and the fire was put out for good.
- o When the Government of the Virgin Islands faced severe overcrowding, management problems and civil penalties due to conditions at VI prisons, the VI Attorney General called on OTIA for help. Assistance from the National Institute of Corrections, the Bureau of Prisons and the U.S. Justice Department was promptly coordinated by OTIA, followed by our testimony in support of capital projects which have helped transform Golden Grove Prison to a near model facility.
- o When the VI Attorney General was denied assistance by the U.S. Justice Department in connection with the assumption of full jurisdiction for prosecution of local crimes, Governor Fernald asked our Field Representative if OTIA could help. As a result of our relationship with Justice and our advocacy for the Virgin Islands, Federal prosecutors have been assigned to assist the VI Attorney General.
- o When crumbling infrastructure threatened to undermine the delivery of services to our off-shore citizens, OTIA initiated and continues to fund comprehensive operations and maintenance improvement programs in all the territories.
- o When, upon arriving in the Virgin Islands in 1984 our Field Representative observed that the VI Tax Bureau still processed all tax returns manually, a complete automation program was initiated which has produced many millions in additional revenues without raising taxes.
- o When the National Park Service placed Salt River National Park on the back burner, OTIA made sure that this ecological treasure received the attention it deserved and was dedicated on the 500th anniversary of Columbus' visit to St. Croix.

How Did We Make a Difference? Because We Were There!

JESSIE K. THOMSON
BOX 456
FREDERIKSTED, VIRGIN ISLANDS 00841

June 1, 1994

Editor
The Daily News
St. Thomas, VI

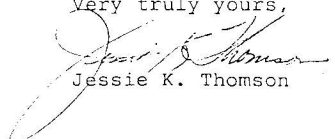
Dear Editor:

I am compelled to respond to your May 24, 1994 editorial regarding the Office of Territorial and International Affairs, U. S. Department of the Interior. OTIA has been the "continuity" between the Federal Government and local planners of numerous events commemorating the 500th Anniversary of the Voyages of Discovery (1992-93) and related activities held at Salt River Bay National Historical Park and Ecological Preserve. Without the full cooperation of OTIA, things would not have gone so smoothly during the transitional period of the Bush/Clinton administrations and the sweeping changes in top personnel and policies nor would we have had the personal participation of the Director of the National Park Service to officially dedicate the park on November 14, 1993.

The creation of the Salt River Bay National Historical Park and Ecological Preserve is an excellent example of how a coordinated cooperative effort between the Government of the Virgin Islands, the Virgin Islands Delegate to Congress, OTIA and the NPS in the Department of the Interior, and numerous citizens and organizations, resulted in a very successful endeavor. In the future similar cooperation and effort will be needed to facilitate the appropriation of needed federal funding during this period in which both the Congress and the Executive Branch are confronted with limited financial resources to fund the long list of park land acquisitions authorized by Congress as well as operating funds for the Salt River Commission and the training of park personnel.

Far from "uncertain support" as claimed by your editorial! The efforts and support of the U. S. Department of the Interior (OTIA and NPS) were crucial to the establishment of the park and remain crucial for its future development.

Very truly yours,



Jessie K. Thomson



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 4, 1994

MAR 11 1994

Honorable Elton Gallegly
Ranking Member
Subcommittee on Insular
and International Affairs
Committee on Natural Resources
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Gallegly:

Thank you for your recent letter requesting my support for H.R. 3797, "The Territorial Administration Cession Act". I appreciate your interest in and suggestions for addressing territorial issues.

I agree that the Federal-insular relationship is changing dramatically, and that we must take a fresh look at how best to address territorial issues. Most U.S. territories have matured economically and politically. Yet, these entities are neither fully incorporated as states nor fully independent as sovereign nations. As a result, they must abide by U.S. laws, but often have a limited voice on how these laws are made and implemented.

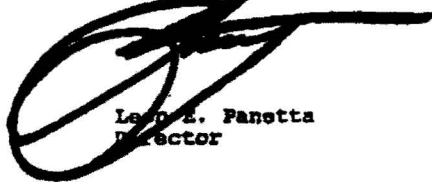
Given this situation, the Administration believes that it is appropriate for the Federal Government to continue focusing attention and resources on issues unique to the territories. While individual agencies can and do deal directly with the territories, many issues go beyond simple administration of grants; they often require a focal point for resolution of various and often conflicting views. The Department of State's interagency group on the freely associated states, for example, has proven the value of such coordination.

The Office of Territorial and International Affairs (OTIA), an office exclusively devoted to territorial concerns, has fulfilled a similar role. However, OTIA alone is not the answer to all the issues affecting the territories. It is therefore appropriate to consider other approaches to meeting U.S. objectives as they relate to these issues.

Moreover, I understand that there are currently several proposals under consideration that address how to better coordinate Federal-insular policies, including separate legislation introduced by Senator Johnston and Delegate DeLugo. The Administration has been involved in preliminary discussions with territorial leaders and congressional representatives on how to proceed. I have asked my staff to review your bill in the context of these discussions.

Again, thank you for making me aware of your bill.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to be 'Leon E. Panetta', written over the typed name.

Leon E. Panetta
Director



THE SECRETARY OF THE INTERIOR
WASHINGTON

MAY 6 1994

Honorable Elton Gallegly
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

Dear Mr. Gallegly:

Thank you for your letter requesting my support for your bill, H.R. 3797, entitled "The Territorial Administration Cessation Act." Among other things, H.R. 3797 seeks to terminate the Office of Territorial and International Affairs (OTIA) within the Department of the Interior and to transfer certain functions of OTIA to the Departments of State and Commerce.

While I understand the genesis of your proposal, your bill appears directed at an OTIA of the past. It does not consider the activities and mission of OTIA today, especially under this Administration. The real issue is not OTIA, but rather how the Federal government can best organize itself to handle insular issues.

OTIA Continues to Serve An Important Function

Unlike residents of states, who can vote for President, two United States Senators, and a voting Member of the House of Representatives, residents of the insular areas have relatively little political clout. As a veteran member of Congress with four terms on Capitol Hill, you no doubt can appreciate the dramatic effect that California's votes have on policy-making within both houses of Congress and also within the Executive branch.

In contrast, the residents of the insular areas lack equivalent influence on decisions and actions of the Federal government that affect their islands. The insular areas are neither fully incorporated into the Federal government as states, nor fully independent as sovereign nations. As such, they occupy a grey area where numerous Federal laws and policies apply, without significant input into the development and implementation of those laws and policies.

Because of their full participation in Federal policy-making, states have no need for a special agency in the Executive branch that is assigned to ensure that their issues are not "lost" in broader national priorities. Insular areas that lack full representation, however, benefit from formal channels within the

Executive branch that give effective consideration to insular issues. OTIA, as an agency exclusively dedicated to insular concerns, serves as an important conduit within the Executive branch for focusing attention and resources on island issues.

OTIA Mission Is Not "Administrator," It Is "Facilitator"

OTIA's employees are responsible for a budget of over \$340 million. OTIA provides approximately \$320 million annually for support of basic government operations and capital improvement projects in the seven insular areas for which Interior is answerable. Technical assistance, amounting to \$17 million annually, is granted for worthy island projects in all areas of government operations, including economic development, education, health care, public safety, operations and maintenance of infrastructure, disaster mitigation, substance abuse prevention, brown tree snake control and eradication, and management controls. Most of the \$340 million is subject to the same controls and accountability imposed on grants to state and local governments, and requires staff to maintain this accountability and protect the use of taxpayer money. This oversight is provided at a lower cost (\$4.5 million or 1.3 percent of OTIA's budget) than most federal agencies are able to manage.

Your proposal also suggests that OTIA's current and sole mission is that of "administrator" of the territories. This may have been true years ago when the territories and Trust Territory of the Pacific Islands (TTPI) were "administered" by governors and high commissioners appointed from Washington. Predecessor offices to OTIA, however, long since shed this "administrator" role.

As economic, social, and political circumstances of the insular areas have changed, so has OTIA's organization and mission. OTIA has down-sized dramatically and adjusted its role accordingly. As OTIA encouraged self-government and the insular areas increasingly assumed administrative responsibility, OTIA's size decreased to its current forty-four positions.

To show the change in mission and role, especially under the Clinton Administration, I am attaching for your information a recent statement made by the Assistant Secretary for Territorial and International Affairs. As explained in the statement, OTIA's current policy role can best be described as that of a "facilitator" rather than an "administrator." As a facilitator, OTIA is concentrating on bringing territorial and Federal officials together to manage issues that remain unresolved from the past, due to the low priority often given to insular issues in many Federal agencies or the misunderstanding of Federal interests or processes by island officials. With further change in the insular areas, OTIA's role and mission will continue to evolve.

The Issue is Broader Than OTIA

Finally, your proposal suggests that abolishing OTIA is the solution to improving territorial-Federal relations. It ignores the fact that territories, without full representation in the Congress, need institutions to ensure that their interests are properly voiced within the Federal government.

When seen from a broader perspective, the issue is not really about the continued existence of one office in the Executive branch. Rather, it is how to structure the Federal government for improved policy-making, appropriate to each insular area.

OTIA is currently building partnerships with those agencies involved in issues of particular concern to the insular areas. In addition, Senator J. Bennett Johnston, and Delegate Ron de Lugo are on record sponsoring legislation for an interagency council that would examine insular issues. Moreover, the Administration is actively considering the establishment of a coordinating mechanism for developing and implementing insular policies that will promote dialogue with insular leaders and among Federal officials. We expect that such coordination, together with the new role and mission of OTIA, could also satisfy your concerns.

My Assistant Secretary for Territorial and International Affairs, Leslie M. Turner, in whom I have the greatest confidence, wants to work cooperatively with you on insular issues. We are open to dialogue. With collaboration among island leaders, the Congress, and the Executive branch, I look forward to significant accomplishment in the islands and improved insular-Federal relations.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ron de Lugo", with a stylized flourish at the end.

Mrs. Harry R. Van Cleave
 1100 E. Main Street
 Alexandria, Virginia 22312

JUL 12 1994

July 8, 1994

Hon. Ron de Lugo
 Chairman, Subcommittee on
 Insular and International Affairs
 Committee on Natural Resources
 House of Representatives
 1626 LHB
 Washington, D. C. 20515-6201

Dear Mr. Chairman:

Thank you for your letter of June 14, concerning the hearing on July 14 on H. R. 3797. I am much honored by your invitation to me to participate, but I expect that day to be in Scotland. There is enclosed, however, a statement I have prepared, in the event that you and your Subcommittee may find it of interest.

Sincerely yours,

Ruth S. Van Cleave

Supplemental Sheet for attached statement on H. R. 3797

Submitted by Ruth G. Van Cleve

4400 Emory Street
Alexandria, Virginia 22312

703-354-6963

The statement says that enactment of H. R. 3797 would be regrettable. The bill is based in part on the proposition that Interior no longer "administers" the territories, but that has long been true. If the bill were enacted, among those suffering losses would be other agencies of the Federal Executive Branch, the Congress, some members of the public, and the territories themselves. The statement concludes by stating that so long as the United States has associated with it insular areas whose U.S. citizen or national residents do not enjoy full participation in the national government, the United States is obliged to maintain a unit within the Federal Government that is concerned with their affairs.

Statement of Ruth G. Van Cleve, formerly Director, Office of Territorial Affairs, Department of the Interior, to the House Subcommittee on Insular and International Affairs on H. R. 3797, a bill "To transfer certain administrative functions of the Department of the Interior relating to United States territories to the Department of Commerce".

Mr. Chairman and Members of the Subcommittee:

I am honored by your invitation to present my views on H. R. 3797, a bill that would affect Executive Branch arrangements for Federal oversight of the U. S. territories, and I regret that I cannot be at the hearing scheduled for July 14, 1994. On that date I expect to be abroad on a long-planned trip.

In my view, enactment of H. R. 3797 would be regrettable. I believe that enactment would result in numerous losers, including agencies of the Federal executive branch, the Congress, some members of the American public, and most particularly, the territories of the United States. I can foresee no long-term winners. I will explain the reasons for my view, after first stating the vantage from which I offer comments, and then discussing the questionable premise on which H. R. 3797 appears to be based. I will conclude by summarizing my view on the three provisions of section 3 of the bill, and finally I will state what I believe should be the future of the Federal office concerned with territorial affairs.

My vantage

In December 1993 I retired after over forty years of Federal service, most in the Department of the Interior in connection with Interior's work in and for the territories and the Trust Territory of the Pacific Islands. I served as Director of the Office of Territories and later the Office of Territorial Affairs (1964-69, 1977-80), as Deputy Assistant Secretary for Territorial and International Affairs (1980-81), and briefly as the Acting Assistant Secretary, Territorial and International Affairs (January-May 1993). In other years I worked as an Interior Department lawyer, concerned almost exclusively with territorial legal problems (1950-64, 1961-93). During these later years I studied all of the permanent laws of the United States and documented their application to the Virgin Islands, Guam, American Samoa, and the Northern Marianas, in order to identify statutory problems that need correction. In sum, I have devoted most of my working life to the U.S. territories and the Federal Government's responsibilities toward them.

A questionable premise

It is not entirely clear to me how far H. R. 3797 would go -- whether the bill would abolish the Interior Department's current Office of Territorial and International Affairs in its entirety (as the Short Title states, and as extensive newspaper commentary on the bill largely assumes), or whether it would merely dismember that Office in part (by transferring a few of its current functions to other Federal agencies and by reducing the bureaucratic level of its office head). Given the six findings, however, it is reasonable

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to suppose that even if the bill is read as having the latter, narrower purpose, it is probably intended to commence a dismemberment process, so that in due course the Interior Department's role with respect to insular areas would cease.

I would not quarrel with the first two findings in section 2 of the bill (pertaining to the Trust Territory), and I cannot comment usefully on the last (pertaining to monetary savings, if the bill were enacted). (Whether fiscal improvement would result from enactment of the bill would depend on which functions of the current Office of Territorial and International Affairs are transferred to or assumed by other agencies, and what their costs would be, and these costs would be difficult to calculate.) But I would comment on the remaining findings, which seem to me to say (a) that the territories are increasingly self-governing, (b) that they deal directly with pertinent Federal agencies in the same manner as the States, and (c) that Interior no longer "administers" them. As to these propositions,

(a) The territories have indeed experienced increasing levels of self-government for many decades, beginning at least in 1936 with the enactment of the first Virgin Islands Organic Act. In my view, it is now correct to assert that they all -- the Virgin Islands, Guam, American Samoa, and the Northern Marianas -- are self-governing by every reasonable definition, except the most technical. They each have popularly-elected governors who are not the subordinates of anyone in Washington; they have popularly-elected insular legislatures, with powers roughly comparable to those of State legislatures; and they largely control their own local judiciaries. (I will not burden this statement with a careful listing of the exceptions to the foregoing -- such as the manner of appointment to the High Court of American Samoa. My point is simply that genuine democracy prevails in all four of these areas.) I am of course mindful that the territories cannot participate in national elections, and that they lack full participation in the Congress. Most observers would probably join me in asserting that these serious shortcomings should be corrected forthwith, but because correction requires a Constitutional amendment (or other monumental change, such as the expansion of the boundaries of a current State of the Union), that is unlikely to occur soon, if at all. In sum, the territories are now about as close to being wholly self-governing as the U. S. political system permits, so proposition (a) as stated above is true.

(b) The territories do deal directly with pertinent Federal agencies, and they have done so in particular cases for many decades, surely going back to the 1950's when my own experience on this subject began. They then sought, as some still do from time to time, the assistance of Interior's territories office only when they needed help in finding the right agency (because that is not always obvious, even to veteran Federal bureaucrats), or the right person within that agency. So (b) I believe to be true, although not a recent development.

(c) Interior indeed no longer "administers" the territories, for that would of course be inconsistent with their self-government. So Interior does not now tell the governors of the territories what to do. But this has long been true. The fact is that Interior has not "administered" the territories for over 30 years. H. R. 3797, however, seems to be based on the premise that Interior's non-administrative role is new. Since it is not, there is in my view no new development that warrants enactment of the bill.

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Of course the role of the Secretary of the Interior, as supervisor of and direction-giver to the appointed governors, ceased when governors became popularly-elected in the 1970's, and the Organic Acts were amended to reflect that state of affairs. But as far back as the 1960's, the unambiguous policy of the Secretary of the Interior and his lieutenants was one of clear deference to the territorial governors. Ralph Palewosky in the Virgin Islands and Manuel Guerrero in Guam were natives of their territories, knowledgeable and effective administrators, and we did not attempt to second-guess or to guide them. Rex Lee in American Samoa was so successful in transforming that territory in a few years from (in the language of the Reader's Digest at that time) "America's Shame" to "America's Paradise" that we would not have thought of interfering with his judgment, lest we diminish his achievements. In sum, Interior has not -- in my view -- acted as an "administrator" of the Virgin Islands, Guam, or American Samoa since at least the first years of the 1960's. It has never done so in the case of the Commonwealth of the Northern Marianas. So, if H. R. 3797 is based on a recently changed role for the Department of the Interior, that premise (c) is in my view incorrect.

Probable losers

If the bill were enacted, I have stated above that the Executive Branch, the Congress, some members of the public, and the territories themselves would all be the losers. I will consider these in turn.

The Executive Branch. Well-ordered government requires that there exist in the Federal Executive Branch some unit of government that is informed about and prepared to give advice concerning the insular areas. Each of the insular areas is too small, in terms of area and population, to be known to the numerous Federal agencies that must make decisions concerning them, so Federal agencies must have some place to go to receive reliable information to assist in their decision-making. That unit need not be in the Interior Department -- although it has been in Interior since the 19th century, and a change would be expensive; and careful consideration by many people over many decades has not resulted in any more logical, alternative bureaucratic base.

The many functions performed by Interior's territories office could, of course, be performed in various other Federal departments or agencies -- such as the Commerce Department, as H. R. 3797 may contemplate -- but that would involve the expensive loss of Interior's expertise and of its institutional memory. The expertise lies not wholly in the territories office. It exists in staff offices throughout the Department -- in the budget office, the Solicitor's Office, the fiscal management offices, and others. It would take a very long time for any other department or agency to develop the familiarity with the insular areas that now exists throughout much of the Interior Department.

Further as to the value to the Executive Branch of a territories office, many issues arising in a given territory are also present in other territories, and these issues often involve several Federal agencies. Commercial fishing and deep sea mining and taxes are but a few. A lead Federal agency is required to coordinate Federal scrutiny and Federal action, and in due course Federal follow through. For this purpose, I believe that if the Office of Territorial and International Affairs did not now exist, the interests of good government would require that it be invented. In its

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absence, many agencies would probably feel compelled to create their own small territorial units, so as to have a readily available repository of the information they almost all need, at least from time to time. Such separate agency units would be duplicative and thus expensive, and they could not perform many of the important functions now reposed in the Interior Department, certainly including that of inter-agency coordination.

The Congress. It is presumptuous for a bureaucrat, and a former one at that, to say what the Congress needs. But given the quantity of business in the Interior Department that results from Congressional inquiries about the territories -- from requests for positions on legislation, through requests on behalf of constituents for help in collecting bills, finding lost children, and the like -- it does appear that the assistance Interior has been providing to the Congress on matters touching the insular areas is substantial. While Congressional committees and members could often obtain what they need by alternative means, either through the offices of the Delegates or by communicating directly with the territorial governments, the fact that they often do not use these routes suggests that the Interior Department serves as a useful channel.

The public. While members of the public with problems in insular areas often seek help from their representatives in the Congress, they also often communicate directly with the Interior Department. Although responding to the inquiries of private citizens may not rank high in the workload of the territories office, the service can be important; and it can lead to positive results when, for example, Interior provides information on taxes and tariffs and other economic matters for potential businessmen and investors in the insular areas.

The insular areas. I believe that the insular areas need the Interior Department, and that they suffer no loss because of the Department's role with respect to them.

A major role of the Office of Territorial and International Affairs is that of problem-solver, when an insular area and a Federal agency are at odds, and in that role the territories office seeks to bring together representatives of insular governments and the right Federal agencies. Of course the solution is not always what the insular government wants, but that is implicit in the task. There must be in the Federal establishment some agency to provide these good offices, and to follow through when the insular representatives return home. Interior does that, sometimes very well, and always in earnest.

When an insular area needs a legislative solution to a problem, Interior stands ready to propose legislation on which the Federal Executive Branch can agree, and Interior's batting average for legislative proposals touching the territories has, over the years, been very high indeed. When an Interior legislative proposal has survived the Executive Branch clearance process, the legislative process has usually proved to be relatively smooth.

Certain current programs of the Office of Territorial and Insular Affairs have provided great boons to the territories, most particularly the Technical Assistance Program, and the relatively new Operations and Maintenance Program. Under the former, some real progress seems to be occurring in connection with financial management, an area in which the territories (and many others) have

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long been deficient; and the latter tackles a problem which has plagued Federal and territorial personnel for decades.

These are but a few areas in which the Interior Department touches the governments of the insular areas today. The insular governments do derive benefits from their association with a Federal agency that constitutes their "bureaucratic home". Puerto Rico, on the other hand, has had none since its Commonwealth came into being in 1952, for Puerto Rico's ties with the old Office of Territories in Interior were then severed. But in the years since, some knowledgeable Puerto Ricans have been heard to say -- not loudly, nor very publicly -- that they have been the losers by having no "home" in the Executive Branch in Washington. Many supposed that placing Puerto Rico's affairs directly in the White House, which the President did in July 1961, would be of value, but experience has not supported that result. The White House has, in the usual governmental sense, no memory. Of course I do not mean to suggest now a return of Puerto Rico to Interior's oversight. That would be monumentally untimely. I merely note that in retrospect, some Puerto Ricans have stated that the Interior Department connection was a value to them.

I would not expect current political leaders in the insular areas to concur in my view that the Interior Department is of value to them, and that it should continue to play a role in Federal-territorial relations. Even in the days of appointed governors, it was unbecomingly and idiosyncratic for a territorial governor to speak warmly of the Interior Department. To serve as a handmaiden to Washington was viewed locally as a sign of weakness, and a display of misplaced priorities. Of course that view has blossomed further since, what with lively political parties in the territories, hard fought elections, and genuinely democratic processes. But notwithstanding a likely, stated preference in the territories for the abolition of a territories office in the Interior Department, I do believe that the territories would be the losers if that were to occur.

Specifics of H.R. 3797

Turning briefly to the three effects of section 3 of the bill:

Subsection (a) would transfer to the State Department all of the remaining Interior functions with respect to the Trust Territory. Inasmuch as Palau is moving toward an early and formal Free Association status, at which time this transfer would occur in any event, this subsection seems to me unobjectionable.

(I am assuming in the preceding comment that section 3(a) of the bill is not intended to modify the division of responsibility between the Department of State and the Department of the Interior, provided for in section 105 of the Compact of Free Association Act. My own view has been that that division was unwise, although it has worked far better in practice than could have been anticipated. I believe the Compact Act should have placed total responsibility in the Interior Department, although I recognize that strong arguments existed, and were made successfully at the time, in favor of the Department of State. In any event, I would absolutely not urge reconsideration of this matter at this time, because modified administrative arrangements could be costly in terms of, among other things, the international status of the Freely Associated States.)

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Subsection (b) would transfer to the Economic Development Administration of the Department of Commerce the programs of the Office of Territorial and International Affairs in Technical Assistance and "operations and management assistance". Much of the Technical Assistance funding provided by the Office I believe to be unrelated to economic development as such, and it is not clear to me whether the Operations and Maintenance Program (which I assume the quoted phrase is intended to mean) is the kind of subject with which the Economic Development Administration is particularly equipped to deal.

Subsection (c) would reduce from six to five the number of Assistant Secretaries of the Interior, and it has been widely supposed that this would result in the elimination of the position of Assistant Secretary, Territorial and International Affairs. If that is the purpose of the subsection, perhaps it would be helpful to make that explicit. In any event, the position of head of Interior's territories office was elevated in 1980 in the hope that increased rank would result in increased effectiveness in achieving sound objectives for the territories. A more elevated title would, it was reasoned, facilitate relationships between Interior's territories chief and high level Federal officers with territorial concerns in other departments and agencies. My own view is that this kind of detail of public administration -- the rank of a particular office holder -- might better be left to the head of the department, instead of being somewhat cemented in legislation. I further believe that it would not be helpful to reduce the number of Assistant Secretaries in so large a department as Interior.

How long?

My own view is that the United States Government ought for the long term to maintain within the Executive Branch a unit to discharge the kinds of functions discussed in this statement -- functions now being performed by Interior's Office of Territorial and International Affairs -- and that this unit should exist for whatever period the United States has associated with it areas that are not States of the Union. So long as there are parts of the United States with residents who are nationals (and most often, citizens as well) of the United States, but who do not have full rights of participation in the national government, it seems to me a territories office needs to exist. Its functions will of course change over the years. Obviously if the territorial areas were all to become independent sovereigns, or if they were to become political subdivisions of an existing State -- if, in other words, they were to cease to be parts of the United States that lack full Washington representation, as at present -- then of course the office would have no role. But until that occurs, I suggest that there will be a need for an office to assist the territories and those who are concerned with territorial matters. This is a Federal obligation, I believe strongly, that will continue as long as the United States has territories associated with it.

TESTIMONY OF

ORSON G. SWINDLE, III

former Assistant Secretary of Commerce
for Economic Development (1985-1989)

500 University Avenue, #309

Honolulu, HI 96826

(808) 946 3993

before

the

Subcommittee on Insular and International Affairs

Hearing on HR 3797

July 14, 1994

For The Record

w/pen change / corrections

A 7/14/94

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technical assistance program which is known as its "university center program" at the University of Hawaii. I saw this as the quickest way we could effectively and inexpensively provide much needed know how and technical assistance to the island *businesses* and fledgling governments. This also provided the island governments with additional links to EDA.

- o Directed the EDR to quickly define, assist in application completion and process at least one project appropriate for each island state -- as mentioned above, there was no shortage of potentially good projects.

- o Established a solid line of communications and information among the island states, the EDR in Hawaii, the Seattle Regional Office, and the Assistant Secretary's office by taking a personal interest in the welfare and progress of the islands. Astounding as it may seem, I installed fax machines for the Seattle Regional Office, the EDR's office in Honolulu, and one for the Pacific Business Center to facilitate better communications --- the first ever used!!

My initial intent was to get something worthwhile done quickly, by-passing (if possible) bureaucratic delays to demonstrate that progress could be made. In addition, I wished to establish communications with the good people and leaders of the islands to demonstrate that the United States sincerely cared about their future. I believe that was accomplished during my tenure at EDA.

It was apparent from the very beginning that redundancy would run rampant as the various federal agency programs became available. It was also very apparent, and remains so today, that the different agency rules, regulations and criteria would conflict with and even undermine the programs of each other. I suspect the waste of resources is staggering because of duplication of efforts, complications leading to endless delays, and confusion due to the differences in criteria among the agencies. Most assuredly, the frustration of the islanders is significant.

The differences, the complexities, the inflexibility, and the outright contradictions evident in the myriad programs to which the islanders have been exposed are mind boggling, even to those of us familiar with such nonsense. Imagine the effect it has on the islanders. One program demands local contributions to the costs, another from a different agency provides very similar services for free. Construction projects require multiple bonded contractors to bid in places where there is but one contractor on island, often not American, or no "bonded" contractor at all.

Add to this the very troubling legacy of United States oversight for the past 50 years -- a U.S.-like bureaucracy and government organization heavily influenced by a "government job mentality" -- and the prospects of evolving into some degree of economic

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self-sufficiency are discouraging. As I recall, well over 65% of all paying jobs are government jobs and the private sector tax bases are extraordinarily small. The population growth rate was excessively high (over 4% in the RMI, and over 50% of the population was under 15 years old (the median age is about 15.) The government system runs almost exclusively on federal payments and federal programs under the 15 year plan of the Compact Agreement -- and that is scheduled to end in the year 2001 for the FSM and the RMI. Reality is obvious. The Compact Nations are no where near a satisfactory level of economic self-sufficiency.

As implementation of the Compacts with the RMI and the FSM got underway, hundreds of federal employees appeared in the islands. It might be interesting to check on how much money was spent on travel to the islands. Knowing of the large sums of money that would be made available, dozens and dozens of consultants were attracted to the islands -- some formerly of the federal bureaucracy involved with the former Trust Territories; some formerly of the particular agencies assigned to work with the islands; and some formerly involved in the Compact negotiations. The islanders were besieged with hundreds of ideas, products, advice, pressure selling of services, and they (and we) have paid a dear price for services never effectively provided.

Programs implemented by federal agencies were intended to better the standard of living for the people of the Freely Associated States (FAS.) The Department of Interior's Office of Territorial and International Affairs (OTIA) employs some extremely fine people. However, in too many cases their efforts were duplicative of other federal programs. Some would argue that "duplication" is not always bad, but if one federal agency's program undermines another, it is definitely bad. There were so many programs and agencies involved that it was inevitable that there would be overlap and duplication. Some efforts were downright wasteful, illogical, confusing and self defeating and resulted in little real progress in moving the islands toward greater self sufficiency. Consider the following examples:

~~The Micronesia & South Pacific Program (MSPP)~~

1. A program (~~The Micronesia Institute~~) supported initially by OTIA staff (as I recall) as a "pilot project" several years ago, and continuing to expand, sends students from the *University of Oregon* to the islands (obviously, at enormous expense) to provide technical assistance *at no charge* to the islanders. This program duplicates EDA's university center program at the University of Hawaii. -- and may even be designed using the EDA center as the model. It uses students to provide technical assistance and access to information not available to the islanders.

The performance of the Oregon program is not the issue. It is, I understand, doing a good job. The issue is that it was started with support from OTIA at a time when EDA's university center was already very successfully doing what the University of Oregon program wanted to do. In addition, the opportunity for the Hawaii university center to

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expand its services was purely a matter of dollars which, if provided, could be applied far more efficiently to the clients from Hawaii than from the Mainland. There was no coordination or discussions initiated by OTIA with EDA or the Hawaii university center to evaluate the merits of beginning the Oregon effort -- and OTIA was very familiar with the Hawaii operation.

~~The Micronesia Institute~~^{MSPP}'s services were different from those of EDA's university center in only two ways: The services of the students from Oregon were provided free of charge, and they come from Oregon (at great expense) where EDA also has a university center. What was the motivation behind the OTIA action? Why did OTIA not discuss this move with EDA?

I believe I am correct in saying that in order to get more services directly to the government or small business client, the University of Hawaii agreed to requests from its university center that it waive the overhead charge typically imposed on federal grants to university at rates of 25 to 40%. The University of Hawaii also contributes cash to the university center's operation as do the client states in the FSM and RMI. In the case of the University of Oregon, does it provide cash to that program and does it charge overhead? Rumor has it that it does not provide cash and it does charge overhead.

Services provided by the university center at the University of Hawaii required client (typically the state or national government) payments -- one purpose being to instill business principles into the process. As one islander put it, "why pay when we can get the same for free?" Here is a case of one federal agency program quite lavishly funded undermining another federal agency program promoting business concepts and paying as you go! How do we propose to help in economic and entrepreneur development and instill concepts and ideas of self sufficiency this way? How will the private sector ever develop?

2. The Pacific Islands Network (PIN) program funded in part by OTIA and the Department of Commerce either duplicates or provides services that EDA could have provided. In creating the PIN, federal government bureaucrats created yet another federal program and established an entirely new level of bureaucracy -- *at no small expense to the tax payers* on the same campus as EDA's university center! PIN was created to provide assistance in identifying other federal programs to assist the islands in their coastal zone resource management. The new program placed five or six PIN representatives in the FAS, the Territories and the CNMI. To my knowledge, OTIA did not require any contributions, matching or otherwise, by the recipient state or government entity for PIN's services. As PIN expanded upon its original mission to include consulting, it was provided federal funds for *free consulting services* that the islands could at least have helped pay for, and that the EDA's university center could have provided through University of Hawaii faculty and students at least as cost effectively as the PIN.

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A portion of the cost of PIN could have been paid for by the island governments if the federal government had required it and if the islands really wanted it, but OTIA and the Department of Commerce didn't require it. Again, an overlapping program was created by federal bureaucrats and confusing signals were sent to the islanders. Islanders had to contribute cash, and still do, for the EDA's university center, but not for the PIN.

3. I strongly encourage a closer look at the "Close Up" program supported by Senator Bennett Johnson and funded by OTIA (approximately \$1.2 million, I understand.) "Close Up" pays to send high school and some grammar school students from the islands to Washington as interns to observe our government in operation. Nice trip, but as a priority in light of the coming end to Compact funding and the slow progress toward self-sufficiency -- it seems like a poor use of limited funds. It might be helpful to know who the kids are that come to Washington. From families who could pay for the costs? Some, I know could pay the costs and were willing to do so.

Programs such as these no doubt are begun with the best of intentions. Unfortunately, federal sponsors failed to do their home work and determine what other agencies were doing. The result has been confusing signals, frustration and considerable despair.

On the surface, eliminating the OTIA by re-locating its technical assistance and operations and management assistance programs into EDA and transferring other administrative functions related to the former Trust Territories to the Department of State sounds logical. However, I fear tragic consequences may occur with regard to the FAS.

First, I believe the roles of both agencies and the wasteful nature of what they are presently doing need to be addressed. We badly need to do our job better regardless of where responsibility is placed. By the same token, our friends in the islands can do better also; but in all honesty, we have not set the best of examples.

Second, the Committee must recognize that EDA does not possess the expertise on the island nations as does OTIA.

Third, I fear transferring the technical, operations and management assistance functions of OTIA to EDA will result in the United States essentially forgetting the Freely Associated States as well as our strategic, moral and legal obligations. Although the EDA Seattle Regional Office has sincerely addressed the needs of the islands, the personal level of interest and commitment for the islands has apparently not been high on the agenda of my replacements as Assistant Secretary. This was the case in Bush Administration, and for certain, has been demonstrated to be the case with the Clinton Administration. I strongly suspect EDA will become a political tool in election years 1994 and 1996. Attention will be given to California and other large voter states. The islands may well be forgotten for they are not a voting factor. That, sadly, is political reality and it will be a shame!

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However, common sense says we ought to be able to reduce the bureaucracy through merger, save millions of dollars, and do better work at getting the job done. There are truly good people in both OTIA and EDA. If left to do what they are professionally capable of and motivated to do, we could solve numerous problems. Politics, turf battles and special interest need to stay out of the mix.

If merger is decided upon, I strongly suggest consideration of the following:

1. Transfer of the essential employees in OTIA along with the assistance funding. These should be the very best OTIA has to offer, not those who long ago retired but stayed on the job to play political games with new assistant secretaries and program dollars.
2. Program funding should be transferred to EDA as a separate appropriation line item that will not be absorbed by other programs within EDA or by the many special interests preying on EDA. The program funds, in an appropriate amount, should be set aside for use only by the islands. Those funds would be managed by the experts from OTIA operating from a special new office within EDA, perhaps appropriately called "OTIA," under the supervision of the Assistant Secretary of Commerce for Economic Development.
3. Require FAS contributions (cash) and direct participation in the operations of the federal programs to empower local institutions and leaders.
4. Future federal assistance must be focused on private sector development and on reducing the size of government and the obvious dependence upon government jobs. Absolutely establish some means to measure program effectiveness based upon mutually established goals and an implementation plan.
5. History seems to tell us that the United States does a poor job of nation building and a good job of creating a "welfare" kind of dependence. Maybe the further economic development of the FAS should be approached differently. Maybe we should support the State Department initiative of exploring opportunities of sharing economic development responsibilities with institutions such as the Asian Development Bank, the UN Development Program and the International Monetary Fund.
6. In the mean time, strongly consider establishing a position of FAS Economic Development Czar within the EDA reporting to the Assistant Secretary to coordinate the federal assistance programs for the FAS, eliminate duplicity, confusion, contradictions and waste.

The use of these funds, and whatever EDA provides from its domestic program funds such as public works and technical assistance, should be directed in a concentrated effort toward establishing conditions to attract and develop a private sector economy.

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Obviously, there are many details to such a scheme requiring greater thought than discussions here permit. In addition to this kind of merger, there must be a serious, objective and responsible evaluation of all federal programs active in the American Affiliated Pacific Islands, including the Freely Associated States. On a per capita basis, we are spending an enormous amount of resources and essentially not getting very far down the road toward honest implementation of our obligations. Surely we can do better!

Testimony regarding H.R. 3797

HONORABLE JUAN N. BABAUTA
Resident Representative to the United States,
Commonwealth of the Northern Mariana Islands

Committee on Natural Resources
Subcommittee on Insular and International Affairs

July 14, 1994

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify before you today.

H.R. 3797 is a bill that looks at the changing relationships between the federal government and the insular areas and asks whether existing bureaucracies should be modified as a result of those changes.

Even as I have been preparing to address that question this morning, however, the federal executive branch has been making modifications in the way it will handle insular area matters.

As a result of your efforts, Mr. Chairman, the White House Office of Intergovernmental Affairs has designated an official to ensure that insular area needs are seriously considered when federal policy is developed and implemented.

Mr. Chairman, you should be commended for achieving this recognition for insular area concerns.

The official will also be, I understand, the insular areas' recourse when we reach an impasse with any of the executive branch departments or agencies.

I certainly plan to seek the official's assistance at resolving the CNMI's impasse with OTIA over the agency's refusal to report to Congress on the negative fiscal impact of immigrants from the Compact states — a report required by U.S. Public Law 99-239 and a matter of serious concern to the Commonwealth.

I also hope this official will be able to deal with the issue of the compact impact that has not been paid the CNMI for the period 1986 to the present.

But no matter how successful this new executive branch structure, from the CNMI point of view the best way to enhance our relations with the federal government would be for Congress to acknowledge the right of US citizens living in the Northern Marianas to have the same representation in Congress that US citizens and nationals in the other insular areas have.

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The White House decision to respond to you, Mr. Chairman, is an object lesson in the power of congressional representation — a power only the people of the Northern Marianas are denied.

I asked to testify here today because I represent US citizens whose lives are affected by the actions of the federal government. My constituents have a right and a responsibility to comment on the workings of their government, especially when a contemplated action directly affects us, as H.R. 3797 would.

The CNMI has no disagreement with the basic intent of Mr. Gallegly's bill — to recognize the changed relations between the federal government and the insular areas by modifying the federal bureaucracy.

With regards to the three specific proposals in the bill I do have the following questions and comments:

First, the bill proposes transferring the responsibilities for Palau, the Marshall Islands, and the FSM to the State Department. This proposal does not affect the CNMI. Therefore, if the four parties involved have no objection, I have no problem with the proposal.

Second, the bill proposes transferring OTIA responsibilities for technical assistance and operations and maintenance to the Economic Development Administration. As long as funds now administered by OTIA continue to flow without impediment to the CNMI, we have no objection the transfer of responsibility. I would like to hear from EDA and learn if that agency can perform the administrative function H.R. 3797 assigns it. We must also remember that there are funds OTIA administers which are not mentioned by H.R. 3797 — Covenant funds, construction grants, hazard mitigation, substance abuse prevention, brown tree snake interdiction money — which are neither technical assistance grants nor operations and management monies. If H.R. 3793 is enacted, who will administer these funds? That question certainly has to be answered.

Finally, the bill proposes terminating the position of OTIA Assistant Secretary. Let me preface my remarks on this issue by saying again that I can only speak to the effect this would have on the CNMI; other insular areas may have valid reasons for keeping OTIA. Let me say also that there is no question OTIA has been very helpful in many ways in the past.

But the Assistant Secretary herself has already stated her agreement that OTIA should end. She has said that as the insular areas become self-governing, the need for OTIA ends. I accept this reasoning. I note that the CNMI achieved self-governance in 1978, when our Constitution came into effect. Following the Assistant Secretary's argument there should then be no need for OTIA responsibility with respect to the CNMI.

She has also put forward the notion that when the insular areas have ample political empowerment in Washington, OTIA will no longer be needed.

Mr. Chairman, for the CNMI political empowerment at this time means obtaining a seat in the House of Representatives. With respect to the Assistant Secretary's argument, I would simply say that the lack of CNMI

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Juan N. Babauta
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representation in Congress should not be a reason for keeping OTIA. It should be a reason for Congress to take action and give us a seat here.

Earlier I said my constituents have a right to comment on the action of Congress. But they also have a right to do more; they have a right to help make decisions.

For us the real question is not how the federal bureaucracy is structured, but whether we have any real influence in creating that structure. And as long as the people of the Northern Marianas are denied representation in Congress, the answer to that question is: no, we do not have real influence.

If there has ever been any reluctance on the part of Congress to provide the people of the Northern Marianas with a voice here because we may not want representation, that idea needs to be put aside. It is clear that the people of the Northern Marianas do want a voice here. This May, I presented the Committee with a resolution of the Ninth Commonwealth Legislature petitioning for representation in Congress. On June 13, Chairman de Lugo entered into the Congressional Record the statement of Lt. Governor Jesus Borja speaking on behalf of Governor Froilan Tenorio's Administration in support of representation for the CNMI. Recently, former Governor Pete P. Tenorio has written Chairman Miller asking for a Northern Marianas representative. And I have further evidence of the breadth and depth of support, a resolution by the Tinian Municipal Council and a letter from the Mayor of the Northern Islands, which I submit to you today.

Mr. Chairman, it seems the time has finally arrived to confront the difficult question of political empowerment for the insular areas. Last month, you held a hearing on H.R. 4442, a bill that would provide self-determination. Today, we look at terminating an agency that by its existence manifests the notion that the insular areas are a lesser part of the United States. We have to change that view.

The most important act Congress can make to change that view is to give the people of the Northern Marianas a voice in Congress.

Thank you.



Commonwealth of the Northern Mariana Islands
Office of the Resident Representative to the United States

2121 R Street, NW, Washington, D.C. 20008 • Phone: (202) 673-5869 • FAX: (202) 673-5873

Juan N. Babauta
 Resident Representative

July 19, 1994

Hon. Ron de Lugo
 Chairman
 Insular and International Affairs Subcommittee
 1626 Longworth House Office Building
 Washington, DC 20515

Dear Chairman de Lugo:

As I testified at last Thursday's hearing on H.R. 3797, more, formal expressions of support for a Delegate in Congress continue to come from the political leadership in the CNMI.


Enclosed are two such documents.

One is Fifth Tinian Municipal Council Resolution No. 5-02, endorsing the movement to have the United States Congress confer non-voting status on the Resident Representative to the United States.

The second is a letter from the Hon. Joseph T. Ogomoro, Mayor of the Northern Islands, to Chairman George Miller in which the Mayor expresses his desire that Congress provide for a CNMI Delegate.

There are still political hurdles here in Washington before the US citizens living in the Northern Marianas gain the same level of representation enjoyed by all other US citizens living in non-state areas of our nation. On the fundamental question of whether the US citizens of the Northern Marianas want representation in Congress, however, I believe the answer is yes. The balance of evidence supporting this conclusion continues to grow, as evidenced by the documents I am transmitting to you today.

With warm regards,


 JUAN N. BABAUTA
 Resident Representative

Enclosures, as noted



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
FIFTH TINIAN MUNICIPAL COUNCIL

Municipality of Tinian and Aguiguan
San Jose Village
Tinian, MP 96952



Tel.: 433-3470
Fax: 433-2002

COUNCIL MEMBERS:

EDWARD A. VILLAGOMEZ
Chairman

ERMELINDA B. KING
Vice Chairwoman

JOSE P. SAN NICOLAS
Member

RESOLUTION NO. 5-82

RESOLUTION

Endorsing the movement to have United States Congress
confer non-voting status on the Resident Representative
to the United States.

OFFERED BY : Councilman Edward A. Villagomez
Councilwoman Ermelinda B. King
Councilman Jose P. San Nicolas

Municipal Council Action:

PASSED : June 10, 1994

Carmen L. Dela Cruz
Carmen L. Dela Cruz
Municipal Council Clerk



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
FIFTH TINIAN MUNICIPAL COUNCIL

Municipality of Tinian and Aguiguan
San Jose Village
Tinian, MP 96952



Tel.: 433-3470
Fax: 433-2002

COUNCIL MEMBERS:

EDWARD A. VILLAGOMEZ
Chairman

ERMELINDA B. KING
Vice Chairwoman

JOSE P. SAN NICOLAS
Member

RESOLUTION 5-02

RESOLUTION

Endorsing the movement to have the United States Congress confer non-voting status on the Resident Representative to the United States.

WHEREAS, Section 901 of the Covenant provides the Commonwealth of the Northern Mariana Islands for the appointment or election of a resident representative to the United States; and

WHEREAS, the Commonwealth Constitution provides for the election of such representative, and is entitled to receive official recognition by the United States Governmental department and agencies; pursuant to Section 901 of the Covenant; and

WHEREAS, such recognition, in itself, has proven to leave much to be desired in the way of providing effective representation to the Commonwealth; and

WHEREAS, that a non voting delegate status, such as Guam delegates would assure the Commonwealth of substantial input and knowledge with respect to matters directly affecting the Commonwealth; and

WHEREAS, the Commonwealth has grown to the point where it needs a constant and informative voice and presence in the United States House of Representatives and its various subcommittees; and

WHEREAS, the Resident Representative for the Northern Mariana Islands receive the same Compensation, allowance and benefits as a member of the United States House of Representative and be entitled to at least those same privileges and immunities granted to the non-voting Delegates from the Territory of Guam; and

BE IT RESOLVED, that the Fifth Tinian Municipal Council respectfully urge the United States Congress and the people of the Commonwealth to endorse and approve non voting status on the Resident Representative to the United States; and

BE IT FURTHER RESOLVED, that the Chairman shall certify and all of the members shall attest to the adoption of this resolution and thereafter transmit certified copies to; the President of the United States of America; the Governor of the Commonwealth of the Northern Marianas; the Speaker of the House of Representatives;

RESOLUTION NO. 5-02

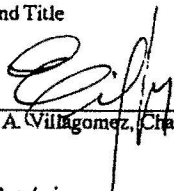
The Vice President of the United States of America and President of the Senate; the Secretary of the United States Department of the Interior; the members of the United States Congress; the Assistant Secretary to the Office of Territorial and International Affairs, U.S. Department of the interior

the CNMI-Washington Representative, the Senate President, the House Speaker, the Mayors of Tinian, Rota, Saipan and Northern Islands, the Chairmen of the Tinian, Rota, Saipan and Northern Island Legislative Delegation, the and the Chairmen of the Municipal Councils on Rota and Saipan,

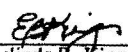
Duly adopted this 10th day of June, 1994.

Name and Title

Vote on the above Resolution


Edward A. Villagomez, Chairman

yes


Ermelinda B. King, Vice-Chairman

yes


Jose P. San Nicolas, Member

yes



Office of the Mayor
Northern Islands
 Commonwealth of the Northern Mariana Islands
 P.O. Box 2859, Saipan, MP 96950
 Telephone: 234-7362

JOSEPH T. OGUMORO
 Mayor of Northern Islands

June 23, 1994

The Honorable George Miller
 Chairman
 Committee on Natural Resources
 U.S. House of Representative
 1324 Longworth House Office Building
 Washington, D.C. 20515

Dear Congressman Miller:

I am writing to solicit your help in attaining a new level of political empowerment for the people of the Commonwealth of the Northern Mariana Islands.

I share with our people a most sincere desire that the US Congress confer non-voting delegate status to our Resident Representative. This could only enhance relationships on both sides.

Thank you for your time.

Respectfully yours,


 Joseph T. Ogumoro
 Mayor, Northern Islands

xc: Resident Representative ✓

Legislature of the Virgin Islands

CAPITOL BUILDING, CHARLOTTE AMALIE
ST. THOMAS, U.S. VIRGIN ISLANDS 00804

George Goodwin
SENATOR

CHAIRMAN:
Planning and Environmental
Protection Committee

CO-CHAIRMAN:
Economic Development,
Agriculture and Consumer
Protection Committee

Secretary, Inter-Governmental
and Territorial Affairs

P.O. BOX 1680
(809) 774-0680
(809) 774-6210
FAX (809) 774-7140

MEMBER:
Finance Committee
Government Operations
Committee
Housing, Parks and
Recreation Committee

June 27, 1994

The Honorable Ron DeLugo
VI Representative
2427 Rayburn House Off. Bldg.
Washington, D.C. 20515-5501

Dear Delegate DeLugo:

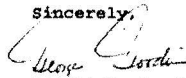
This letter is to express my strongest objection to Congressman Elton Gallegly's measure, H.R. 3797; "to transfer certain administrative functions of the Department of the Interior relating to the United States Territories to the Department of Commerce".

It appears that in his anxiety to kill the OTIA, Congressman Gallegly is willing to throw out the proverbial baby with the bathwater. Moreover, the result of placing OTIA under the Department of Commerce would effectively halt the many initiatives now been taken by that agency to remedy some of the neglect of the past.

Quite frankly, I do not believe that placing OTIA within a large bureaucratic entity would ensure to the benefit of the people of the United States Virgin Islands. Moreover, Congressman Gallegly's image of OTIA appears to be based on the functions which were performed by this agency many years ago. It does not take into account the current activities of OTIA under the present Administration.

I ask for your support in voting against H.R. 3797. Thanks in advance for your assistance.

Sincerely,


George E. Goodwin
Senator
20th Legislature

Legislature of the Virgin Islands

CAPITOL BUILDING, CHARLOTTE AMALIE
ST. THOMAS, U.S. VIRGIN ISLANDS 00801

— O —

P.O. BOX 1660
(809) 774-0680
(809) 774-6484

Singley G. Richardson, Sr.
SENATE PRESIDENT

STATEMENT ON TERRITORIAL ADMINISTRATIVE CESSATION ACT H.R. 3797

In *Getting to the 21st Century*, David Korten discusses the importance of involving people in decisions which affect their lives. He describes development in terms of a people-centered model which is geared to dealing with common problems through common struggles. Most notably Korten makes the following five points, which are especially germane to the level and quality of the relationship between the Federal sector and the governments of the U.S. possessions in the Caribbean Basin and the Pacific Rim.

- (1) The legitimate role of governments is to enable the people to set and pursue their own agenda.
- (2) The people must be the real social actors of positive change and sovereignty resides with them.
- (3) The people must control their own resources, have access to relevant information, and have the means to hold the officials of the government accountable.
- (4) Those who would assist the people with their development must recognize that it is they who are participating in support of the people's agenda, not the reverse.
- (5) The value of the outsider's contribution will be measured in terms of the enhanced capacity of the people to determine their own future.

Thus, the need to resolve certain issues of power which in reality are value issues is fundamental to improving Federal/Insular relationships, which presumably is the intent of H.R. 3797, the "Territorial Administrative Cessation Act." However, such resolutions require an appreciation of the peoples of the U.S. Territories and Insular Areas.

With this as a backdrop, the findings set forth in H.R. 3797 can be supported without hesitation. However, certain provisions of this Bill appear to be problematic for the effective administration of the governments of the Insular areas in general and the U.S. Virgin Islands in particular. Of primary concern are the following: (1) The negative impact of the proposed organizational realignment; (2) the interest and capacity of the proposed host agency to address a plethora of social, cultural, political, economic and other needs of the Insular areas; and (3) impediments to local self-government.

Specifically, in the late 1970's the Congress supported the Department of the Interior's determination that the needs of and responsibilities associated with the Insular areas were of such importance that territorial affairs should be directed by an assistant secretary rather than by the traditional office director. Accordingly, a reorganization was effected establishing the position of Assistant Secretary for Territorial and International Affairs at the Interior Department.


-2-

The purpose of this organizational realignment was to ensure that the technical assistance and operations and management assistance needs of the insular areas were presented and addressed at the highest levels of the Interior Department. However, H.R. 3797 proposes to remove these responsibilities from the assistant secretarial level and subordinate them within an office whose major mission and organizational structure are not specific to the needs of insular areas, i.e., the Economic Development Administration at the Commerce Department. The negative impact of such a shift is self evident; especially in terms of status and access to Cabinet and Sub-cabinet officials. It should be noted that in the case of Puerto Rico, such responsibilities are assigned to the Office of the President of the United States; suggesting that placement is, at least in part, a factor in the progressive advancement of our sister, insular area. Thus, irrespective of where insular area responsibilities are placed, retention at the highest levels of the host agency is mandatory.

Moreover, the placement of the technical assistance and operations and management assistance functions at the Commerce Department presumes that the affected insular areas' needs are limited to economic development. While economic development is a major concern, it is not our only need. Certain basic social, cultural and human rights needs, such as, the United Nations' mandate that the citizenry of all U.S. possessions make political status determinations, suggests a much broader view of insular areas than economics alone. Admittedly, the Interior Department does not hold the record for social and human rights reform. However, such goals are more in line with certain Interior Department major mission programs, i.e., the Bureau of Indian Affairs and the Office of Territorial and International Affairs, than with the major mission programs of the Commerce Department. Further, in recent times principals within the Office of the Assistant Secretary for Territorial and International Affairs have begun to demonstrate a heightened level of awareness and respect for the social and cultural norms of the Insular areas.

Additionally, it is highly likely that the period of disequilibrium and readjustment associated with the transfer of responsibilities from one cabinet agency to another would impede progress and cause serious setbacks in the gains which have occurred since 1976. For example, the timing of such a transfer would coincide with the launching of the next Presidential campaign during which economics at the national level most likely will be a major issue. This would seriously diminish the interest and resources available to address the economic and other needs of the Insular areas. Finally, this situation would be exacerbated by the probability that field offices established by the Interior Department would be eliminated and the likelihood that the House Subcommittee on Insular and International Affairs will be abolished with the retirement of its Chairman upon adjournment of the 103rd Congress.

In closing, it is important to note that the record is replete with accounts of the peoples of the territories and possessions who have demonstrated an indomitable American spirit. They have accepted military occupation, they have given up their lands to advance the American agenda and they have sacrificed their lives in disproportionate numbers to further the cause of freedom espoused under the American flag. They have earned the right to be called Americans and the right to participate fully and fairly in the "American Dream". I trust the safeguarding of these rights is the overriding concern of the U.S. House of Representatives in considering H.R. 3797 and that enactment of the "Territorial Administrative Cession Act," will be opposed by a majority unless and until the previously cited concerns and deficiencies are fully addressed.


Bingley G. Richardson, Sr.
President of the 20th Legislature
July 7, 1994



OFFICE OF THE GOVERNOR
American Samoa Government
Pago Pago, American Samoa 96799

A. P. Lutali, Governor
Tausese P. Sunia, Lt. Governor

June 7, 1994

Telephone (684) 633-411
Fax: (684) 633-226

SERIAL: 651

Honorable Ron de Lugo
Chairman
Subcommittee on Insular and International Affairs
Committee on Natural Resources
U.S. House of Representatives
1625 Longworth House Office Building
Washington, D.C. 20515-6201

Dear Chairman de Lugo:

Thank you for the opportunity to express my views on H.R. 3797, the legislation proposed by Congressman Gallegly to transfer the administrative functions of the Department of Interior's Office of Territorial and International Affairs (OTIA). Under the proposed legislation, those functions of OTIA which pertain to American Samoa would be transferred to the Economic Development Administration of the U.S. Department of Commerce.

As I have stated in the past, we regard the assignment of federal administrative responsibility for the insular areas as a matter for the Federal Government to determine. We are prepared to accept any reasonable administrative structure which the President and the Congress consider appropriate, so long as the structure does not conflict with local self-government under the Revised Constitution of American Samoa and does not interfere with our ability to deal with the various federal agencies with whom we have direct relationships.

We value the steadfast support we have enjoyed from you and from other Congressional leaders. As your subcommittee considers proposals to modify the federal administrative responsibilities for the insular areas, we are confident that you will be mindful of our special circumstances and special needs. Whatever administrative structure is employed, we believe it should be accompanied by strong congressional direction and oversight.

With regard to OTIA, I am pleased to report that our relationship with that office is currently both positive and constructive.

Honorable Ron de Lugo
June 7, 1994
page two

OTIA has recently assisted us in strengthening our internal audit function by funding the employment of a qualified and experienced Territorial Auditor. OTIA has also arranged for us to receive law enforcement advice and assistance from the U.S. Department of Justice and the Federal Bureau of Investigation. In addition, we are working with OTIA to improve the management and delivery of services at the LBJ Tropical Medical Center.

A common characteristic of all these efforts and, indeed, the salient feature of our current relationship with OTIA is a new emphasis on partnership with the Federal Government. In this context, the real issue for us is not where administration of the insular areas is situated, but rather how, and in what spirit, administration of the insular areas is conducted.

With respect to the proposal contained in H.R. 3797, it is difficult to see how a mere transfer of OTIA functions to a different federal department would achieve the stated purpose of enhancing federal-territorial relations. If the OTIA function is to be reorganized, we would hope that that reorganization would be based on a careful examination of current and future needs and on an evaluation of both the weaknesses and the strengths of the existing structure. We believe that the mandate and the mission of OTIA should be considered in addition to considering its organizational location.

Finally, I would like to restate my hope that the issue of federal administrative responsibility for the insular areas can be resolved soon. We are eager to work with the Administration and the Congress on the unfinished business of improving health care and education, modernizing infrastructure and building a better economic future for our people.

I hope that the foregoing will be helpful in your deliberations. Thank you again for the opportunity to comment.

Sincerely,


A.P. LUTALI
Governor

cc: Congressman Eni F.H. Faleomavaega
Bruce Babbitt, Secretary of the Department of Interior
Leslie M. Turner, Assistant Secretary, OTIA



**VIRGIN ISLANDS
WATER
AND POWER
AUTHORITY**

P. O. BOX 1450, ST. THOMAS
VIRGIN ISLANDS, U.S.A. 00804
TELEPHONE: (809) 774-3852
FAX: (809) 778-2723

June 24, 1994

Honorable George Miller
Chairman
Committee on Interior and Insular Affairs
U.S. House of Representatives
2205 Rayburn HOB
Washington, DC 20515-0507

Dear Mr. Chairman:

Recently, through the local media, I was surprised to learn that a member of the subcommittee for insular and international affairs, Representative Elton Gallegly, R-California, proposes to abolish Interior's Office of Territorial and International Affairs (OTIA). As a Virgin Islander, I am dismayed that such rash and ill-conceived action would be contemplated without the popular support of the people this would affect the most--the U.S. citizens residing in the territories.

Over the past several years, as the Assistant Executive Director/Director of Planning, Environmental Affairs and Engineering for the Virgin Islands Water and Power Authority, it has been my privilege to work closely with OTIA and their on-site representative, Mr. Robert Bunn. OTIA effectively endorsed the acquisition, through Congress, of much needed capital funding for our new water distribution systems and then followed through with consistent interest, flexibility and support during the implementation of these projects. When our utility needed an automated geographic information system to help us better provide water and electricity to our people, OTIA provided funding and expertise. Therefore, I cannot believe that Mr. Gallegly would try to destroy the only federal office whose interest is the U.S. territories.

83-376 334

Honorable George Miller
June 24, 2994
Page 2

Your leadership is needed to defeat HR 3797. Please consider the needs of territorial residents when finalizing your position.

Sincerely,



Donald C. Francois

Asst. Executive Director - STT

pc: Alberto Bruno-Vega
Del. Ron DeLugo
Rep. Carlos Romero-Barcelo
Del. Eni F. H. Faleomavaega
Del. Robert A. Underwood
Rep. George Miller
Rep. Austin J. Murphy
Rep. Elton Gallegly
Rep. Barbara Vucanovich
Rep. Don Young



Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

SUN 22 1994

Governor John Waihee
Hawaii
President

Governor A.P. Lutali
American Samoa
Vice President

Governor Joseph F. Ada
Guam
Secretary

Governor Froilan C. Tenorio
Commonwealth of the
Northern Mariana Islands
Treasurer

June 16, 1994

The Honorable Ron De Lugo
Chairman
Subcommittee on Insular and International Affairs
U.S. House of Representatives
1626 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman De Lugo:

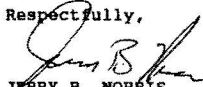
I am in receipt of yours of June 14th noting that Congressman Elton Gallegly has asked that I be invited to testify at the July 14th hearing on H.R. 3797. Your staff has provided me with a copy of the bill as drafted.

While I appreciate your kind invitation, the Board of Director's policy is that unless a formal position has been taken by the Board, staff cannot testify nor provide information before the Congress or the Administration.

The issue addressed in Congressman Gallegly's bill has not been discussed by the Governors collectively and our next Board meeting will not be until July 29 - August 2, some two weeks following the hearing.

Therefore I must respectfully decline your kind invitation but would like to receive a copy of the testimony provided by others.

Respectfully,


JERRY B. NORRIS
Executive Director

JBN/pn

B1:DELUGO

cc: The Honorable John Waihee
The Honorable A.P. Lutali
The Honorable Froilan C. Tenorio
The Honorable Joseph F. Ada
The Honorable Elton Gallegly, U.S. Congress

Jerry B. Norris
Executive Director



ST. CROIX CHAMBER OF COMMERCE

(809) 773-1435

P.O. Box 4369, Kingshill, U.S. Virgin Islands 00851

June 14, 1994

The Honorable George Miller
Chairman, Committee on Interior
and Insular Affairs
House of Representatives
RHOB
Washington, D. C. 20515-0507

Dear Sir:

Reference: Office of Territorial and International Affairs
U. S. Department of the Interior

We are well aware of the work accomplished by OTIA and their impact on the U. S. Virgin Islands since the disaster of Hurricane Hugo. OTIA's assistance in connection with the reconstruction of our infrastructure, the development of Salt River Bay National Historical Park and Ecological Preserve, and the on-going work of the Salt River Bay.....Commission is inestimable.

Without the cooperation and assistance of Assistant Secretary of the Interior Leslie M. Turner and Mr. Robert Bunn, Field Representative, and their staff in Washington, D. C. and St. Thomas, these initiatives would not have been possible. The work of OTIA is a pro-active resource necessary to maintain and rebuild St. Croix's economy on its journey to economic success.

Very truly yours

Jerry Koenke
Jerry Koenke
President



ST. THOMAS - ST. JOHN CHAMBER OF COMMERCE, Inc.

July 8, 1994

Honorable George Miller
 Chairman
 Committee on Interior and Insular Affairs
 Works HOB
 Washington, D.C. 20515-0507

Re: H.R. 3797/Abolishment of the Office
 of Territorial and International Affairs

Dear Congressman Miller:

As the U.S. Virgin Islands struggles to combat a burgeoning deficit, an economic slump, an escalating crime wave, and a negative press image, Rep. Elton Gallegly (R-CA) seeks to deal yet another blow to our already weakened position with the introduction of his bill, H.R. 3797. This bill proposes to abolish the Department of Interior's Office of Territorial and International Affairs (OTIA) which serves as the principal link between the territories and the federal government.

Given OTIA's mission to assist the U.S. insular areas in their social, economic and political development, the people of the U.S. Virgin Islands can certainly appreciate and utilize the work of this office as we seek to establish and define our uniqueness and identity as United States citizens. OTIA's role, as an intermediary between the territories and the federal government, is particularly critical since Virgin Islanders, unlike citizens of the mainland, lack the requisite influence or political clout on decisions and actions of the federal government which affect our islands. Virgin Islanders cannot vote for the President of the United States, are not represented by two United States senators, and do not have a voting member in the House of Representatives. Therefore, the Virgin Islands must rely on OTIA to express and assist us with our needs and concerns.

Obviously, Rep. Gallegly has failed to understand and appreciate the vital work performed by OTIA. In its continuous efforts to upgrade the quality of life for American citizens in

the territories, OTIA has provided the Virgin Islands with assistance for projects which directly affect our economy. A few projects in which OTIA has been very instrumental include:

- 1) Hospitality training for over 350 employees in the tourism-oriented service sector;
- 2) Teacher training under the auspices of the University of the Virgin Islands;
- 3) Marine vocational education training in the public schools;
- 4) Industrial development programs;
- 5) A development plan for the town of Christiansted, St. Croix;
- 6) The dedication of Salt River National Park, with the attendant worldwide recognition of the park as an historic/ecotourism site; and
- 7) A tri-island wide clean up.

Other initiatives credited to OTIA with an indirect impact include:

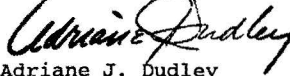
- 1) The Junior Statesman Scholarship program, which provides annual scholarships for young Virgin Islanders to participate in the Junior Statesman Summer School program;
- 2) Police training and accreditation;
- 3) Justice jurisdiction and transfer assistance; and
- 4) Computerization of the Bureau of Internal Revenue, which has resulted in increased revenue collections.

In addition to the direct or indirect assistance provided for the projects listed above, OTIA currently administers capital projects, including hospital construction and water distribution programs totaling over \$56 million in the Virgin Islands alone. Similar programs are helping achieve progress in our sister territories of American Samoa, Guam and the Northern Mariana Islands.

Clearly, OTIA provides a vital service to the territories; and the abolition of this very important office would only slow the economic progress and development of our islands. Significantly, since all monies expended on the above-referenced projects are federal funds, there is no cost to our local government. As a result, OTIA not only provides much needed aid in many areas, but it also simultaneously alleviates the financial pressure on the local treasury which is already fiscally overburdened with the costs of meeting the ever-increasing economic and societal needs of the territory.

Without question, OTIA is a boon to the people of the Virgin Islands, as well as those inhabitants in the other insular areas. No other federal agency has the direct responsibility for monitoring the "big picture" in the U.S. offshore areas and the ability or mission to provide direct assistance to U.S. citizens residing there. Given this circumstance, we urge you to lend your support to the people of the Virgin Islands and other U.S. territories, by voting to reject H. R. 3797.

Very truly yours,



Adriane J. Dudley
President
St. Thomas & St. John
Chamber of Commerce