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93-13 FUTURE FISCAL YEAR BUDGET AUTHORIZATIONS FOR THE TRUST TERRITORY

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KANSAS STATE UNIVERSITY

HEARING

BEFORE THE

SUBCOMMITTEE ON
TERRITORIAL AND INSULAR AFFAIRS

OF THE

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 6129, H.R. 6378 and H.R. 6680

TO AMEND SECTION 2 OF THE ACT OF JUNE 30, 1954,
PROVIDING FOR THE CONTINUANCE OF CIVIL GOVERN-
MENT FOR THE TRUST TERRITORY OF THE PACIFIC
ISLANDS

HEARING HELD IN WASHINGTON, D.C.

APRIL 12, 1973

Serial No. 93-13

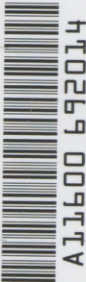
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PUBLIC HEARING ON H.R. 6129 AND H.R. 6378 TO AMEND SECTION 2 OF THE ACT OF JUNE 30, 1954

THURSDAY, APRIL 12, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TERRITORIAL AND INSULAR AFFAIRS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 p.m., in room 1302, Longworth House Office Building, the Honorable Phillip Burton (chairman of the subcommittee) presiding.

Mr. BURTON. We will call the subcommittee to order. I would like to personally welcome our friends and colleagues from Micronesia. As I hope you know, this particular subcommittee considers itself, right or wrongly, as a friendly group. We will do our best to be of help to the Micronesian people in these rather interesting days.

I am going to first call Mr. Carpenter to testify with respect to H.R. 6129.

Mr. Carpenter, do you want to come up? It is good to have you with us again today.

Mr. BURTON. At this point I would like to have the bills H.R. 6129 and H.R. 6378 placed in the record.

[H.R. 6129 and H.R. 6378 follow:]

[H.R. 6129, 93d Cong., 1st sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "for each of the fiscal years 1971, 1972, and 1973, \$60,000,000", and inserting in lieu thereof the following: "such sums as may be necessary".

[H.R. 6378, 93d Cong., 1st sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "for each of the fiscal years 1971, 1972, and 1973, \$60,000,000", and inserting in lieu thereof the following: "such sums as may be necessary".

Mr. BURTON. Before you start your testimony, would you like to do the honors and introduce our friends?

Mr. CARPENTER. Yes; I'd like to do that.

May I first introduce the High Commissioner, Mr. Johnston; and then we have three congressmen from the Congress of Micronesia, Congressman Ray Setik, who is chairman of the Joint Committee on Program and Budget Planning; Senator Pangelinan, member of the Joint Committee on Program and Budget Planning; and Congressman Endy Dois.

We also have Mr. Frank Ada, who is the District Administrator of the Marianas Islands.

STATEMENT OF HON. STANLEY S. CARPENTER, DEPUTY ASSISTANT SECRETARY FOR TERRITORIAL AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. CARPENTER. Mr. Chairman, it's a pleasure to appear before the subcommittee this morning, and I appreciate the opportunity in support of identical bills, H.R. 6129 and H.R. 6378, and recommend enactment of this legislation by the Congress.

Public Law 91-578 currently authorizes the appropriation of \$60 million for fiscal years 1971, '72, and '73, but it makes no provision for funds for the civil government of the trust territory beyond fiscal year 1973. The proposed bills would authorize the appropriation of such sums as may be necessary for the civil government of the trust territory.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Under this agreement, the United States is charged with the promotion of political, social, educational and economic development.

The trust territory was originally under the administration of the Secretary of the Navy, but in 1951, the administrative responsibility was transferred to the Secretary of the Interior.

By secretarial order, there has been established a territorial government which generally follows the American separation-of-powers model: Executive authority is vested in a High Commissioner appointed by the President and confirmed by the Senate; the bicameral Congress of Micronesia is elected by the citizens of the trust territory and is vested with comprehensive legislative authority; and the judicial authority rests in the High Court whose three justices are appointed by the Secretary of the Interior.

Substantial strides have been made in the development of political institutions of which the establishment in 1964 of the territorial legislative body, the Congress of Micronesia, has been the most notable step.

Educational progress also has been substantial, and universal education through the 12th grade has been established as an attainable goal. Utilization of the area's limited natural resources has lagged until recently although tourism and the utilization of the resources of the surrounding seas present immediate opportunities for gainful employment and income.

The trust territory government has made substantial progress in recent years in developing and implementing a coordinated program, which is normally projected 5 years in advance. The complexity of the current political situation with respect to Micronesia, however,

makes it difficult to predict with certainty the needs for that long a period into the future. We are recommending, therefore, an appropriation authorization not restricted as to either an annual amount or for a single year.

While the 1974 budget includes an appropriation of \$56 million for the trust territory, we do not foresee this amount as necessarily an indication of appropriation levels for future years, since the outcome of the present negotiations on the future political status of the area is so uncertain.

Even with the status negotiations continuing, however, it seems clear that appropriations for the civil government of the trust territory are likely to continue for some period beyond fiscal 1974. Accordingly, we believe it is desirable not to limit the amount or period of years for which appropriations are authorized for maintaining the civil government.

The U.S. Government has for over 3 years been negotiating with a delegation of the Congress of Micronesia towards a mutually beneficial form of association. We have come a long way in developing with that Congress the basis of a compact of free association under which Micronesia would be internally self-governing and the United States would be responsible for the foreign affairs and defense of Micronesia. Other areas of the relationship have yet to be resolved, but future negotiations are expected to outline in greater detail the framework of the obligations and commitments between the United States and Micronesia.

It should be noted also that separate negotiations have been initiated with, and at the request of, the people of the Mariana Islands District, looking toward their desired goal of a close association with the United States, separate from the rest of Micronesia. Moreover, it is possible that an agreement on an association of the Mariana Islands with the United States may develop rather quickly.

The High Commissioner will speak in greater detail to notable aspects of the trust territory program for FY 1974 and subsequent years. Basically, the fiscal year 1974 program reflects a policy of holding increasing costs of operations to a minimum in order that maximum amounts may be made available for needed capital improvements.

Additional staffing will also be held to a minimum but consistent with the need to insure the operation of new facilities. The replacement of United States personnel by qualified Micronesians characterizes many programs during this program, and emphasis will continue to be directed toward the development of a physical infrastructure.

Mr. Chairman, I will be pleased to answer any questions which members of the committee may have.

Mr. BURTON. Thank you, Mr. Carpenter.

It occurs to me it may be useful to have the High Commissioner join you at the table.

So, Mr. Johnston, could you please come forward also?

We would like to welcome the High Commissioner. Do you have a statement for us, Mr. Johnston? If so, would you please give it to us?

Mr. JOHNSTON. Thank you, Mr. Chairman.

If I may, Mr. Chairman, in the interest of time, a few of the section—

Mr. BURTON. You may read it in full.

Mr. JOHNSTON. All right, sir.

STATEMENT OF HON. EDWARD E. JOHNSTON, HIGH COMMISSIONER OF THE TRUST TERRITORY, ACCOMPANIED BY MR. WILLIAM OYLER, PROGRAM AND BUDGET OFFICER FOR THE TRUST TERRITORY

Mr. JOHNSTON. We are pleased to appear today in support of H.R. 6129 and H.R. 6378, identical bills providing for continuance of civil government for the Trust Territory of the Pacific Islands and authorizing appropriation of such sums as may be necessary for that purpose. Our current authorization of \$60 million, which has been in effect since fiscal year 1971, expires June 30, 1973.

The Trust Territory of the Pacific Islands includes the Northern Mariana Islands, the Eastern, and Western Carolina Islands, and the Marshall Islands. There is a total of 2,141 islands. Although they are scattered over 3 million square miles in the Western Pacific Ocean, they have but 700 square miles of land. An estimated population of 107,000 inhabits 97 of the islands. The territory is divided for administrative purposes in six districts, each of which exhibits notable cultural and linguistic differences.

The responsibilities and mission of the United States in Micronesia are set forth in the July 18, 1947, Trusteeship Agreement between the United States and the United Nations Security Council. The obligations assumed under that agreement require the United States to promote the economic, social, political, health, and educational development of Micronesia toward self-government.

Executive Order 11021 of May 8, 1962, vested executive, legislative, and judicial authority for the administration of civil government in the Secretary of the Interior. Secretarial Order No. 2918 of December 27, 1968, as amended, delimits the extent and nature of the authority of the government of the trust territory and prescribes the manner in which the relationships of that government shall be established and maintained with the Congress of the United States, the Department of the Interior and other Federal agencies, and with foreign governments and international bodies.

Following the U.S. separation-of-powers model, executive authority is vested in a High Commissioner appointed by the President. A bicameral Congress of Micronesia exercises legislative authority. Judicial authority rests in a high court whose three justices are appointed by the Secretary of the Interior. District administrators, appointed by the High Commissioner, are responsible for territorial affairs, including execution of laws passed by the district legislature, in their respective jurisdictions.

The trust territory program derives from the fundamental need of any government to provide programs and services to the people which cannot be effectively or efficiently supplied by the individual or family. The territorial government as a whole renders the full range of services comparable in range, if not in size, to those obtaining at Federal, State, and local levels of the U.S. Government.

The United States is directly responsible within the territory only for national defense, the postal system, and the monetary system. Indirect responsibility is exercised over other functions through

executive and legislative control of U.S. appropriations and grants to finance the major share of trust territory government operations.

Programs include education, health services, resources and development, public works, public affairs, transportation and communications, the attorney general, personnel, finance and several staff functions. Directors of these activities are responsible for establishment and implementation of territory-wide policies and programs. District administrators are responsible for program operations of each activity in their districts. Decentralization of authority and responsibility for program operations is proceeding in the face of immense problems involving communications, distance, and the lack of trained, qualified personnel at the district level.

The United States has only recently begun to finance the level of government services required to help bring Micronesia and the Micronesians into the 20th century. There still exists a tremendous backlog of requirements for even rudimentary public facilities and programs. A start has been made to provide basic infrastructure in the centers of population.

Systems for water supply, sewage disposal, and electric power are still essentially limited to government and the larger commercial establishments, although private consumers are beginning to receive utility services. Adequate docks, harbors, airports, and roads are vital to continuing development of this scattered island society, but present facilities are far from suitable.

A new fleet of trust territory inter-island ships is an absolute necessity in view of the rapid and increasing deterioration of our vessels, most of which were constructed during or shortly following World War II.

The level of health is quite good in the trust territory, but the majority of health care is rendered in poorly constructed, crowded, and inadequately equipped hospitals and outer-island dispensaries.

Universal elementary education is currently provided for the most part by local teachers who possess, on the average, slightly less than a high school education. Lack of classroom and dormitory facilities and instructional staff make it as yet impossible to enroll all eligible elementary graduates in high school.

Negotiations have been underway for over 3 years now to develop a long-term relationship between Micronesia and the United States. Progress has been made but many details remain to be mutually agreed upon. It is anticipated that the relationship will include specific agreement on future financial support by the United States, but the status negotiations have not yet focused on this point in detail. Pending agreement on the future status of Micronesia, we are requesting continuing U.S. support of the trust territory through the regular authorization and appropriation process.

Programs for the trust territory have been developed in anticipation of gradual increases in the level of U.S. appropriations over the next several years. Such increases would allow orderly progress toward meeting our objectives for economic, social, political, educational and health development in the trust territory.

They would also make it possible to keep up with the ever-increasing cost of living and providing Government services. The President's budget for fiscal year 1974 is \$56 million. Future budget requests will be based on annual evaluation of requirements in the budget process.

We sincerely appreciate the opportunity to present our need to you today, Mr. Chairman, and offer at this time to answer any questions which you or the members of the committee may wish to raise.

Thank you.

Mr. BURTON. Thank you, Mr. Johnston.

Why don't we start out with a little elementary school education for us on how your appropriated amounts are available to you?

If, in a given year, you don't spend that money which is appropriated, does it automatically revert to the general fund, or does it automatically become an add-on to the next year's appropriation, or must there be some reprogramming authority exercised by the appropriate appropriations subcommittees?

Mr. JOHNSTON. The moneys which are not expended by the end of a fiscal year do carry over, but are subject to reprogramming in the operational area by the Appropriations Committees of the House and Senate.

Mr. BURTON. What has been the pattern?

Mr. JOHNSTON. The pattern has normally been, Mr. Chairman, that there was some carryover, particularly during the past year, a carryover in the capital improvements are due to two problems. One is the difficulty, sometimes, of certifying land on which public improvements are to be constructed, and the other problem is just the distance of the trust territory, the process of having something engineered, designed, and constructed which doesn't always move quite as rapidly in a remote area as it would in a more affluent and sophisticated part of the United States.

Mr. BURTON. If you had moneys appropriated and you obligate them, do they then show up as having been, in effect, expended?

Mr. JOHNSTON. Once they have been obligated, yes, they follow the normal course of U.S. appropriations and expenditures.

Mr. CLAUSEN. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from California.

Mr. CLAUSEN. Thank you.

What is the amount of unobligated funds that are carried over from preceding years that would be available to the trust territory of the Pacific Islands during fiscal 1974?

Mr. JOHNSTON. At the end of fiscal 1973 we anticipate no carryover in operations, but in the area of capital improvements, we have a \$10 million reserve plus possibly another \$3 million in carryover on capital improvements, a total of possibly \$13 million.

Mr. CLAUSEN. What would be the kinds of capital improvements that you consider to be in the position of priority wherein there would be a commitment or reprogramming of these unobligated funds in the next financial year?

Mr. JOHNSTON. Well, the carryover funds in capital improvements are mostly for our infrastructure, for power, water, sewers, airports, harbors, the basic infrastructure needs of the trust territory.

Mr. CLAUSEN. Those you have alluded to in your testimony?

Mr. JOHNSTON. I beg your pardon?

Mr. CLAUSEN. Those that you alluded to in your testimony.

Mr. JOHNSTON. Yes, sir, that is correct.

Mr. BURTON. If we accept your statement, and that of Mr. Carpenter's, that there is a good deal that remains to be done, I can't under-

stand why you haven't considered that more lead time may be required than is the case here on the mainland.

To me, if there are unmet capital improvement needs and the money has been available I have some difficulty understanding why the needs haven't been met.

Mr. JOHNSTON. Well, Mr. Chairman, in trying to speed up the process a couple of years ago, we turned to the Navy's OICC, officer in charge of construction, and the U.S. Army Corps of Engineers to obligate the funds to them and have them supervise the projects for us.

However, this system has not worked out perfectly, although it has made an improvement over previous practices. We are now strongly considering and will probably go into a turnkey operation where a contract will be awarded to one firm to handle the design, engineering, and construction of the project from start to finish. This will cut down on the lead time that we need, first to award an engineering or design contract, or architectural engineering contract, and later award the construction contract.

The turnkey operation has been highly recommended to us by a construction expert loaned to us by the Department of Interior, and I think this would be the type of operation that we will go into very shortly.

Mr. BURTON. The trust territory also is included in a number of the local or the Federal-State programs. That is in addition, is it not, to this basic authorization because those are separate, distinct authorizations.

Mr. JOHNSTON. That is correct, Mr. Chairman. We do participate in various Federal programs over and above the U.S. grants.

Mr. BURTON. Now, those programs have been cut back throughout the country upon the advent of Federal revenue sharing.

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. I assume there is a proportionate cutback for the trust territory as there has been for the rest of the States.

Mr. JOHNSTON. Well, Mr. Chairman, on the 23d of March Mr. Carpenter and I—

Mr. BURTON. I am sorry I have not asked my question yet.

Mr. JOHNSTON. Oh, excuse me, sir.

Mr. BURTON. So if there is a cutback from previous levels in these other areas, would it not be necessary for you, through this authorization, if you will to pick up the slack, or have available an add-on amount that would leave you at least no worse off than you were before revenue sharing? This question in turn is related to the speculation we dealt with in our first hearing this year, namely that there are some who believe these cutbacks are part of an economic pressure policy with relation to Micronesia, rather than being as it appears to me, given what information I have at my disposal, merely a consequence of the cutbacks generally. This may be misunderstood in Micronesia, which I gather is the case. I want you to testify with reference to this because you have not moved in to pick up the slack where these programs have been cut back.

Now, that's a multifaceted kind of question, but I would be interested in your response and then the response of your colleagues.

Mr. JOHNSTON. Yes, sir.

That is a relatively complicated question, Mr. Chairman, but on the 23d of March Mr. Carpenter and I attended, along with others, in Honolulu, a briefing session by the region 9 Directors from San Francisco of the various Federal agencies involved in these other programs, and it was made clear in that meeting that there apparently is still no really clearcut decision as to what extent the trust territory will participate in the special revenue-sharing programs.

We do not know at this point exactly where we stand and exactly how the cutbacks will affect us.

Mr. BURTON. Well, isn't that, therefore, a vital reason why you need more flexibility in the authorization you are receiving because you are dealing with an unpredictable need?

Mr. JOHNSTON. That is very correct, Mr. Chairman, and to give you one example of a program that is being cut back on the basis of mainland United States facts, the teacher training programs in the Department of Health, Education, and Welfare are being eliminated because it was pointed out that there is an overage of some 75,000 teachers in the United States of America, but we pointed out in the meeting, and as I mentioned in my presentation today, this bears no relationship to the situation in Micronesia where we need trained teachers and where we do not have an overage of trained teachers.

So that's an example of one program that if it is dropped out of a Federal support program, would necessarily have to be picked up under our regular Federal grants because we still very definitely need teacher training programs.

Mr. BURTON. I do not understand why you did not make reference to this in your testimony.

Let me give you my posture on this matter. I think you failed to use at least one of the obvious bases for justifying an open-ended authorization, because you can't predict what your needs are going to be. Because of the unpredictable nature of the next 2 or 3 years, I think we have got to try to get as much flexibility as possible.

On the other hand, if we do give you this flexibility, we give you a pretty long leash and we have no assurance that you will continue to fund in equivalent amounts the special programs that are being cut back as a result of the revenue sharing and the concomitant cutbacks in social programs throughout the United States. Because the trust territory doesn't participate in revenue sharing you are going to find, I think that you will increasingly have to use this authorization to provide the money you will need for the programs which are being cut.

Mr. JOHNSTON. Well, I would think, Mr. Chairman, that the Congress of Micronesia would certainly see to it that these programs were continued. The Congress very definitely enters into the budgeting process. We hold hearings before committees of the Congress of Micronesia just as we do before the Committees of the Congress of the United States, and it might be that Congressman Setik, who is here with us today, and as chairman of the joint program and budget committee of the Congress of Micronesia, might be able to speak even more toward that point, but I feel—

Mr. BURTON. Pardon me, but the point is that if you have in your own budget a set-aside amount for capital improvements, that set-aside cannot be ignored, can it?

Can that which you have slotted for capital improvements be spent for salaries, administrative overhead?

Mr. JOHNSTON. No. We cannot transfer——

Mr. BURTON. All right.

If you can't do that, then you need more money for controllables, if you will. You would have to have more on the side that would permit you to move in and pick up this corresponding slack, because if you have asked for less money this year than last, and you have had some cutback this year already in the social programs, who knows what you will be given next year. No State knows, so certainly the trust territory doesn't.

Shouldn't you have sought more money, even in this fiscal year?

Mr. JOHNSTON. Well, yes, Mr. Chairman. Actually, the amount of money that is requested in the budget request for this year is not slightly more than last year. It is less. The budget last year was \$60 million. The budget request for this year is \$56 million, which includes \$1 million specifically earmarked for the economic development loan fund, and \$55 million, or a drop of \$5 million from last year in the regular grant appropriations.

Mr. BURTON. Well, how does that make any sense at all, if I have not misstated the facts?

Mr. JOHNSTON. Well, Mr. Chairman, this is in line with the general tightening of the budget throughout the United States, and this was the trust territory's share of it.

Mr. BURTON. Well, I understand that, but you are here seeking flexibility which one can assume means you may need a little more than you can predict right now. Also you are telling us that you have two things affecting the trust territory. One, a reduction in the Federal grant-in-aid programs, and then, two, you are seeking something close to a 10-percent reduction in the amount of new money for fiscal year 1974.

So, in two respects, leaving the capital improvement issue aside, you're going to have less money this next fiscal year than you have had in this fiscal year.

Is that not correct?

Mr. JOHNSTON. That is correct, Mr. Chairman.

Mr. BURTON. Well, you've got to come down one way or the other on how we can be of help. If you are seeking less money, and the trust territory in two respects is having a cutback, you are headed in a pretty funny direction if at the same time you are asking us to increase, in effect, your authorization.

Now, we want to be of help. I'm just trying to see the philosophical economic consistency of your position.

Mr. CARPENTER. If I could just interject, Mr. Chairman, I would make one point.

Of course, the fiscal year 1974 budget request for the present \$56 million was developed last fall before there were any indications, I believe, of cutbacks in categorical grant programs and the development of a new special revenue-sharing program.

Mr. BURTON. All right.

Have you made an effort through OMB to get back to your authorized level in light of this new development which took place subsequent to your constructing your budget?

Congresswoman Hansen is under the impression that she is giving you all you are asking for. I don't think she understands that is not all you're going to need this next fiscal year.

Have you informed her that your budget was constructed before these other Federal cutbacks?

Mr. CARPENTER. Our hearings before her are next week, Mr. Chairman.

Mr. BURTON. Are you going to bring this to her attention?

Mr. CARPENTER. We certainly will.

Mr. BURTON. Are you permitted to request that they bring you up to the authorized amount?

Mr. CARPENTER. We, as far as the administration is concerned, are not in a position to ask for more at this point.

Mr. BURTON. Well, have you asked the OMB? The trust territory is in the same position as the Virgin Islands, Guam, Puerto Rico, and American Samoa. They've all been kind of forgotten about, and if you don't catch up with this problem in the next 6 weeks, there's going to be chaos in all of the offshore areas before the end of this coming fiscal year.

Mr. CARPENTER. What we are doing, Mr. Chairman, is to try to make sure that as the new special revenue-sharing bills come forward, provision is made in the bills for the territories, including, of course, the trust territory. The only one of these so far that has yet been presented to Congress is the one on education.

Mr. BURTON. Well, that's not going anywhere. I can assure you of that. It's not going to get out of the Education-Labor Committee. That's an understood, stated fact, and there's little we can do for our own States, perhaps, but there is something we can do, hopefully, for the offshore areas.

Why have you not asked OMB for an additional amount that would bring you up to the authorized ceiling when you know that, with these cutbacks, you are going to be in trouble, because the cutbacks took place, in effect, after you constructed your budget? Your budget was bottomed on the premise that other funds would also be available.

Under these circumstances, I just simply can't believe that you come to this committee and ask for unlimited authorization, although I think a fair case can be made for that. I can't believe in this era of impoundment that at least you can't ask of the Appropriations Committee an extra \$5 million to give you some flexibility where it really counts. At least you would have the money in hand with, perhaps, an understanding that OMB could hold a fail-safe on that amount in the event they ultimately think you should not spend it. If you don't get the money, you can't spend it even if you want to and even if OMB says it would be all right, because the process just takes so much time.

Mr. CARPENTER. Well, your point is well taken, Mr. Chairman.

Mr. BURTON. I will restate this problem in the presence of our former colleague, John Kyl, who understands the process so well. The trust territory's budget was constructed prior to the development and announcement of the policy of special revenue sharing, and, before the cutbacks were announced in a great number of the social programs. The important thing to remember is that the trust territory will not receive any revenue-sharing funds, and they are getting the other end of it, namely, their proportionate reduction in moneys for the social programs. Finally, the budget sought is about \$5 million less than authorized, and that \$5-million reduction was asked for at a time when they didn't know these other cutbacks were taking place.

It's my point that if this committee is to ask for a nonstated ceiling on authorizations, the least that can be done is that the Appropriations Committee be informed of the administration's support of the add-on funds needed to get up to the authorized amount. This action will give you that dollar flexibility you are asking us to authorize. If I don't perceive that you are going to use the flexibility you seek from this committee for the purpose of picking up this unpredictable slack for the trust territory, then I have to keep you on a shorter leash, and that doesn't make sense for us or you.

Mr. CARPENTER. Well, of course, if we are able to secure the necessary flexibility in our authorization, and as the situation on categorical grant programs becomes clear, then we will have a certain amount of built-in flexibility of an extra—

Mr. BURTON. My dear friend, you have one opportunity a year, and you are not now, for the next year, seeking a fully authorized amount.

I can't conceive that OMB is so rigid in its policies that they wouldn't give you a green light in the sense that you could tell them you may need another \$5 million, as long as it is openly understood we are not going to clear the obligation of that \$5 million until we see how all this settles down for the trust territory. Then at least you're in a position to respond reasonably quickly to that situation. You are in no position to respond if you wait until revenue sharing clears up.

Are you permitted to tell us whether this is all you sought, or whether this is all you are permitted to seek by OMB?

Mr. CARPENTER. The administration position, of course, is the two identical bills which are now before you here on the authorization.

Mr. BURTON. I'm talking about the appropriations for next year.

Mr. CARPENTER. As far as the appropriation, yes, that \$56 million was an administration figure, and the cutback from the previous \$60 million was part of the general reduction in funds throughout the—

Mr. BURTON. What kind of a policy is this when we're in the middle of negotiations, and we're cutting back on the trust territory?

That's inconceivable in terms of anyone's interests, just inconceivable.

Mr. Clausen and I may want to talk with you and Mr. Kyl about this. Under these circumstances, I can't understand asking for anything less than you are authorized. You may not spend it. We may be displeased about that or pleased, but you ought to have the funds available to spend if in the judgment of the administration it is still needed.

Do you want to respond to that?

Mr. CARPENTER. May I point out, Mr. Chairman, that the fiscal year 1974 appropriation request for \$56 million is dependent upon the necessary authorization bill. We don't have an authorization bill now beyond 1973, so that the budget request for \$56 million was submitted predicated on obtaining the necessary authorization request for 1974.

Mr. SKUBITZ. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Do I correctly understand that if we approve an open-ended authorization bill, the administration would be in a position to come back later for additional funds for some other program?

Mr. CARPENTER. That is correct, sir.

Mr. SKUBITZ. This is the administration's position?

Mr. CARPENTER. In view of the general——

Mr. SKUBITZ. It's difficult to conceive of the administration pursuing such a course. It is proposing this \$56 million authorization, but if it later required funds, for example, for an education program or some other program, it could with this open-ended authorization, request a \$62 million or even a \$70 million appropriation that could be made in a supplementary appropriation later on?

Mr. CARPENTER. Yes, sir; that is correct.

Mr. BURTON. The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. Gentleman, I will have a number of questions that I want to propound. Prior to doing so I think that I should make at least this observation, that the questions that we are asking of you are not only designed to build a record for this subcommittee, but also to justify our position before the full committee, and then also, of course, defend it on the floor of the House. I think it is fair to state that there has been generally expressed concern by some key members of our committee, and one in particular, and with the current chairman of the full committee, with regard to his personal reservations about open-ended authorizations per se.

So, I think I should just make the point that I would, at this point, have to have some reservations about open-ended authorization both from the standpoint of money as well as time.

Now, you have alluded to the fact that there are other Federal programs coming from other Federal agencies. I am just wondering if you could provide us with the amounts of funds to be contributed to the trust territories in the Pacific Islands by other Federal Agencies during the fiscal year of 1974.

Do you have that figure?

Mr. JOHNSTON. Yes, sir.

The estimate for fiscal year 1973 is around \$9,311,000 from various additional Federal programs. The estimate for fiscal 1974 was \$8,071,000, but of course, as we have been discussing, this is highly problematical at the present time because of our briefing just last month that some of these programs may be discontinued and that we are not yet included in the revenue sharing programs.

So, where we are anticipating \$8 million, it may be considerably less than that.

Mr. CLAUSEN. All right.

You made reference to the meeting of the Federal officials of region 9.

Mr. JOHNSTON. Yes, sir.

Mr. CLAUSEN. One, was there any indication from those who were handling the briefing that the trust territory would be participating in revenue sharing?

Was there any indication, and if so, to what extent will they participate in the amount of financial reservation?

Mr. JOHNSTON. I would say that there was an indication that there would be an attempt to include the trust territory in some of the special revenue-sharing programs, but not a commitment.

Mr. BURTON. Would the gentleman yield?

Mr. CLAUSEN. I would be happy to.

Mr. BURTON. You are going to have a long period of uncertainty about the special revenue-sharing bills, such as special education revenue sharing. Because of that uncertainty, why should we not, at

least in the area where we can directly affect it, eliminate the uncertainty as it applies to the offshore islands.

That's the long and short of my position. Give you the flexibility. You ought to have the money so if you make the political decision to spend it, it is there.

Our position is really much more in the interests of the administration than that which I perceive to be advanced.

Mr. CLAUSEN. All right.

In the existing, ongoing categorical aid programs is there the same matching fund requirement that applies to the States and local political subdivisions.

Mr. JOHNSTON. In most cases; yes. The ruling has been made, however, that the U.S. grant funds which are sent to Micronesia and are then commingled with the fairly meager locally raised revenues, lose their identity to a certain extent as Federal funds, and that these can be used for the matching grants.

The best example of that possibly that we have at the present time is under the Federal Assistance to Airports Act where we put up the matching funds for building our much-needed airports and the Federal Government through the FAA puts up the balance of the money.

Mr. CLAUSEN. I believe that's been on a 75 to 25 specifically for trust territories.

Mr. JOHNSTON. Yes, sir, but in some cases our matching funds, as I recall, have been waived. We are sometimes given slightly different treatment than other areas, but normally we do have the same matching fund requirements.

Mr. CLAUSEN. You know, Mr. Chairman, I'm not going to take too much time because I have some other questions, but I think I should at least bring to the attention of this committee a bit of a problem has come up as a result of the Interior Foreign Commerce recommendations the other day to eliminate the head tax which has been, as I understand, an inhibiting factor for some of the trust territories in being able to raise funds to meet their 25-percent requirement, and I won't prolong the discussion, but I think they have the rather unique situation—and there was an attempt to come up with some sort of an exemption. I will be very candid. It will be my attempt to discuss with the chairman of this to see if we couldn't go to the committee and maybe come up with an amendment, hopefully a committee amendment that would recognize this unique situation.

I won't take the time to go into it now, but I can see by the nodding of your head that you are aware of this situation and I want to discuss this.

Would you like to elaborate on that particular problem, their inability to come up with the matching funds?

Mr. JOHNSTON. Yes, sir; if I may. In our ability to come up with matching funds, or to support categorical programs that are dropped, in both cases we are a little bit in a bind compared to many other areas, in that our local revenues are very small. The Congress of Micronesia now, on a territory-wide basis can hopefully raise somewhere between \$4 million and \$6 million in the fiscal year 1974. The local governments have very limited revenues, and where in an American city or an American State which is included under the

general revenue-sharing programs, they may be able to fairly quickly pick up some of the programs that are dropped, and undoubtedly will be, we are not in that position because our local revenues are not that strong. The same applies to our ability to provide the matching funds, but out of a very limited budget, a budget which, it has been pointed out, is even cut back from what we had anticipated. We are in a very tight position to provide either matching funds or to pick up any of the categorical programs that are dropped.

Mr. CLAUSEN. All right. What is the comparative matching fund formula under the categorical aid programs?

Is it the same to that which obtains to the States?

I don't think I got an answer to that question.

Mr. JOHNSTON. In most cases, yes, it is.

Mr. CLAUSEN. So then, in some ways, the so-called revenue-sharing approach, if adopted and applied, might have the potential of minimizing some of the problems that the local entities have in raising the matching funds, which I think is a situation that occurs in many other sections of the country, and was one of the prime reasons, I believe, for advancing the special revenue-sharing program.

Is this correct?

Mr. JOHNSTON. I think it would alleviate our problems considerably.

Mr. CLAUSEN. But I am a little bit concerned, as expressed by the chairman, that there is a degree of uncertainty here about whether or not all or any part of the special revenue-sharing package will go forward, and in the meantime we could conceivably—well, I should say you could conceivably put in something in the way of an administrative limbo in being able to make the necessary budget commitments, and so therefore we're going to have to, I believe, have some continuing sessions on this between the executive as well as the legislative branch because of continuity, flexibility, all of these factors.

Mr. SKUBITZ. Will the gentleman yield?

Mr. CLAUSEN. I'd be happy to yield.

Mr. SKUBITZ. I want to state to my colleague that I have brought to the attention of the Committee on Interstate Commerce the need for permitting the trust territories and the Virgin Islands the right to continue to charge a head tax because of their airport situation.

I had intended to present an amendment yesterday to this effect but I had cattlemen running out of my ears yesterday and my office was full and the telephone ringing with three of us on it answering calls from Kansas cattlemen about the proposed rollback. I couldn't get down to the committee meeting, and therefore Mr. Kuykendall made the presentation for me, but I am sorry to learn it was defeated.

I am hopeful, Mr. Chairman that we are able to do something on the floor because I'm fearful that my colleagues on the Interstate Commerce Committee are not fully cognizant of the real problems that exist in the islands.

One other point. I know on the Virgin Islands that even though \$1½ million is available to be matched, the Virgins have been able to match only about \$11,000. This, I believe, emphasizes the dire circumstances that exist in the Virgin Islands.

There has been some suggestion that perhaps the matching basis be on a 90-10 percentage unless the islands were to be permitted to exempt themselves entirely.

How does that sound: That in place of a 75-25 matching grant, it be changed to 90 and 10?

Mr. CARPENTER. Well, looking at it from our standpoint—and of course we have general responsibility for all the territories—I would say that a reduction to 90-10 would certainly be very helpful if there couldn't be approval of some waiver exemption for the territories for the head tax.

Mr. SKUBITZ. Thank you.

Mr. CLAUSEN. Yes. Well, I am pleased that my friend from Kansas did bring this up. I was aware of the fact that he had intended to offer the amendment, and I think it would be helpful if we could have you, Mr. Carpenter, prepare a statement for some of us that would like to work out a special exemption provision that would permit the trust territories to continue the head tax in their areas, and explain the uniqueness of the situation because I see we have one of two alternatives.

If they can continue the head tax in those areas, it is my understanding that this would provide them with enough in the way of basic funds to provide the matching funds, is my understanding. I'm a little bit afraid that if we go to the 90-10, we may set in motion some sort of a hassle on the formula that may apply elsewhere, and then defeat our objective.

Mr. SKUBITZ. Will the gentleman yield?

Mr. CLAUSEN. Yes.

Mr. SKUBITZ. I think the difficulty is that the trust territory and Guam and the Virgin Islands want to be exempt, but we aren't getting much cooperation at the moment from Puerto Rico. Obviously it is difficult to exempt some and not all.

Mr. DE LUGO. Will the gentleman yield?

Mr. CLAUSEN. I will yield.

Mr. DE LUGO. Let me first of all thank our good friends, the gentlemen from California and the gentleman from Kansas for raising this point, and the Chairman, who has also supported us on this. I'm very glad it has been raised because it will take very strong, unified action at this point to save the day.

The gentleman from Kansas has pointed out he went to battle for us. We made as strong a case as we could for the exemption, but there was a general reluctance by a large number of members of the committee to give us this exemption. They felt that this would open the dikes. There was more sympathy for the change in formula to 90-10, since it is not unusual to treat the territories or the offshore areas differently or they have unique problems, which are understood by the Members of Congress. It is the reason we have been able to progress because we have friends such as you in the Congress.

Again, I thank the gentlemen, and I hope that we will be able to go to the committee as a unified group.

Mr. CLAUSEN. Returning to—would it be possible then, Mr. Carpenter, for you to give some thought to giving us the benefit of your thinking in the form of a memorandum so that we can discuss this matter with the Committees on Interstate and Foreign Commerce, and the pros and cons of the two suggestions; namely, the continuation of the head tax on the one side, and the possibility of a 90-10 formula and the situation as you see it.

Mr. CARPENTER. We'd be glad to.

Mr. CLAUSEN. This could be an informal memorandum, as far as I am concerned, and I will work it out with these gentlemen.

Mr. Carpenter, what is the case or point you are making to this committee to justify authorization of appropriations for the Trust Territory of the Pacific Islands?

Mr. CARPENTER. As far as an open-ended approach?

Mr. CLAUSEN. Yes.

Mr. CARPENTER. This is based primarily on the uncertainty surrounding the political status negotiations which, as you know, have been going on now for over 3 years. We have felt that we did need considerable flexibility for the next few years, depending on how these talks developed, and that is the basic reason for our request for an open-ended type authorization.

Mr. CLAUSEN. What is the projected time frame—and I don't like to set and establish dates when we're dealing with sensitive questions, but what would you say is the projected time frame for hopefully a successful negotiation to be finalized on the political status question?

Are we talking, as I understand, possibly 2 or 3 years, something like this?

Mr. CARPENTER. I think at this point it's almost impossible to say. I don't think we have reached the point where we can clearly see the end of the road, particularly as far as the negotiations with Micronesia as opposed to those with the Mariana Islands.

Mr. CLAUSEN. Well, I am—again, I think that we as a committee have this prime responsibility of continuing oversight and review, and I have some reservations about the open-ended.

I am wondering if—I don't know why, but I come down on a figure in my own mind that possibly a 3-year authorization might serve your purposes in giving you sufficient flexibility, and at the same time, Mr. Chairman, give us the kind of an opportunity for continuing oversight and review and report back in line with our basic responsibility.

Mr. SKUBITZ. Will the gentleman yield?

Mr. CLAUSEN. Yes.

Mr. SKUBITZ. First of all, I am not in favor of giving open-end authority for 3 years. I thought our chairman brought to light some matters that required airing on the need for additional funds above the \$56 million because of the cutbacks in other areas. I am just wondering whether we shouldn't consider authorizing whatever sums that are necessary for fiscal year 1974 and not allow a 3-year open-end authority.

Mr. CLAUSEN. Well, I'm sure that's something we can discuss in the markup, but I would like to have a response, if it is at all possible, as to that kind of suggestion.

Mr. CARPENTER. Well, obviously, we would prefer to have as much flexibility as possible, if not an open-ended bill, we would hope to have, say, 3 or more years. This would be our preference.

Now, one reason I say that is that this would permit better planning, particularly on the part of the High Commissioner and his staff and the Congress of Micronesia, for a longer period of time.

Mr. CLAUSEN. Now, if this committee authorizes, say, \$60 million for fiscal years 1974, 1975, and 1976, or if we were to extend it to 1977 and 1978, which is the difference between the 3- or the 5-year authori-

zation, we would need the background information and the facts that justify that amount.

What facts can you give us to justify the authorization of those amounts?

Mr. JOHNSTON. Well, Congressman Clausen, if I might respond to that, we are, of course, in another 5-year planning cycle, and our 5-year plans as developed with the Congress of Micronesia by the government of the trust territory, are to ask for \$70 million in fiscal 1975, 1976, and 1977, and \$80 million in the following 2 years, in 1978 and 1979, and that is the amount that we can justify in our 5-year planning cycle.

Mr. CLAUSEN. Would you then be kind enough to submit this?

How large a document is that, the justification and background information?

Mr. JOHNSTON. Not too large.

Mr. BURTON. We would like to have a copy of that and have the information placed in the record at this point.

[The information referred to follows:]

TRUST TERRITORYWIDE								
TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979								
[Dollars in thousands]								
Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Direct appropriation.....	630	638	811	861	887	917	943	974
Public affairs.....	2,114	2,132	2,100	2,080	2,131	2,123	2,205	2,236
Resources and development.....	4,953	4,520	5,733	5,137	5,641	6,694	7,158	7,431
Health services.....	6,372	6,905	7,575	8,045	8,770	9,402	10,250	10,877
Education.....	10,679	11,400	12,744	13,803	15,113	16,082	17,300	18,738
Protection to persons and property.....	1,966	2,176	2,350	2,593	2,826	2,975	3,166	3,326
Transportation and communications.....	2,881	3,146	3,267	3,435	3,598	3,684	3,843	3,944
Public works.....	6,589	7,804	7,958	9,080	9,795	10,695	11,605	12,525
Administration.....	4,426	4,944	5,238	5,553	5,798	6,122	6,434	6,518
Grand total.....	40,610	43,665	47,776	50,587	54,559	58,694	62,904	66,569
DIRECT APPROPRIATION								
Office of the High Commissioner.....	293	313	411	439	442	450	453	462
High Commissioner and Deputy High Commissioner.....								
Special Assistant/District Affairs.....								
Special Assistant/Legislative Affairs.....								
Special Consultant.....								
Judiciary.....	337	325	400	422	445	467	490	512
Total, Direct Appropriation.....	630	638	811	861	887	917	943	974
PUBLIC AFFAIRS								
Office of the Director.....	78	124	107	123	127	135	144	148
Legislative Liaison.....	156	164	169	185	202	210	222	232
Civic Affairs.....	112	119	126	130	137	139	146	148
Public Information.....	232	231	239	209	216	222	232	246
Broadcasting.....	341	344	356	374	387	403	427	446
Community Development.....	267	272	263	285	305	331	354	372
Grant-in-Aid.....	493	483	455	359	362	268	250	194
Housing Loan Fund.....	300	250	250	250	250	250	285	285
Congress of Micronesia—Election.....	10	20	10	40	20	40	20	40
Congress of Micronesia—Operations.....	125	125	125	125	125	125	125	125
Total, Public Affairs.....	2,114	2,132	2,100	2,080	2,131	2,123	2,205	2,236

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
RESOURCES AND DEVELOPMENT								
Office of the Director	67	70	74	74	76	78	80	81
Agriculture	1,439	1,515	1,571	1,666	1,760	1,834	1,933	2,014
Economic Development	547	561	592	638	669	701	742	768
Marine Resources	485	489	576	725	853	893	968	1,017
Lands and Surveys	1,265	1,306	1,328	1,398	1,458	1,545	1,601	1,669
Land Commissions	488	506	517	550	580	621	730	774
Labor Division	62	73	75	86	95	97	104	108
EDLF	600		1,000		150	925	1,000	1,000
Total, Resources and Development	4,953	4,520	5,733	5,137	5,641	6,694	7,158	7,431
HEALTH SERVICES								
Medical Administration	359	370	364	373	390	354	383	394
Hospital and Out-Island Services	5,167	5,651	6,243	6,638	7,288	7,901	8,662	9,212
Environmental Health and Sanitation	270	265	304	322	346	362	379	404
Dental Services	345	385	427	472	506	545	586	627
Trust Territory School of Nursing	231	234	237	240	240	240	240	240
Total, Health Services	6,372	6,905	7,575	8,045	8,770	9,402	10,250	10,877
EDUCATION								
Administration	869	952	973	1,220	1,313	1,319	1,407	1,501
Elementary	4,755	5,066	5,793	6,055	6,615	7,192	7,739	8,347
Secondary	2,880	3,114	3,726	4,194	4,733	5,054	5,455	6,099
Inservice Teacher Training	161	160						
Scholarship and Medical Education	614	632	633	660	677	700	750	780
Micronesian Occupational Center	778	796	868	895	968	981	1,069	1,089
Community College of Micronesia	410	413	460	484	509	534	574	616
Micronesian Maritime Center		55	79	83	86	90	94	94
Aid to Non-Public Schools	212	212	212	212	212	212	212	212
Total, Education	10,679	11,400	12,744	13,803	15,113	16,082	17,300	18,738
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General	417	431	458	496	525	509	535	566
Immigration	96	109	120	135	148	168	176	187
Public Safety	1,049	1,130	1,236	1,387	1,545	1,661	1,785	1,884
Public Defender	176	260	276	298	314	325	341	343
Local Judiciary	228	246	260	277	294	312	329	346
Total, Protection to Persons and Property	1,966	2,176	2,350	2,593	2,826	2,975	3,166	3,326
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director	63	68	58	60	64	67	70	75
Transportation Office	331	363	411	466	475	477	491	502
Sea Transportation	1,400	1,480	1,530	1,590	1,647	1,676	1,746	1,800
Communications	1,087	1,235	1,268	1,319	1,412	1,464	1,536	1,567
Total, Transportation and Communications	2,881	3,146	3,267	3,435	3,598	3,684	3,843	3,944
PUBLIC WORKS								
Engineering and Administration	582	604	611	703	743	783	822	862
Operations and Maintenance	3,997	4,304	4,509	4,845	5,142	5,524	5,952	6,435
Utilities	2,010	2,896	2,838	3,532	3,910	4,388	4,831	5,228
Total, Public Works	6,589	7,804	7,958	9,080	9,795	10,695	11,605	12,525
ADMINISTRATION								
Office of the District Administrator	1,091	1,113	1,137	1,238	1,291	1,410	1,520	1,563
Administrative Services (HQ):								
Management Services	98	94	95	96	101	100	103	105
LNO—Guam	106	107	109	112	112	116	117	119
LNO—Okinawa	42		43	38	40	41	41	42
LNO—Honolulu	49	45	46	47	47	48	49	49
LNO—Washington	22							
Executive Operations	17	21	22	23	24	25	26	26
Finance:								
Office of the Director	46	52	53	54	55	56	61	62
Finance and Accounting	716	718	751	795	847	879	949	979
Procurement and Supply	889	898	927	968	1,025	1,089	1,191	1,178
Automatic Data Processing	295	300	309	320	332	339	370	385
Financial Management System Implementation		118	178	200	200			

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
ADMINISTRATION—Continued								
Personnel:								
Personnel Office.....		398	444	464	493	520	449	449
Personnel Training.....	430	104	101	102	105	110	118	120
Leased Housing Fund.....		330	330	330	330	591	630	630
Other (HQ):								
Internal Audit.....	111	117	120	124	129	133	148	150
Program and Budget.....	223	235	241	257	270	256	251	249
Personnel Benefits.....	263	263	280	330	340	350	350	350
Disaster Control Office.....	28	31	52	55	57	59	61	62
Total, Administration.....	4, 426	4, 944	5, 238	5, 553	5, 798	6, 122	6, 434	6, 518
HEADQUARTERS								
Direct appropriation.....	630	638	811	861	887	917	943	974
Public affairs.....	1, 488	1, 424	1, 376	1, 277	1, 263	1, 181	1, 200	1, 171
Resources and development.....	2, 137	1, 428	2, 465	1, 551	1, 756	2, 560	2, 742	2, 776
Health services.....	2, 048	2, 207	2, 353	2, 424	2, 611	2, 656	2, 925	2, 985
Education.....	2, 679	2, 699	2, 677	2, 757	2, 935	2, 954	3, 149	3, 266
Protection to persons and property.....	858	969	1, 023	1, 079	1, 141	1, 174	1, 244	1, 283
Transportation and communications.....	2, 357	2, 582	2, 663	2, 766	2, 879	2, 920	3, 042	3, 127
Public works.....	1, 139	1, 201	1, 222	1, 267	1, 350	1, 371	1, 468	1, 496
Administration.....	2, 638	3, 132	3, 359	3, 518	3, 638	3, 767	3, 887	3, 922
Grand total.....	15, 974	16, 280	17, 949	17, 500	18, 460	19, 500	20, 600	21, 000
DIRECT APPROPRIATION								
Office of the High Commissioner.....	293	313	411	439	442	450	453	462
High Commissioner and Deputy High Commissioner.....								
Special Assistant/Dist. Affairs.....								
Special Assistant/Legis. Affairs.....								
Special Consultant.....								
Judiciary.....	337	325	400	422	445	467	490	512
Total, Direct Appropriation.....	630	638	811	861	887	917	943	974
PUBLIC AFFAIRS								
Office of the Director.....	78	76	48	51	53	53	54	55
Legislative Liaison.....	46	46	50	50	51	52	53	53
Civic Affairs.....	58	62	65	67	69	69	70	71
Public Information.....	205	205	210	176	180	179	188	190
Broadcasting.....	139	131	137	136	133	127	139	142
Community Development.....	88	88	90	92	96	100	106	110
Grant-in-Aid.....	439	421	391	290	286	186	160	100
Housing Loan Fund.....	300	250	250	250	250	250	285	285
Congress of Micronesia—Election.....	10	20	10	40	20	40	20	40
Congress of Micronesia—Operations.....	125	125	125	125	125	125	125	125
Total, Public Affairs.....	1, 488	1, 424	1, 376	1, 277	1, 263	1, 181	1, 200	1, 171
RESOURCES AND DEVELOPMENT								
Office of the Director.....	67	70	74	74	76	78	80	81
Agriculture.....	315	334	341	351	367	373	397	400
Economic Development.....	276	294	311	320	329	335	360	365
Marine Resources.....	200	168	176	230	243	246	280	289
Lands and Surveys.....	644	527	527	539	553	564	585	600
Economic Development Loan Fund.....	600		1, 000		150	925	1, 000	1, 000
Labor Division.....	35	35	36	37	38	39	40	41
Total, Resources and Development.....	2, 137	1, 428	2, 465	1, 551	1, 756	2, 560	2, 742	2, 776
HEALTH SERVICES								
Medical Administration.....	359	370	364	373	390	354	383	394
Hospital and Out-Island Services.....	1, 399	1, 548	1, 667	1, 723	1, 889	1, 967	2, 205	2, 250
Environmental Health and Sanitation.....	50	42	71	73	77	80	82	85
Dental Services.....	9	13	14	15	15	15	15	16
Trust Territory School of Nursing.....	231	234	237	240	240	240	240	240
Total, Health Services.....	2, 048	2, 207	2, 353	2, 424	2, 611	2, 656	2, 925	2, 985

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

HEADQUARTERS—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
EDUCATION								
Administration.....	433	431	425	423	483	437	450	475
Elementary.....	24							
Secondary.....	47							
Inservice Teacher Training.....	161	160						
Scholarship and Medical Education.....	614	632	633	660	677	700	750	780
Micronesian Occupational Center.....	778	796	868	895	968	981	1,069	1,089
Community College of Micronesia.....	410	413	460	484	509	534	574	616
Micronesian Maritime Center.....		55	79	83	86	90	94	94
Aid to Non-Public Schools.....	212	212	212	212	212	212	212	212
Total, Education.....	2,679	2,699	2,677	2,757	2,935	2,954	3,149	3,266
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General.....	251	253	264	275	292	263	276	290
Immigration.....	30	32	35	36	37	48	50	52
Public Safety.....	173	178	188	193	204	226	248	252
Public Defender.....	176	260	276	298	314	325	341	343
Local Judiciary.....	228	246	260	277	294	312	329	346
Total, Protection to Persons.....	858	969	1,023	1,079	1,141	1,174	1,244	1,283
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director.....	63	68	58	60	64	67	70	75
Transportation Office.....	331	363	378	396	405	407	421	432
Sea Transportation.....	1,400	1,480	1,530	1,590	1,647	1,676	1,746	1,800
Communications.....	563	671	697	720	763	770	805	820
Total, Transportation and Communications.....	2,357	2,582	2,663	2,766	2,879	2,920	3,042	3,127
PUBLIC WORKS								
Engineering and Administration.....	582	604	611	703	743	783	822	862
Operations and Maintenance.....	492	504	532	479	517	518	566	574
Utilities.....	65	93	79	85	90	70	80	60
Total, Public Works.....	1,139	1,201	1,222	1,267	1,350	1,371	1,468	1,496
ADMINISTRATION								
Office of the District Administrator.....								
Administrative Services (HQ):.....								
Management Services.....	98	94	95	96	101	100	103	105
LNO—Guam.....	106	107	109	112	112	116	117	119
LNO—Okinawa.....	42		43	38	40	41	41	42
LNO—Honolulu.....	49	45	46	47	47	48	49	49
Executive Operations.....	17	21	22	23	24	25	26	26
LNO—Washington.....	22							
Finance:.....								
Office of the Director.....	46	52	53	54	55	56	61	62
Finance and Accounting.....	487	481	504	528	549	559	607	618
Procurement and Supply.....	547	562	571	592	628	650	710	714
Automatic Data Processing.....	295	300	309	320	332	339	370	385
Financial Management System Implementation.....		118	178	200	200			
Personnel:.....								
Personnel Office.....	304	262	305	310	319	334	245	241
Personnel Training.....		104	101	102	105	110	118	120
Leased Housing Fund.....		330	330	330	330	591	630	630
Other (HQ):.....								
Internal Audit.....	111	117	120	124	129	133	148	150
Program and Budget.....	223	235	241	257	270	256	251	249
Personnel Benefits.....	263	263	280	330	340	350	350	350
Disaster Control Office.....	28	31	52	55	57	59	61	62
Total, Administration.....	2,638	3,132	3,359	3,518	3,638	3,767	3,887	3,922

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

MARIANAS

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Direct appropriation.....								
Public affairs.....	86	107	109	117	125	136	139	147
Resources and development.....	639	691	733	850	894	938	987	1,039
Health services.....	651	680	772	833	889	944	1,005	1,057
Education.....	1,102	1,150	1,347	1,469	1,598	1,724	1,848	1,989
Protection to persons and property.....	259	283	306	345	372	400	430	462
Transportation and communications.....			33	70	70	70	70	70
Public works.....	1,432	1,705	1,642	1,861	2,068	2,260	2,620	2,868
Administration.....	274	279	302	347	379	405	431	447
Grand total.....	4,443	4,895	5,244	5,892	6,395	6,877	7,530	8,079
PUBLIC AFFAIRS								
Office of the director.....		10	10	11	12	15	13	13
Legislative liaison.....	17	18	18	19	20	21	22	23
Civic affairs.....	8	10	10	11	11	12	12	13
Public information.....	5	5	5	6	6	9	9	10
Broadcasting.....	35	35	35	37	40	42	44	46
Community development.....	14	20	21	22	24	25	26	28
Grant-in-aid.....	7	9	10	11	12	12	13	14
Housing loan fund.....								
Congress of Micronesia—election.....								
Congress of Micronesia—operations.....								
Total, public affairs.....	86	107	109	117	125	136	139	147
RESOURCES AND DEVELOPMENT								
Office of the Director.....								
Agriculture.....	347	372	393	434	456	478	501	523
Economic Development.....	64	64	65	75	80	84	89	93
Marine resources.....			0	56	59	63	67	72
Lands and surveys.....	126	148	162	168	174	181	190	204
Land commissions.....	98	101	107	110	117	124	131	138
Labor division.....	4	6	6	7	8	8	9	9
Total, resources and development.....	639	691	733	850	894	938	987	1,039
HEALTH SERVICES								
Medical Administration.....	572	590	674	724	774	823	878	923
Hospital and Out-Island Services.....	31	34	36	40	42	44	46	49
Environmental Health and Sanitation.....	48	56	62	69	73	77	81	85
Dental Services.....								
Trust Territory School of Nursing.....								
Total, Health Services.....	651	680	772	833	889	944	1,005	1,057
EDUCATION								
Administration.....	93	86	140	148	166	177	190	204
Elementary.....	657	729	692	754	814	885	956	1,033
Secondary.....	532	335	515	567	618	662	702	752
Inservice Teacher Training.....								
Scholarship and Medical Education.....								
Micronesian Occupational Center.....								
Community College of Micronesia.....								
Micronesian Maritime Center.....								
Aid to Non-Public Schools.....								
Total, Education.....	1,102	1,150	1,347	1,469	1,598	1,724	1,848	1,989
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General.....	8	8	8	9	9	10	10	11
Immigration.....	18	22	25	31	33	35	37	39
Public Safety.....	233	253	273	305	330	355	383	412
Public Defender.....								
Local Judiciary.....								
Total, Protection to Persons and Property.....	259	283	306	345	372	400	430	462

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

MARIANAS—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director								
Transportation Office			33	70	70	70	70	70
Sea Transportation								
Communications								
Total, Transportation and Communi- cations			33	70	70	70	70	70
PUBLIC WORKS								
Engineering and Administration								
Operations and Maintenance	782	865	964	1,037	1,100	1,189	1,293	1,441
Utilities	650	840	678	824	968	1,071	1,327	1,427
Total, Public Works	1,432	1,705	1,642	1,861	2,068	2,260	2,620	2,868
ADMINISTRATION								
Office of the District Administrator	197	197	216	258	272	286	300	314
Administrative Services (HQ):								
Management Services								
LNO—Guam								
LNO—Okinawa								
LNO—Honolulu								
Executive Operations								
Finance:								
Office of the Director								
Finance and Accounting	35	37	40	41	50	58	63	66
Procurement and Supply	22	23	25	24	25	27	31	29
Automatic Data Processing								
Financial Management System Implemen- tation								
Personnel:								
Personnel Office	20	22	21	24	32	34	37	38
Personnel Training								
Leased Housing Fund								
Other (HQ):								
Internal Audit								
Program and Budget								
Personnel Benefits								
Disaster Control Office								
Total, Administration	274	279	302	347	379	405	431	447
MARSHALLS DISTRICT								
Direct appropriation								
Public affairs	120	129	138	156	171	187	202	216
Resources and development	263	283	268	287	383	417	522	557
Health services	820	900	971	1,055	1,146	1,252	1,326	1,425
Education	1,387	1,599	1,887	2,057	2,242	2,454	2,700	2,970
Protection to persons and property	151	151	163	191	210	226	244	262
Transportation and communications	124	135	141	153	167	179	189	173
Public works	866	1,064	1,115	1,307	1,432	1,604	1,749	1,904
Administration	363	372	389	430	473	523	550	578
Grand total	4,094	4,633	5,072	5,636	6,224	6,842	7,482	8,085
PUBLIC AFFAIRS								
Office of the Director		10	11	15	16	19	25	27
Legislative Liaison	18	19	20	25	26	26	28	32
Civic Affairs	9	8	11	9	10	11	12	12
Public Information	4							
Broadcasting	32	35	37	42	44	50	50	52
Community Development	47	47	49	53	61	65	69	74
Grant-in-Aid	10	10	10	12	14	16	18	19
Housing Loan Fund								
Congress of Micronesia—Election								
Congress of Micronesia—Operations								
Total, Public Affairs	120	129	138	156	171	187	202	216

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

MARSHALLS DISTRICT—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
RESOURCES AND DEVELOPMENT								
Office of the Director.....								
Agriculture.....	145	155	161	169	176	174	187	200
Economic Development.....	39	40	42	47	52	57	60	63
Marine Resources.....					75	80	83	87
Lands and Surveys.....	74	82	59	64	70	95	100	110
Land Commissions.....							80	84
Labor Division.....	5	6	6	7	10	11	12	13
Total, Resources & Development.....	263	283	268	287	383	417	522	557
HEALTH SERVICES								
Medical Administration.....								
Hospital and Out-Island Services.....	720	799	866	935	1,020	1,113	1,175	1,259
Environmental Health and Sanitation.....	35	31	31	36	41	44	48	51
Dental Services.....	65	70	74	84	85	95	103	115
Trust Territory School of Nursing.....								
Total, Health Services.....	820	900	971	1,055	1,146	1,252	1,326	1,425
EDUCATION								
Administration.....	60	101	104	235	256	271	301	324
Elementary.....	941	1,035	1,253	1,191	1,277	1,427	1,532	1,659
Secondary.....	386	463	530	631	709	756	867	987
Inservice Teacher Training.....								
Scholarship and Medical Education.....								
Micronesian Occupational Center.....								
Community College of Micronesia.....								
Micronesian Maritime Center.....								
Aid to Nonpublic Schools.....								
Total, Education.....	1,387	1,599	1,887	2,057	2,242	2,454	2,700	2,970
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General.....	34	35	37	48	52	54	57	60
Immigration.....	11	12	14	21	25	27	29	30
Public Safety.....	106	104	112	122	133	145	158	172
Public Defender.....								
Local Judiciary.....								
Total, Protection to Persons and Property.....	151	151	163	191	210	226	244	262
TRANSPORTATION & COMMUNICATIONS								
Office of the Director.....								
Transportation Office.....								
Sea Transportation.....								
Communications.....	124	135	141	153	167	179	189	173
Total, Transportation and Communications.....	124	135	141	153	167	179	189	173
PUBLIC WORKS								
Engineering and Administration.....								
Operations and Maintenance.....	607	713	752	839	890	982	1,072	1,175
Utilities.....	259	351	363	468	542	622	677	729
Total, Public Works.....	866	1,064	1,115	1,307	1,432	1,604	1,749	1,904
ADMINISTRATION								
Office of the District Administrator.....	238	256	267	296	327	360	392	415
Administrative Services (HQ):								
Management Services.....								
LNO—Guam.....								
LNO—Okinawa.....								
LNO—Honolulu.....								
Executive Operations.....								

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

MARSHALLS DISTRICT—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
ADMINISTRATION—Continued								
Finance:								
Office of the Director								
Finance and Accounting	39	37	40	44	48	53	55	58
Procurement and Supply	65	58	60	66	71	80	70	70
Automatic Data Processing								
Financial Management System								
Implementation								
Personnel:								
Personnel Office	21	21	22	24	27	30	33	35
Personnel Training								
Leased Housing Fund								
Other (HQ):								
Internal Audit								
Program and Budget								
Personnel Benefits								
Disaster Control Office								
Total, Administration	363	372	389	430	473	523	550	578
PALAU DISTRICT								
Direct appropriation	112	120	120	137	152	163	178	189
Public affairs	539	578	518	639	678	716	752	785
Resources and development	630	678	740	802	878	951	1,025	1,102
Health services	967	1,108	1,263	1,393	1,504	1,603	1,690	1,837
Education	187	214	229	256	288	305	322	341
Protection to persons and property	79	86	86	93	106	115	121	132
Transportation and communications	903	1,077	1,158	1,327	1,420	1,544	1,575	1,662
Public works	257	260	256	290	330	358	378	401
Administration								
Grand total	3,674	4,121	4,433	4,937	5,356	5,755	6,041	6,449
PUBLIC AFFAIRS								
Office of the Director		10	11	12	13	14	15	15
Legislative Liaison	22	23	22	24	31	30	33	37
Civic Affairs	9	9	10	11	12	12	15	13
Public Information	4	5	6	7	7	9	8	16
Broadcasting	32	35	36	42	45	48	51	56
Community Development	36	27	23	28	29	34	39	35
Grant-in-Aid	9	11	12	13	15	16	17	17
Housing Loan Fund								
Congress of Micronesia—Election								
Congress of Micronesia—Operations								
Total, Public Affairs	112	120	120	137	152	163	178	189
RESOURCES AND DEVELOPMENT								
Office of the Director								
Agriculture	162	168	171	181	191	202	212	222
Economic Development	48	39	37	44	47	52	52	54
Marine Resources	121	139	145	149	155	161	168	174
Lands and Surveys	103	118	119	134	146	155	166	173
Land Commissions	100	106	102	118	124	133	140	145
Labor Division	5	8	7	13	15	13	14	17
Total, Resources and Development	539	578	581	639	678	716	752	785
HEALTH SERVICES								
Medical Administration								
Hospital and Out-Island Services	534	574	632	685	749	811	874	941
Environmental Health and Sanitation	36	39	40	42	44	47	49	51
Dental Services	60	65	68	75	85	93	102	110
Trust Territory School of Nursing								
Total, Health Services	630	678	740	802	878	951	1,025	1,102

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

PALAU DISTRICT—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
EDUCATION								
Administration.....	56	91	91	99	86	90	98	107
Elementary.....	583	614	692	789	876	943	994	1,044
Secondary.....	328	403	480	505	542	570	598	686
Inservice Teacher Training.....								
Scholarship and Medical Education.....								
Micronesia Occupational Center.....								
Community College of Micronesia.....								
Micronesia Maritime Center.....								
Aid to Non-Public Schools.....								
Total, Education.....	967	1,108	1,263	1,393	1,504	1,603	1,690	1,837
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General.....	34	36	39	44	45	47	52	53
Immigration.....	11	11	14	15	16	17	18	19
Public Safety.....	142	167	176	197	227	241	252	269
Public Defender.....								
Local Judiciary.....								
Total, Protection to Persons and Property.....	187	214	229	256	288	305	322	341
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director.....								
Transportation Office.....								
Sea Transportation.....								
Communications.....	79	86	86	93	106	115	121	132
Total, Transportation and Communications.....	79	86	86	93	106	115	121	132
PUBLIC WORKS								
Engineering and Administration.....								
Operations and Maintenance.....	530	522	560	618	659	683	712	764
Utilities.....	373	555	598	709	761	861	863	898
Total, Public Works.....	903	1,077	1,158	1,327	1,420	1,544	1,575	1,662
ADMINISTRATION								
Office of the District Administrator.....	132	135	127	147	168	186	195	207
Administrative Services (HQ):.....								
Management Services.....								
LNO—Guam.....								
LNO—Okinawa.....								
LNO—Honolulu.....								
Executive Operations.....								
Finance:.....								
Office of the Director.....								
Finance and Accounting.....	40	42	43	47	52	55	57	64
Procurement and Supply.....	66	63	65	72	84	89	94	100
Automatic Data Processing.....								
Finance Management System Implementation.....								
Personnel:.....								
Personnel Office.....	19	20	21	24	26	28	32	30
Personnel Training.....								
Leased Housing Fund.....								
Other (HQ):.....								
Internal Audit.....								
Program and Budget.....								
Personnel Benefits.....								
Disaster Control Office.....								
Total, Administration.....	257	260	256	290	330	358	378	401

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

PONAPE

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Direct appropriation.....								
Public affairs.....	123	129	129	148	153	168	178	186
Resources and development.....	625	693	740	796	875	935	984	1,084
Health services.....	676	763	832	913	1,031	1,223	1,428	1,597
Education.....	1,773	1,846	2,069	2,345	2,594	2,795	3,011	3,444
Protection to persons and property.....	197	208	252	277	314	333	348	368
Transportation and communications.....	103	112	118	114	123	132	139	146
Public works.....	893	1,090	1,132	1,234	1,299	1,387	1,467	1,549
Administration.....	317	292	300	311	281	303	344	339
Grand total.....	4,707	5,133	5,572	6,138	6,670	7,276	7,899	8,677
PUBLIC AFFAIRS								
Office of the Director.....			7	13	11	11	12	12
Legislative Liaison.....	18	19	21	26	28	29	33	32
Civic Affairs.....	9	10	10	10	11	11	12	12
Public Information.....	4	5	5	5	5	6	6	7
Broadcasting.....	40	40	42	45	47	51	53	56
Community Development.....	42	45	34	38	40	48	49	54
Grant-in-Aid.....	10	10	10	11	11	12	13	1
Housing Loan Fund.....								
Congress of Micronesia—Election.....								
Congress of Micronesia—Operations.....								
Total, Public Affairs.....	123	129	129	148	153	168	178	186
RESOURCES AND DEVELOPMENT								
Office of the Director.....								
Agriculture.....	264	272	278	290	313	331	348	366
Economic Development.....	42	43	51	55	59	63	67	71
Marine Resources.....	60	65	80	93	121	134	140	159
Lands and Surveys.....	159	199	210	228	243	258	273	287
Land Commissions.....	96	108	114	123	131	140	147	156
Labor Division.....	4	6	7	7	8	9	9	9
Total, Resources and Development.....	625	693	740	796	875	935	984	1,048
HEALTH SERVICES								
Medical Administration.....								
Hospital and Out-Island Services.....	571	653	712	779	888	1,071	1,268	1,424
Environmental Health and Sanitation.....	40	38	40	44	46	49	51	55
Dental Services.....	63	72	80	90	97	103	109	118
Trust Territory School of Nursing.....								
Total, Health Services.....	676	763	832	913	1,031	1,223	1,428	1,597
EDUCATION								
Administration.....	66	69	68	90	98	106	115	121
Elementary.....	1,016	1,073	1,217	1,358	1,473	1,565	1,678	1,814
Secondary.....	691	704	784	897	1,023	1,124	1,218	1,509
Inservice Teacher Training.....								
Scholarship and Medical Education.....								
Micronesian Occupational Center.....								
Community College of Micronesia.....								
Micronesian Maritime Center.....								
Aid to Non-Public Schools.....								
Total, Education.....	1,773	1,846	2,069	2,345	2,594	2,795	3,011	3,444
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General.....	31	34	37	39	42	44	46	49
Immigration.....	9	10	11	11	12	13	14	15
Public Safety.....	157	164	204	227	260	276	288	304
Public Defender.....								
Local Judiciary.....								
Total, Protection to Persons and Property.....	197	208	252	277	314	333	348	368

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

PONAPE—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director.....								
Transportation Office.....								
Sea Transportation.....								
Communications.....	103	112	118	114	123	132	139	146
Total, Transportation and Commu- nications.....	103	112	118	114	123	132	139	146
PUBLIC WORKS								
Engineering and Administration.....								
Operations and Maintenance.....	593	638	657	715	750	809	865	912
Utilities.....	300	452	475	519	549	578	602	637
Total, Public Works.....	893	1,090	1,132	1,234	1,299	1,387	1,467	1,549
ADMINISTRATION								
Office of the District Administrator.....	184	161	165	162	139	149	156	164
Administrative Services (HQ):								
Management Services								
LNO—Guam.....								
LNO—Okinawa.....								
LNO—Honolulu.....								
Executive Operations.....								
Finance:								
Office of the Director.....								
Finance and Accounting.....	44	42	43	51	52	55	59	64
Procurement and Supply.....	64	60	63	67	53	59	88	68
Automatic Data Processing.....								
Financial Management System Implemen- tation.....								
Personnel:								
Personnel Office.....	25	29	29	31	37	39	41	43
Personnel Training.....								
Leased Housing Fund.....								
Other (HQ):								
Internal Audit.....								
Program and Budget.....								
Personnel Benefits.....								
Disaster Control Office.....								
Total, Administration.....	317	292	300	311	281	303	344	339
TRUK								
Direct appropriation.....								
Public affairs.....	96	115	116	119	129	132	138	149
Resources and development.....	464	531	586	630	657	690	723	747
Health services.....	1,086	1,175	1,358	1,423	1,550	1,674	1,801	1,932
Education.....	2,032	2,216	2,634	2,831	3,195	3,456	3,723	4,003
Protection to persons and property.....	183	201	226	280	308	339	362	391
Transportation and communications.....	108	118	117	117	124	132	139	146
Public works.....	714	885	859	1,164	1,223	1,416	1,509	1,720
Administration.....	308	329	337	329	339	368	390	400
Grand total.....	4,991	5,570	6,233	6,893	7,525	8,207	8,785	9,493
PUBLIC AFFAIRS								
Office of the Director.....		9	10	10	11	11	12	13
Legislative Liaison.....	18	21	20	20	24	23	24	25
Civic Affairs.....	10	10	10	10	11	11	11	12
Public Information.....	4	5	5	5	6	6	6	7
Broadcasting.....	32	34	35	37	39	42	44	46
Community Development.....	21	24	24	26	26	27	28	32
Grant-in-Aid.....	11	12	12	11	12	12	13	14
Housing Loan Fund.....								
Congress of Micronesia—Election.....								
Congress of Micronesia—Operations.....								
Total, Public Affairs.....	96	115	116	119	129	132	138	149

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

TRUK—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
RESOURCES AND DEVELOPMENT								
Office of the Director								
Agriculture	134	142	152	161	173	183	194	205
Economic Development	40	41	45	52	55	59	60	66
Marine Resources	104	117	145	165	167	174	193	198
Lands and Surveys	82	123	132	139	141	148	141	135
Land Commissions	99	102	106	106	113	118	126	134
Labor Division	5	6	6	7	8	8	9	9
Total, Resources & Development	464	531	586	630	657	690	723	747
HEALTH SERVICES								
Medical Administration								
Hospital and Out-Island Services	983	1,037	1,230	1,294	1,407	1,522	1,635	1,755
Environmental Health and Sanitation	45	46	50	48	53	55	58	65
Dental Services	58	62	78	81	90	97	108	112
Trust Territory School of Nursing								
Total, Health Services	1,086	1,175	1,358	1,423	1,550	1,674	1,801	1,932
EDUCATION								
Administration	107	109	93	169	164	175	186	200
Elementary	1,173	1,237	1,504	1,498	1,690	1,848	2,026	2,215
Secondary	759	870	1,037	1,164	1,351	1,433	1,511	1,593
Inservice Teacher Training								
Scholarship and Medical Education								
Micronesian Occupational Center								
Community College of Micronesia								
Micronesian Maritime Center								
Aid to Non-Public Schools								
Total, Education	2,032	2,216	2,634	2,831	3,195	3,456	3,723	4,008
PROTECTION TO PERSONS AND PROPERTY								
Office of the Attorney General	34	36	43	47	48	51	53	59
Immigration	9	10	10	9	10	10	11	12
Public Safety	140	155	173	224	250	278	298	320
Public Defender								
Local Judiciary								
Total, Protection to Persons and Property	183	201	226	280	308	339	362	391
TRANSPORTATION AND COMMUNICATIONS								
Office of the Director								
Transportation Office								
Sea Transportation								
Communications	108	118	117	117	124	132	139	146
Total, Transportation and Communications	108	118	117	117	124	132	139	146
PUBLIC WORKS								
Engineering and Administration								
Operations and Maintenance	522	563	518	573	595	640	680	740
Utilities	192	322	341	591	628	776	829	980
Total, Public Works	714	885	859	1,164	1,223	1,416	1,509	1,720
ADMINISTRATION								
Office of the District Administrator	185	192	191	182	179	193	204	216
Administrative Services (HQ):								
Management Services								
LNO—Guam								
LNO—Okinawa								
LNO—Honolulu								
Executive Operations								

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

TRUK—Continued

[Dollars in thousands]

	Fiscal years							
Program activity	1972	1973	1974	1975	1976	1977	1978	1979
ADMINISTRATION—Continued								
Finance:								
Office of the Director								
Finance and Accounting	39	43	44	45	48	50	54	50
Procurement and Supply	61	70	77	75	84	95	100	94
Automatic Data Processing								
Financial Management System Implemen- tation								
Personnel:								
Personnel Office	23	24	25	27	28	30	32	34
Personnel Training								
Leased Housing Fund								
Other (HQ):								
Internal Audit								
Program and Budget								
Personnel Benefits								
Disaster Control Office								
Total, Administration	308	329	337	329	339	368	390	400

YAP DISTRICT

Direct appropriations.....									
Public affairs.....	90	108	112	126	138	156	170	173	
Resources and development.....	285	316	360	384	398	438	448	479	
Health services.....	460	502	549	595	665	702	740	779	
Education.....	739	782	867	951	1,045	1,096	1,179	1,224	
Protection to persons and property.....	131	150	151	165	193	198	216	219	
Transportation and communications.....	111	113	109	122	129	136	143	150	
Public works.....	643	762	830	920	1,003	1,113	1,217	1,326	
Administration.....	269	280	295	328	358	398	454	431	
Grand total.....	2,728	3,033	3,273	3,591	3,929	4,237	4,567	4,786	

PUBLIC AFFAIRS

Office of the Director.....		9	10	11	11	12	13	13	
Legislative Liaison.....	17	18	18	21	22	29	29	30	
Civic Affairs.....	10	10	10	12	13	13	14	15	
Public Information.....	5	6	8	10	12	13	15	16	
Broadcasting.....	31	34	34	35	39	43	46	48	
Community Development.....	19	21	22	26	29	32	37	39	
Grant-in-Aid.....	8	10	10	11	12	14	16	17	
Housing Loan Fund.....									
Congress of Micronesia—Election.....									
Congress of Micronesia—Operations.....									
Total, Public Affairs.....	90	108	112	126	138	156	170	178	

RESOURCES AND DEVELOPMENT

Office of the Director.....									
Agriculture.....	72	72	75	80	84	93	94	98	
Economic Development.....	38	40	41	45	47	51	54	56	
Marine Resources.....			30	32	33	35	37	38	
Land and Surveys.....	76	109	119	126	131	144	146	160	
Land Commissions.....	94	89	88	93	95	106	106	117	
Labor Division.....	5	6	7	8	8	9	11	10	
Total, Resources and Development.....	285	316	360	384	398	438	448	479	

HEALTH SERVICES

Medical Administration.....									
Hospital and Out-Island Services.....	368	420	462	498	561	594	627	660	
Environmental Health and Sanitation.....	31	35	36	39	43	43	45	48	
Dental Services.....	41	47	51	58	61	65	68	71	
Trust Territory School of Nursing.....									
Total, Health Services.....	460	502	549	595	665	702	740	779	

TRUST TERRITORY OF THE PACIFIC ISLANDS OPERATIONS SUMMARY, 1972-1979—Continued

YAP DISTRICT—Continued

[Dollars in thousands]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
EDUCATION								
Administration.....	61	65	52	56	60	63	67	70
Elementary.....	361	378	435	465	495	524	553	582
Secondary.....	317	339	380	430	490	509	559	572
Inservice Teacher Training.....								
Scholarship and Medical Education.....								
Micronesian Occupational Center.....								
Community College of Micronesia.....								
Micronesian Maritime Center.....								
Aid to Non-Public Schools.....								
Total, Education.....	739	782	867	951	1,045	1,096	1,179	1,224
PROTECTION TO PERSONS AND PROPERTY								
Office of the attorney general.....	25	29	30	34	37	40	41	44
Immigration.....	3	12	11	12	15	18	17	20
Public safety.....	93	109	110	119	141	140	158	155
Public defender.....								
Local judiciary.....								
Total, protection to persons and property.....	131	150	151	165	193	193	216	219
TRANSPORTATION AND COMMUNICATIONS								
Office of the director.....								
Transportation Office.....								
Sea transportation.....								
Communications.....	111	113	109	122	129	136	143	150
Total, transportation and communications.....	111	113	109	122	129	136	143	150
PUBLIC WORKS								
Engineering and administration.....	471	499	526	584	631	703	764	829
Operations and maintenance.....	172	283	304	336	372	410	453	497
Utilities.....								
Total, public works.....	643	782	830	920	1,003	1,113	1,217	1,326
ADMINISTRATION								
Office of the district administrator.....	155	162	171	193	206	236	273	247
Administrative services (HQ):								
Management services.....								
LNO—Guam.....								
LNO—Okinawa.....								
LNO—Honolulu.....								
Executive operations.....								
Finance:								
Office of the director.....								
Finance and accounting.....	32	36	37	39	48	48	54	53
Procurement and supply.....	64	62	66	72	80	89	93	103
Automatic data processing.....								
Financial management system implementation.....								
Personnel:								
Personnel office.....	18	20	21	24	24	25	29	28
Personnel training.....								
Leased housing fund.....								
Other (HQ):								
Internal audit.....								
Program and budget.....								
Personnel benefits.....								
Disaster control office.....								
Total, Administration.....	269	280	295	328	358	398	454	431

CAPITAL IMPROVEMENTS PROGRAM 1972-79

[Unit: \$1,000]

Program activity	Fiscal years—								5-year total 1975-79
	1972	1973	1974	1975	1976	1977	1978	1979	
Public affairs.....				60		150			210
Judiciary.....				25		100	100		225
Legal affairs.....				148	90	40	426	50	754
School construction:									
Elementary.....			80	492	947	340	970	1,363	4,112
Secondary.....		1,317	2,287	1,599	1,961	4,759	1,407		12,013
Post secondary.....			100						
Total.....									16,125
Public health.....		4,650	3,014	33			205	1,092	4,344
Transportation and communications:									
Roads and bridges.....			50	1,540	434	725	859	865	4,423
Airfields.....				1,833	1,264	100	900	1,000	5,097
Docks, harbors, and warehouses.....				1,358	1,814	1,722	2,173	1,344	8,411
Interisland ships.....				2,600	2,800	1,500	1,600	1,800	10,300
Telephones.....					190		15		205
Communications.....				225		400	250	324	1,199
Total.....									29,635
Resources development.....			40	868	575	400	520		2,363
Commerce and industry.....								50	50
Community development.....			1,050	1,327	664	735	320	340	3,386
Water, sewerage and power:									
Water.....				1,294	1,432	583	851	929	5,089
Sewerage.....					200	350	800	50	2,894
Power.....			790	1,125	1,411	1,053	1,321	1,510	6,420
Total.....									14,403
Maintenance and rehabilitation.....			100	897	654	600	795	700	3,646
General support.....			47	120	40	547	232	607	1,546
Grand total, capital improve- ments.....			8,224	19,413	15,441	11,306	17,096	13,431	76,687

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Public affairs.....				60		150		
Judiciary.....				25		100	100	
Legal affairs.....				148	90	40	426	50
School construction:								
Elementary Schools:								
Marianas.....				50	122			
Marshalls.....					190		165	
Palau.....								
Ponape.....				338	58	124	140	76
Truk.....			80	104	577	216	595	618
Yap.....							70	669
Total, Elementary.....			80	492	947	340	970	1,363
Secondary:								
Marianas.....				85	294		887	
Marshalls.....			850	765	1,180	447	917	857
Palau.....						450	2,000	
Ponape.....				907	125	600	500	500
Truk.....			457	395		464	335	50
Yap.....			10	135			120	
Total, Secondary.....			1,317	2,287	1,599	1,961	4,759	1,407
Post Secondary:								
MOC.....								
CCM.....			100					
Total, Post Secondary.....								
Total, School construction.....			1,497	2,779	2,546	2,301	5,729	2,770

CAPITAL IMPROVEMENTS PROGRAM 1972-79—Continued

[Unit: \$1,000]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Health services:								
District Hospitals:								
Marianas.....				150			120	
Marshalls.....							85	1,000
Palau.....				600				
Ponape.....			4,500					
Truk.....								35
Yap.....			150	2,264				
Total.....			4,650	3,014			205	1,035
Subdistrict Hospital and Super dispensaries:								
Marianas—Rota.....					33			57
Total.....					33			57
Total, Health Services.....			4,650	3,014	33		205	1,092
Transportation and communications:								
Roads and Bridges:								
Marianas.....							239	
Marshalls.....							199	695
Palau.....				841		525		
Ponape.....				324	257	200	271	
Truk.....			50	375	177		150	170
Yap.....								
Airai Bridge, Palau.....								
Road Construction Equipment.....								
Roads and Bridges, Total.....			50	1,540	434	725	859	865
Airfields:								
Marianas.....				150				
Marshalls.....								
Palau.....				350	1,264			
Ponape.....				20		100	900	1,000
Truk.....				1,313				
Yap.....								
Airfields, Total.....				1,833	1,264	100	900	1,000
Docks and Harbors:								
Marianas (Rota).....						616	350	
Ebeye.....					129	180		
Jaluit.....						30	28	
Majuro.....			958				157	358
Palau.....								336
Satawan.....				250		450		
Truk Lagoon.....					285	200		
Truk Outer Islands.....								400
Moen.....					1,300			
Yap.....						168	1,138	
Woleai.....							100	
Yap Outer Islands.....							70	
Docks and Harbors, total.....				1,208	1,714	1,572	1,843	1,094
Interisland Ships.....				2,600	2,800	1,500	1,600	1,800
Warehouses.....				150	100	150	330	250
Total, Transportation.....				7,331	6,312	4,047	5,532	5,009
Communications.....				225		400	250	324
Telephones.....					190		15	
Total, transportation and communications.....			50	7,556	6,502	4,447	5,797	5,333
Community development:								
Bikini.....			330	677	104	135		
Civic Action Team.....			720	650	560	600	320	340
Other.....								
Total.....			1,050	1,327	664	735	320	340

CAPITAL IMPROVEMENTS PROGRAM 1972-79—Continued

[Unit: \$1,000]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Resources and development:								
Agriculture:								
Marianas.....				50	50	50	50	
Marshalls.....				169				
Truk.....							180	
Equipment, Trust territorywide.....								
Total.....				219	50	50	230	
Reefers and Ice Plants (Marshalls).....					235			
Fisheries development:								
Marianas.....						100		
Marshalls.....								
Palau.....								
Ponape.....				343	100			
Truk.....			40	150	190	150	190	
Yap.....				56				
Trust territorywide.....				100		100	100	
Total.....			40	649	290	350	290	
Total, resources and development.....			40	868	575	400	520	
Commerce and industry.....								50
Water, sewer, power:								
Water—District Centers:								
Saipan.....				658			435	
Majuro.....								
Palau.....				242				
Ponape.....				100	450	350		
Truk.....					36		50	
Yap.....				194	611		50	345
Total, District Centers.....				1,194	1,097	350	535	345
Water—Out Islands:								
Marianas.....								104
Marshalls.....							66	
Palau.....					20	100		
Ponape.....				100	100			
Truk.....					215	133	250	480
Yap.....								
Total, Out Islands.....				100	335	233	316	584
Total, water.....				1,294	1,432	583	851	929
Sewer—District Centers:								
Saipan.....					410			
Marshalls.....					584			
Palau.....								
Ponape.....					500	300		
Truk.....						50	800	50
Yap.....								
Total, District Centers.....					1,494	350	800	50
Out Island Sewers.....				200				
Total, sewer.....				200	1,494	350	800	50
Power—District Centers:								
Saipan.....			350	185	266	65	76	600
Majuro.....				400				250
Koror.....				340		300	60	100
Moen.....						345		
Yap.....			300					
Ponape.....				50	500		250	
Total, District Centers.....			650	975	766	710	385	950

CAPITAL IMPROVEMENTS PROGRAM 1972-79—Continued

[Unit: \$1,000]

Program activity	Fiscal years							
	1972	1973	1974	1975	1976	1977	1978	1979
Water, Sewer, Power—Continued								
Power—Out Island:								
Marianas.....						42	91	160
Marshall.....				100		131	180	
Palau.....					20	100	200	
Ponape.....			30	50	300			
Truk.....			110		325	70	180	
Yap.....							285	400
Total, Out Island.....			140	150	645	343	936	560
Total, Power.....			790	1,125	1,411	1,053	1,321	1,510
Total, Water, Sewer, Power.....			790	2,619	4,337	1,986	2,972	2,489

Mr. CLAUSEN. I think that would save some time, Mr. Chairman.

Mr. BURTON. Would the gentleman yield?

Mr. CLAUSEN. Yes.

Mr. BURTON. Mr. Commissioner, you are still confronted with the uncertainty that if you lose the bulk of that \$9 million from these other programs, you are about \$10 million short, aren't you?

Mr. JOHNSTON. Yes, sir, the only program in there of a substantial amount, \$1 million or more for the Peace Corps activities, apparently is going to be continued, but most of the other programs at this point are in doubt.

Mr. BURTON. Well, if they are in doubt, then those figures, to the extent they are reduced, have to be reflected in an increase in the numbers you have given us. Am I correct?

Mr. JOHNSTON. That is correct, yes, sir.

Mr. BURTON. I think it would be unrealistic to expect an open-ended authorization beyond, if you will, the Nixon fiscal years. I think that that probably is the outer limit that you are talking about.

I think we could develop maximum, bipartisan support if we were talking about the fiscal year ending June 30, 1977. You get beyond that and then you open up a whole variety of possibly divisive considerations. So for purposes of your thinking, there isn't any prospect that I would consider going beyond the last fiscal year of the Nixon administration.

I am sure our committee is not going to be willing to put itself completely out of the business of reviewing your authorizations.

Mr. CLAUSEN. Well, that follows, Mr. Chairman, the line of reasoning that I had personally developed. After all, you fellows are committed to and serve at the pleasure of this administration, and there may be new factors, new policies that the American people would decide upon, and that's one of the reasons I chose that time frame.

Now, moving along hurriedly—and I'm sorry I'm taking up so much time, Mr. Chairman—do you have any figures and sources on the tax revenues generated within the trust territory, and I am wondering if you do not, could you supply this information?

Mr. JOHNSTON. Yes, sir, we have it right here, and we'd be glad to supply it for the record.

Mr. CLAUSEN. Well, could you tell me what it is, then?

I would like to ask to have these figures into the record.

Mr. JOHNSTON. Our total estimated collections—well, the total collections for fiscal year 1972 from all sources were \$3,733,000. The estimated for fiscal 1973 is about \$4,615,000 and estimated collections for fiscal 1974, slightly under \$5 million.

Mr. CLAUSEN. All right; then what tax sources, and from what sources are funds raised by the district legislature?

Mr. JOHNSTON. Well, these are territorywide taxes, and the sources of these taxes are the territorywide income tax, import taxes mostly on luxury items, export taxes, a fuel excise tax, and other miscellaneous sources such as business licenses and the leasing of public land. The Congress of Micronesia gets the revenues from the leasing of public lands. The district legislatures have their own fundraising sources, but these are in much smaller amounts, running in the neighborhood, I believe—the maximum is around \$200,000 for any one district, and they are not included in our budget. The district legislatures and the district administrations have their own budgets and raise their own local revenues, but when we're speaking of local revenues here in relation to the U.S. grant funds, these are the revenues that are raised on a territorywide basis.

Mr. CLAUSEN. Well, you may want to amplify that a little bit. As a minimum, would you supply the information that you are reading on that particular sheet for the record, and it will be included at this point in the record, Mr. Chairman.

Mr. JOHNSTON. We certainly will.

Mr. BURTON. So ordered.

[The information referred to follows:]

REVENUE: CONGRESS OF MICRONESIA

	Actual collections		Estimated collections	
	Fiscal year 1971	Fiscal year 1972	Fiscal year 1973	Fiscal year 1974
Income taxes:				
Micronesian wage tax.....		\$713, 223	\$600, 000	\$650, 000
Non-Micronesian wage tax.....		1, 053, 156	1, 500, 000	1, 600, 000
Business gross revenue tax.....		833, 832	1, 200, 000	1, 300, 000
Subtotal.....		2, 600, 211	3, 300, 000	3, 550, 000
Import taxes:				
Cigarettes and tobacco.....	\$228, 697	219, 256	230, 000	240, 000
Beer and malt beverages.....	180, 381	162, 993	190, 000	200, 000
Alcoholic beverages.....	115, 425	124, 379	150, 000	160, 000
Food, materials and others.....	220, 191	254, 376	310, 000	330, 000
Subtotal.....	744, 694	761, 004	880, 000	930, 000
Export taxes:				
Copra.....	79, 210	69		
Trochus.....				
Scrap metal.....	2, 871	1, 372	500	500
Subtotal.....	82, 081	1, 441	500	500
Fuel excise tax.....	50, 850	54, 161	60, 000	65, 000
Other revenue:				
Court fines, penalties, etc.....	24, 376	47, 383	40, 000	40, 000
Unimproved land rental.....	40, 128	28, 426	45, 000	50, 000
Other property rental.....	68, 748	74, 855	80, 000	85, 000
Corporation tax (Mobil).....	82, 000		50, 000	45, 000
Business licenses.....	23, 678	29, 770	20, 000	22, 600
Other licenses and permits.....	1, 800	2, 732	7, 000	8, 000
U.S. grant for salaries.....	66, 762	125, 000	125, 000	125, 000
Miscellaneous.....	9, 507	7, 979	8, 000	10, 000
Subtotal.....	316, 999	316, 145	375, 000	385, 000
Total.....	1, 194, 624	3, 732, 962	4, 615, 500	4, 930, 500

Mr. CLAUSEN. Mr. Johnston, do you have an itemized breakdown on the items making up the President's budget request of \$56 million for fiscal year 1974?

I assume that you had some input as to how that \$56 million figure was arrived at.

If so, would you elaborate on that?

Mr. JOHNSTON. Yes, sir.

This is broken down into \$45,965,000 for operations and \$8,224,000 for capital improvements.

Now, this is under what we call grants, reimbursements and operating income. There is a small amount of direct, Federal appropriation for the trust territory for the Office of the High Commissioner and the operation of the judiciary. This amounts to \$811,000.

Mr. BURTON. Could the gentleman yield?

Mr. CLAUSEN. Yes.

Mr. BURTON. Let us go over this item by item.

What are the direct appropriations to the High Commissioner?

Mr. JOHNSTON. To the Office of the High Commissioner, for fiscal 1974, \$411,000, and the judiciary, \$400,000.

Mr. BURTON. And what is the amount for grants and operations?

Mr. JOHNSTON. \$45,965,000

Mr. BURTON. And what is the capital improvements request?

Mr. JOHNSTON. \$8,224,000.

Then there is an additional \$1 million under separate legislation for the economic development loan fund.

Mr. BURTON. In other words, there's been an increase of about 25 percent in the amount of direct appropriations to the High Commissioner. There has been an increase of maybe 1 or 2 percent in grants in operations, and there has been a decrease of more than 50 percent in the capital improvements.

Mr. JOHNSTON. Yes, Sir.

Mr. BURTON. If you were asked, knowing what you do, what would you conclude from those three mathematical observations?

Mr. CARPENTER. I think we should add into the capital improvement money, though, the rather large carryover from previous fiscal years which has approached \$13 million.

Mr. BURTON. Having stated that, what other conclusions would you reach, though?

Mr. JOHNSTON. I could see what conclusions you might draw, Mr. Chairman.

Mr. BURTON. Well, what might those be?

Mr. JOHNSTON. They might be that we are building up operations at the expense of capital improvements.

However, one of the soul searching problems that we have had in the negotiations between our executive branch and the legislative branch of the trust territory government is what to do about this problem because at the present funding levels the amounts available for operations is sort of a bare minimum to operate the governments of these six, widely spread, far flung districts, and the territorial government. We have to make a decision one way or another, either we cut back operations or we just don't build any more public improvements.

We don't have the type of budget that has much fat in it. We don't have gymnasiums and recreation areas and the things that

normal American communities have, and we have to operate our schools and our hospitals and our public works programs and if we take money out of those programs to build capital improvements, then people have to be laid off. The government is still the greatest source of employment and the greatest source of economic life in the trust territory. So that is the problem that we are faced with at the present time.

Mr. CLAUSEN. Mr. Chairman, I think that there are others that have questions, so in the interest of time, I would like to ask unanimous consent that I be permitted to submit additional questions to these gentlemen, that they could expound on, and they would be included at this point in the record.

Mr. BURTON. So ordered.

[The information referred to follows:]

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., April 24, 1973.

High Commissioner EDWARD E. JOHNSTON,
Trust Territory of the Pacific Islands,
Department of the Interior,
Saipan, Marianas.

DEAR MR. JOHNSTON: You will recall that at the hearing on H.R. 6129 and H.R. 6378 (Continuance of Civil Government in the Trust Territory of the Pacific Islands) conducted in Washington, D.C., on April 12, 1973, I was granted permission to submit additional questions in writing for the record. Accordingly, your responses, at the earliest possible convenience, are requested on the following:

"Mr. CLAUSEN. Please, Mr. High Commissioner, summarize the degree of success you anticipate arising from your proposed FY 1974 Budget Submission in meeting United States obligations in Micronesia under the 1947 U.N. Trusteeship Agreement. In your response, indicate the amount of FY 1974 moneys compared to FY 1973 programmed for education, transportation and communication, resources and development, health services, and public works; further, explain any significant shortfalls that you expect due to a lack of adequate funding.

"Mr. CLAUSEN. Mr. High Commissioner, would you outline the procedures which are underway to foster governmental decentralization within the Trust Territory of the Pacific Islands? Specifically, I am referring to district contract authority."

Your informative testimony and further cooperation on this important matter are indeed appreciated.

Cordially,

DON CLAUSEN, *Member of Congress.*

TRUST TERRITORY OF THE PACIFIC ISLANDS,
OFFICE OF THE HIGH COMMISSIONER,
Saipan, Mariana Islands, May 10, 1973,

Hon. DON H. CLAUSEN
Committee on Interior and Insular Affairs,
U.S. House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE CLAUSEN: In response to your letter of April 24, 1973, to High Commissioner Johnston, we are pleased to enclose the attached response to two additional questions for the record.

Please let us know if we may be of further assistance.

Sincerely yours,

PETER T. COLEMAN,
Deputy High Commissioner.

Mr. CLAUSEN. Please, Mr. High Commissioner, summarize the degree of success you anticipate arising from your proposed FY 1974 Budget Submission in meeting United States obligations in Micronesia under the 1947 U.N. Trusteeship Agreement. In your response, indicate the amount of FY 1974 moneys

compared to FY 1973 programed for education, transportation and communications, resources and development, health services, and public works; further, explain any significant shortfalls that you expect due to a lack of adequate funding.

Mr. JOHNSTON. The President's Budget for FY 1974 includes \$56 million for the Trust Territory of the Pacific Islands, as compared with an appropriation of \$60 million for FY 1973. We have prepared the attached tabular summary to show these comparisons in more detail. It can be seen that most of the operational program areas are slightly higher in FY 1974 to reflect increases in pay scales and the generally higher costs of maintaining existing program levels in light of price increases. Notable exceptions are found in Education and Health Services where program increases are requested to staff new facilities and to upgrade existing levels of service for a growing population.

We think that the increases requested for operations in FY 1974 will allow us generally to keep pace with increasing requirements and to allow meaningful progress toward meeting our responsibilities under the U.N. Trusteeship Agreement.

It can also be seen that funds for Capital Improvement Projects total \$8,224 thousand in FY 1974 as compared with \$16,335 thousand in FY 1973. Rising operational costs have been financed, of necessity, by reducing funds for Capital Improvement Projects.

Any discussion of shortfalls due to a lack of adequate funding must be grounded upon an understanding of the base from which such shortfalls are measured. Each year's construction program in the Trust Territory is a discrete program consisting of different projects within the same program areas. The identification of shortfalls, therefore, cannot proceed from a comparison of the construction program between different years. Such an identification can be examined, however, by comparing funds requested with funds planned to be requested at earlier stages of the budget process. For this purpose, we have included data on the table furnished herewith relative to the amounts included in the FY 1974 preliminary budget as submitted to the Congress of Micronesia.

The preliminary budget for FY 1974 included \$22,287 thousand for the Capital Improvements Program, as compared with \$8,224 thousand included in the FY 1974 President's budget. This decrease of \$14,063 thousand represents the programs and projects which can be evaluated with respect to shortfalls anticipated for FY 1974.

There are three areas in the Capital Improvement Program in which we expect to encounter significant shortfalls in FY 1974. These are Education facilities, Transportation and Communications facilities, and Water, Sewer, and Power facilities. Under Education facilities, the most severe shortfall expected will be in the Secondary school construction program. There are not yet sufficient places in high schools to accommodate all eighth-grade graduates who desire to attend Secondary school. We have developed a long-range plan to overcome this deficiency through construction of school rooms, dormitories, and necessary related facilities through FY 1979. This goal will now not be met until at least one year later. Planned expansion of our post-secondary vocational education facilities was deferred as was construction of elementary classrooms programmed to alleviate a current problem of double sessions in some schools and to replace undesirable classrooms with more modern and suitable facilities.

The large majority of Transportation and Communications facilities deferred under the FY 1974 budget are airfield projects. New airfields in three districts will be postponed at least another year. Road projects of much smaller magnitude will also be deferred.

Sewerage projects and power projects in about equal proportions represent areas of shortfall under Water, Sewerage, and Power facilities. Provision of utility services for residential, commercial, and government users will be slowed or deferred in most of the centers of population.

TRUST TERRITORY OF THE PACIFIC ISLANDS, COMPARISON OF FISCAL YEAR 1973
AND FISCAL YEAR 1974 BUDGETS

[In thousands of dollars]

	Approved fiscal year 1973 budget \$60,000,000	Final fiscal year 1974 budget \$56,000,000	Original fiscal year 1974 budget \$70,000,000	Changes between fiscal year 1974 final and 1973 (2)-(1)	Changes between fiscal year 1974 final and 1974 original (2)-(3)
	(1)	(2)	(3)	(4)	(5)
Direct appropriation:					
High Commissioner's Office.....	313	411	331	98	80
Judiciary.....	325	400	415	75	(15)
Total direct appropriation.....	638	811	746	173	65
Grants:					
Operations:					
Health services.....	6,924	7,594	7,641	670	(47)
Education.....	11,490	12,834	13,163	1,344	(329)
Public affairs.....	2,139	2,107	2,133	(32)	(26)
Resources and development.....	4,548	4,760	4,993	212	(233)
Protection to persons and property.....	2,186	2,360	2,391	174	(31)
Transportation and communi- cations.....	3,158	3,247	3,264	89	(17)
Public works.....	7,838	8,025	8,275	187	(250)
Administration.....	4,744	5,038	5,107	294	(69)
Capital improvement projects:					
Public affairs.....	0	0	50	0	(50)
Legal affairs.....	0	0	10	0	(10)
Education.....	3,110	1,497	5,208	(1,613)	(3,711)
Health services.....	690	4,650	3,053	3,960	1,597
Transportation and communi- cations.....	6,669	50	6,117	(6,619)	(6,067)
Resources and development.....	0	40	632	40	(592)
Community development.....	1,276	1,050	1,050	(226)	0
Water, sewer, and power.....	4,098	790	5,504	(3,308)	(4,714)
Maintenance and rehabilitation.....	392	100	300	(292)	(200)
General support.....	100	47	363	(53)	(316)
Subtotal, grants.....	59,362	54,189	69,254	(5,173)	(15,065)
Subtotal, direct appropria- tions and grants.....	60,000	55,000	70,000	(5,000)	(15,000)
Economic Development Loan Fund.....	0	1,000	0	1,000	1,000
Grand total.....	60,000	56,000	70,000	(4,000)	(14,000)

Mr. CLAUSEN. Mr. High Commissioner, would you outline the procedures which are underway to foster governmental decentralization within the Trust Territory of the Pacific Islands? Specifically, I am referring to district contract authority.

Mr. JOHNSTON. Decentralization of contract authority to the districts must take into account the capabilities of the District Administrators and their supporting staff as well as the capabilities of local contractors within the districts. It is the policy of the Trust Territory to make maximum use of local contractors in the construction of Capital Improvement Projects. It is also the policy of the Trust Territory to delegate authority to the District Administrators to enter into and administer contracts which are designated as local contracts. The monetary limitation on local contracts has been set at \$50,000. This amount was raised from \$25,000 during the current fiscal year. Designation of local contracts in excess of \$50,000 now requires the prior approval of the Office of Territorial Affairs in the Department of the Interior.

The Secretary of the Interior has provided recent policy guidance that the present limitation of \$50,000 appears to be a realistic one in terms of present district staff capabilities. The Trust Territory Government seeks to delegate contracting authority to districts commensurate with district capabilities. It is therefore probable that increases in the present limitation will be requested in the future as districts are able to acquire and demonstrate additional capability.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., April 24, 1973.

MR. STANLEY S. CARPENTER,
*Deputy Assistant Secretary for Territorial Affairs, Department of the Interior,
Washington, D.C.*

DEAR MR. CARPENTER. You will recall that at the hearing on H.R. 6129 and H.R. 6378 (Continuance of Civil Government in the Trust Territory of the Pacific Islands) conducted on April 12, 1973, I was granted permission to submit additional questions in writing for the record. Accordingly, your response, at the earliest possible convenience, is requested on the following:

"Mr. CLAUSEN. In your opening statement, Mr. Carpenter, you mentioned that '... the Fiscal Year 1974 Program reflects a policy of holding the increased cost of operations to a minimum ...' Nevertheless, there appears to be approximately \$3 million more in the operational and administrative area requested for FY 1974 than is estimated for FY 1973. Would you itemize what this increase entails and explain the underlying rationale therefor?"

Your informative testimony and further cooperation on this important matter are indeed appreciated.

Cordially,

DON CLAUSEN, *Member of Congress.*

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 14, 1973.

Hon. DON CLAUSEN:

Committee on Interior and Insular Affairs, House of Representatives, Washington D.C.

DEAR MR. CLAUSEN: I am pleased to submit for the record the answer to the additional question you submitted on April 12, 1973 at the hearing on H.R. 6129 and H.R. 6378 (Continuance of Civil Government in the Trust Territory of the Pacific Islands). This question requested additional explanation of the increase of approximately \$3 million more in the operational and administrative area for FY 1974 than is estimated for FY 1973.

The \$3,111,000 increase in operations for FY 1974 is distributed as follows:

1. \$1,248,000 will be required for normal salary increments for 654 U.S. and 6,453 Micronesian on-going positions. Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and increments retiring and being replaced by youth in lower grades and beginning increments will not be evident for some years to come.
2. \$1,075,000 will be needed for full funding of positions partially lapsed in FY 1973. Positions for which recruitment was intentionally delayed in FY 1973 will require full funding in FY 1974.
3. \$330,000 will be required for strengthening of staff in Health Services. Sixty-six new Micronesian positions will be required in FY 1974 primarily to diminish staffing shortages in district hospitals and to strengthen administrative staff at Headquarters.
4. \$404,000 is needed for strengthening of education staff particularly in the elementary and secondary school education programs, partially offset by the elimination of the inservice teacher training program. 106 new Micronesian positions will be required in FY 1974 primarily to help carry out the elementary and secondary school programs throughout the Territory. These positions are also needed for additional facilities and to overcome staffing shortages in order to improve the teacher/pupil ratio especially in the district centers.
5. \$54,000 will be required for minor increase in operation and maintenance of ships. In FY 74, the first of the planned Trust Territory fleet of new district vessels will be in operation. The small increase required will provide for normal wage increments for the crews and to cover increased costs of operation and maintenance of ships.

Sincerely yours,

STANLEY S. CARPENTER,
Director, Office of Territorial Affairs.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C. April 24, 1973.

HON. RAYMOND SETIK,
*Chairman, Joint Committee on Program and Budget Planning,
Congress of Micronesia, Saipan, Marianas*

DEAR MR. CHAIRMAN: You will recall that at the hearing on H.R. 6129 and H.R. 6378 (Continuance of Civil Government in the Trust Territory of the Pacific Islands) conducted in Washington, D.C., on April 12, 1973, I was granted permission to submit additional questions in writing for the record. Accordingly, your response, at the earliest possible convenience, is requested on the following:

"Mr. CLAUSEN. Congressman Setik, would you explain the procedures currently underway to foster greater government responsibility and authority at the district level? Especially, I am interested in progress pertinent to the problems of land certification."

Your informative testimony and further cooperation in this important matter are indeed appreciated.

Cordially,

DON CLAUSEN, *Member of Congress.*

CONGRESS OF MICRONESIA,
JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING,
Saipan, Mariana Islands, May 8, 1973.

HON. DON H. CLAUSEN,
*Member, House Committee on Interior and Insular Affairs,
U.S. House of Representatives, Washington, D.C.*

DEAR REPRESENTATIVE CLAUSEN: I have just received your letter of April 24 in Truk, E.C.I. and have today, May 8 sent you a cable response. This letter constitutes my written confirmation and in addition I am enclosing some recent correspondence with the Department of Interior concerning the management exercised in the Trust Territory of the Pacific Islands.

"Mr. CLAUSEN. Congressman Setik, would you explain the procedures currently underway to foster greater government responsibility and authority at the district level? Especially, I am interested in progress pertinent to the problems of land certification."

Responding to your letter and question of April 24 just received. We have identified three actions which the Congress feels would significantly enhance district government responsibility and authority and improve overall liability to accomplish programs in Micronesia.

First land certification should be a district function and not be done at the Headquarters Trust Territory of the Pacific Islands. Certain relocation of this function will be of great assistance to the Administration process primarily because the most prevalent reason for lack of program accomplishment will have been removed and action responsibility lodged in one place. High Commissioner Johnston supports this concept and will transfer the authority and responsibility to the districts on 1 May 1972.

A second item is that all projects and programs of \$75,000 or less must be given to the District Administrator for accomplishment, unless specifically refused by the District Administrator. Currently, all Congress of Micronesia projects and programs, about \$5.0 million per year, are directly funded to the district for their administration; one individual project for road and air field work on Majuro was let for \$550,000 recently, for example.

Secretary Carpenter and staff are against such a clear designation of responsibility and authority to the districts. We are adamant about this matter, however, and will continue to press for adoption. We must have capable administration in our districts regardless of what form future status takes. The only way to practice self government is to do it.

A third item of change was presented to the prior semi-annual District Administrator Conference in November. That proposal which was adopted by the District Administrators was that one of them should be present at TTPI Headquarters on a weekly rotation for a period of six months. The District TTPI Officer would be complete with secretary and they would be in Saipan to press for solutions and answers for their problems as well as represent the interests of the other five districts.

This action would put them in Saipan every sixth week, and it would help dissolve the time, space and government level dichotomy. It would put the districts constantly on the scene and the activity would be of limited duration. When the effort cost becomes more than the results they would discontinue the rotation. At the time this recommendation was advanced the High Commissioner saw fit to man a Special Assistant for District Affairs in his office. A step contrary in effect if not in purpose to our suggestion. It produces more rather than less centralization.

One item in the correspondence should be pointed out because of its special relevance—and its humorous aspects as well. The fourth paragraph of Secretary Morton's letter of February 13, 1973 states that "The present pattern calls for a limitation (of District Administrator administrative and contractual authority) set at \$50,000 and this level appears to be a realistic one in terms of present district staff capabilities."

Concerned that such a policy could be in effect without our knowledge I asked some District Administrators if they knew of any such policy. They had not heard of it.

I also inquired of several T.T.P.I. Headquarters staff and they had no knowledge of it. In fact one staffer referred to the letter as one he had heard about containing the new authority. I might add the impreciseness of the quoted sentence is a classic example of bureaucratese, in the present pattern.

I wish to take this opportunity to advise you that one of my responses to Senator Bible's written questions for the record was censored by someone in the Administration.

The censoring took place in my response to the question: "Mr. Setik, I was also interested in your proposal for Micronesian government self-management with a 90-10 federal-local funding ratio. Please expand on that proposal for the Committee." An extract of that part of the reply containing the underlined censored portion is quoted. "This lack exists because such responsibility is withheld from the Districts by the central government of the Trust Territory of the Pacific Islands, not that this withholding is done because the policy is entirely made by Trust Territory headquarters, for it is not, but because withholding of policy is done in Washington; not at the Department of the Interior alone, not in the Office of Management and Budget alone, *nor by the close-knit Praetorian-Executive guard around the White House, nor by the President's cotery*, but by all of these in sum."

Very truly yours,

RAYMOND SETIK,
Chairman, Joint Committee on Program and Budget Planning.

Enclosures.

CONGRESS OF MICRONESIA,
JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING,
Saipan, Mariana Islands, November 30, 1972.

Hon. HARRISON LOESCH,
*Assistant Secretary of the Interior,
Department of the Interior,
Washington, D.C.*

DEAR MR. SECRETARY: The Committee at this time feels that it is now in a position to extend the remarks contained in our interim reply of October 18 relative to financial and program problems anticipated in Fiscal Years 1973 and 1974. The Committee went to each administrative district in the Trust Territory on the return trip from Honolulu after the discussions with Secretary Carpenter in early October. The trip, with interruptions, extended from October 8 to November 11, 1972. The trip report in draft form accompanies this letter as Attachment No. 1. The substance of the report can be summarized in two points.

1. Land certification problems, except symptomatically, do not constitute the essential reason for the \$12.9 million of CIP unobligated carry over from FY 1972 and FY 1973. The \$12.9 million represents the sum of administrative problems. Reductions in carry over will not be achieved, we feel, by adding more staff at Trust Territory headquarters. Reductions in the carry over will be achieved by granting more responsibility and authority and staff, in a few instances, to the District Administrators. The indicated solution is to transfer on January 1, 1973, to each District Administrator, the complete responsibility and authority, i.e., total, legal and otherwise, to act, administer and manage all contracts under \$75,000. The District Administrator may have larger contracts, but he must have the \$75,000 contracts unless he specifically refuses. The need for capable

district administration, capable and realistic in terms of ability and needs of the Marshall, of Ponape, of Yap, etc., exists. We have those capable of such administration in all districts at this time. Additionally, this transfer of responsibility and authority will allow the concentration of efforts by the headquarters staff to be centered on the major dollar projects. Equally, of course, it must be recognized that the procurement standards in the districts will not be up to those required and available in St. Louis; contract administration will not be up to the standards of San Francisco; engineering won't match New York, and the practice of law won't equal Philadelphia, but the jobs can be accomplished, and the contracts brought into completion, faster in most, if not all, instances. In any event, the moral and ethical factors can be served as well in these districts as in the cities mentioned above.

2. A persistent item became a distinct need and surfaced district by district during the hearings—the need for a way to increase participation of the districts in the operational program. The presence of the district administrator at the Trust Territory headquarters to pursue in his own right his programs was a clear summary of actions indicated. The district administrator would represent himself at the Trust Territory headquarters, as well as the other district administrators, when they were there on a continual rotational basis, i.e., every sixth week. It goes without saying that the district administrators would have to do this themselves—no staff of theirs or others could do the job for them. This rotation will continue until it will not pay to continue it further. This rotational concept and the \$75,000 program authority in the executive area, as well as others, are contained in the minutes of the meeting held Thanksgiving Day (see Attachment No. 2).

In the memo for the meeting with the district administrators on Thanksgiving Day, these two objectives, numbers 1 and 2 above, came under a suggested overall goal which was stated as follows: "To provide immediate managerial improvement for timely accomplishment of all programs; Trust Territory headquarters; Trust Territory district administration, local district programs and Congress of Micronesia programs." We ask that you support this goal and the two objectives under it and recommend them for adoption. Additionally, we will ask High Commissioner Johnston to undertake them.

Regarding the balance of FY 1973 and problems and programs known at this time, Micronesia's interests, as defined by the goals above, will need your intercession and aid to accomplish their mutual ends. A few figures will define the FY 1973 problem better than many words.

As of this date, as presented in an Obligation Control Plan for the Trust Territory CIP program, some prime factors for analysis follow:

<i>Funds to be available by quarter fiscal year 1973</i>		<i>Million</i>
First quarter.....		\$6.4
Second quarter.....		3.4
Third quarter.....		3.3
Fourth quarter (effectively contains the \$12.9 million fiscal year 1973 carry over).....		16.1
Total.....		29.2

It should be noted that \$3.6 million of the fourth quarter represents six projects of reprogrammed money whose availability is transferred to the last quarter.

As we are beginning the month of December, we have effectively seven months left of this FY. The only possible improvement that can be made must occur in the third quarter and unless a significant transfer of money occurs, in reality the reversal of currently programmed third and fourth quarter funding, the Trust Territory will enter FY 1974 with a larger carry over than that which we have been discussing.

There are 295 projects in the Obligation Control Plan totalling \$21.2 million. This includes the \$3.6 million reprogram funded projects. Deleting the projects which have been obligated, there remains 61 projects over \$75,000 each, requiring \$17.6 million, and 139 projects of \$75,000 and under, requiring \$6 million. If the authority to contract all of the \$75,000 and under projects was provided to the district administrators on January 1, this dollar impact will not alone solve the problem of carry over to FY 1974. The managerial impact, however, will be significantly great. It would free the administration at the Trust Territory headquarters to work on the 61 large CIP items.

It is apparent that a maximum effort using new methods must be made by the Trust Territory government to obligate both the over and under \$75,000 projects in the time remaining in FY 1973. Assuming these steps will be undertaken by 1 January, the Department of the Interior must provide the \$16.2 million by 1 January, starting at the third quarter.

This \$16.2 million funding thus becomes the third point in this letter and for all three of which we ask both the Department of the Interior and the Trust Territory Government for their wholehearted support in their accomplishment.

Sincerely yours,

RAYMOND SETIK,
Chairman, Joint Committee on Program and Budget Planning.

JANUARY 18, 1973.

HON. ROGERS C. B. MORTON,
*Secretary of the Interior,
Department of the Interior,
Washington, D.C.*

DEAR MR. SECRETARY: This letter is written to interest you in and to secure a response to our letter of November 30, 1972 addressed to then Assistant Secretary Harrison Loesch, a copy of which is attached. This letter concerns a matrix of management problems and suggested solutions relative to the Congress of Micronesia and the Trust Territory of the Pacific Islands' government.

The three main points of the November 30th letter can be summarized as follows:

(1) A redelegation of administration and contractual authority must occur immediately from Headquarters' Trust Territory government to District Administrators to preclude a substantially increased carryover of capital program funds into Fiscal Year 1974. At \$75,000 per item, redelegation would divide 295 listed capital projects into (a) the districts having 139 projects costing \$6 million and (b) the headquarters having 61 projects costing \$17.6 million. This would free the Headquarters to work on major dollar projects and provide meaningful decentralization.

(2) Take action to reverse the TTPI program allotments. The fourth quarter allotment of \$17.1 million together with the current management process will guarantee an equal amount of carryover in FY 1974. More money with no change in management method and process will produce no beneficial change. The current third quarter allotment of \$3.3 million should be allocated in the fourth fiscal quarter.

(3) It is the conviction of our committee after recent consultations in each district of Micronesia that the land certification problems often described as being a main, if not the main deterrent in accomplishing these capital programs is not in fact a major retardant. The major retardant, not a major retardant, is the absence of authority and responsibility permitting the District Administrators to act; concerning which substantial rectification is contained in item (1).

Sincerely yours,

Congressman RAY SETIK,
Chairman, Joint Committee on Program and Budget Planning.
Senator BAILEY OLTER,
Cochairman, Joint Committee on Program and Budget Planning.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 13, 1973.

HON. RAY SETIK, *Chairman,*
HON. BAILEY OLTER, *Cochairman,*
*Joint Committee on Program and Budget Planning, Congress of Micronesia Saipan,
Mariana Islands.*

DEAR CHAIRMEN SETIK AND OLTER: This is in response to your letter of January 18, 1973, calling my attention to the fact that your earlier letter addressed to the Assistant Secretary for Public Land Management on management problems in the Trust Territory has not been answered. I regret that there has been such a long delay.

The concern of the Congress of Micronesia with respect to the large carryover of capital improvement funds is one we share in the Department of the Interior,

and we have been working closely with the High Commissioner to resolve this problem. New procedures are being established which should considerably reduce certain of the problems. The recent assignment of a former District Administrator to the High Commissioner's staff as Special Assistant for District Affairs also should obviate many of the administrative problems between Headquarters and the Districts which in the past has held up programs.

The three points outlined in your November 30, 1972, letter and repeated in your present letter have been noted.

At this stage it does not appear feasible to drastically change procedures on administrative and contractual authority. This is not to say that the District Administrators should not directly supervise capital improvement projects but such supervision obviously must be within the capabilities of the district administration staff to adequately handle and supervise such projects. The present pattern calls for a limitation set at \$50,000 and this level appears to be a realistic one in terms of present district staff capabilities.

Your comments on the Trust Territory program allotments by quarter are noted and you may be assured that this matter is being carefully reviewed.

Finally, we note with considerable interest the belief of your Committee that land certification problems, often called the main deterrent in accomplishing the capital improvement program, are not in fact the major retardants. During a recent visit to Washington of the High Commissioner and five of the District Administrators, land problems came in for considerable attention during the discussion on the capital improvement programs.

We agree that there are other important factors which have slowed down the capital improvement program, i.e., the shipping strike, the lack of qualified staff, both at Headquarters and district levels. Yet, over and over, in some form or other during the recent discussions here, District Administrators brought up the matter of land certification and other related land matters as the major problem they face in speeding up capital improvement projects.

The Department, particularly the Deputy Assistant Secretary for Territorial Affairs and his staff, is trying to do all it can to assist the Trust Territory Administration in bringing about a better solution to the problems you cite. In the final analysis though, the solutions can only come at the field level. It is important, then, that the Congress of Micronesia make its desires known to the High Commissioner, who, as the Chief Executive of the Trust Territory, has the responsibility for executing the day-by-day program of activities in the Trust Territory. I am confident that, if the Congress of Micronesia and the Executive work in close cooperation, many of the problems can be solved.

Sincerely yours,

ROGERS C. B. MORTON,
Secretary of the Interior.

Mr. BURTON. The gentleman from Pennsylvania, Mr. Vigorito.

Mr. VIGORITO. I don't know. I have so many questions racing through my mind, Mr. Chairman, as I'm listening to the testimony, and other questions from other Congressmen being gradually answered, but one I would like to ask, as you mentioned this almost \$4.6 million collected in revenue this year, is that subtracted from what the Federal Government's share of contributions?

Mr. JOHNSTON. No, sir; it is not. It is additional revenues, and these revenues are appropriated by the Congress of Micronesia.

Mr. VIGORITO. I am surprised to find that the Congress of Micronesia is bi-cameral with only 107,000 population.

Why do they need two chambers?

Mr. JOHNSTON. Well, sir, this was by their own choice. There was consideration after the Congress of Micronesia was founded, of converting it to a unicameral body, and this was voted down. Our six district legislatures are all unicameral, although in one district legislature there is now a proposal which was just introduced last week to make it a bi-cameral body. But the Congress of Micronesia has two Senators from each of the six districts, and it has 21 representatives chosen on the basis of population from the districts, very similar to the system used by the U.S. Congress.

Mr. VIGORITO. I still haven't heard about why the necessity of going from appropriating for a given period of years to an open ended.

Who decided this all of a sudden?

Why does this question come up?

Why can't we continue authorizing and appropriating funds for the next 3 years at a given amount?

Who wants this—

Mr. CARPENTER. Well, this is the administration's proposed bill. Up until now we have had a 3-year authorization bill, as you know, for \$60 million. The administration felt that an open-ended authorization would give us greater flexibility in view of the somewhat uncertain future.

Mr. VIGORITO. Well, you probably know that we have open ended on the social service programs, and it went from a few hundred million dollars to \$4 billion in a matter of months, so the Congress then had to step in and put a ceiling of \$2½ billion per year.

I mean, what is going to be the ceiling here on this open-ended?

I am not keen on changing the method. As the bill stands now, I will not support it. I will not vote for a blank check, and that's what I see this is.

Now, it's hard for me to believe the administration on one program wants, under social service wants a ceiling and then on another program, an open ended, even though this will be in millions, but I can, see where this goes up to \$100 million very easily.

Mr. CARPENTER. Well, the yearly appropriation request would be subject to full control by the appropriate Appropriations Committees of Congress, regardless of the authorization.

Mr. BURTON. Our colleague from Pennsylvania has always been cooperative in these matters, but I think his statement does reflect a body of opinion in the House that all of us should be mindful of.

Mr. VIGORITO. That's all I have, Mr. Chairman.

Thank you.

Mr. BURTON. The gentleman from the Virgin Islands, Mr. de Lugo.

Mr. DE LUGO. Thank you very much, Mr. Chairman.

Mr. Carpenter, Mr. High Commissioner, I wish to welcome you here today and say that this has been a little traumatic for me. It almost wrenched me back to the 1950's when the Virgin Islands had to come before the Congress for annual appropriations. I am sure you realize that as a new member of this committee, coming from a rather small area, the Virgin Islands, it is quite difficult for me to grasp immediately the situation in Micronesia, where we are talking about 700 square miles, 2,141 islands, but a population approximately the same as the Virgin Islands today, 100,000 people. Our population is on three islands, while 100,000 or so in Micronesia are spread over 97 islands.

Now, I know the problems of just being divided by a little water has caused for us over the years in the Virgin Islands, so I'm well aware of the problems this must give to you in administering these areas. But whereas I may have some difficulty in grasping the enormity of the geographical area, the political situation is fairly familiar to me. I am concerned, and I would like to address this particularly to Mr. Carpenter of the Interior Department, whether the Interior Department will be aggressive enough and aware enough of the problems that we have, as offshore areas, whether we be in the Pacific or the Caribbean or the Atlantic.

I am deeply concerned by what I have heard here this morning. I know some of you gentlemen personally, and I realize, of course, there are certain constraints put on you, but we have to depend upon you to aggressively present our case, especially within the administration.

The chairman has eloquently pointed out the problems that we face at the present time in the Virgin Islands, Puerto Rico, Guam, American Samoa, and the trust territory. He has noted that all of the various Federal categorical programs we depend upon, education, teacher training, et cetera, et cetera, are being cut back. The compensation we are told will be revenue sharing. Offshore areas, the territories, and Puerto Rico do not participate in revenue sharing. I get the very distinct impression—and I know that the Governor of the Virgin Islands does also as we have talked about this—that there is not enough thought being given by the administration—

Mr. BURTON. I would like to have everyone hear this plea because it is particularly relevant to the dilemma that we are confronted with. Would you return to the sentence you started with so everyone can hear it, because it is important.

Mr. DE LUGO. Well, I will take it up at the point that I said that I would like to welcome back the ranking member on the minority side, our good friend, Congressman Clausen, who has worked so closely with us on these problems. Let me preface that remark by saying that the progress that we have made in our areas has been because we have had this bipartisan approach of these last years.

I said that this morning's meeting was slightly traumatic for me. It took me back to the 1950's when the Virgin Islands depended upon coming before a committee for annual appropriations. The outstanding concern I have today is that the members of the administration, aggressively present the case of these offshore areas, whether they be the trust territory, American Samoa, Puerto Rico, Guam, or the Virgin Islands because we have very unique problems. I am deeply concerned, and I know that the Governor of the Virgin Islands is deeply concerned—he is in town today and this is one of the reasons—that a great number of vital programs for these areas are being cut back without thought of replacement. These are programs that are lifting the people of these areas up, moving them toward self-government. They are education programs, teacher training programs and so on. All of these vital services are being cut back through Federal programs, and the only mention of compensation for this is revenue sharing.

But we in these areas do not participate in revenue sharing.

Mr. VIGORITO. Would the gentleman yield at that point?

Mr. DE LUGO. Yes, Mr. Vigorito.

Mr. VIGORITO. These areas, Puerto Rico, the Virgin Islands, Micronesia, Guam, Samoa, do they pay Federal income tax into the Treasury here in Washington?

Mr. DE LUGO. This is a point that has been decided by the Congress—

Mr. BURTON. The gentleman from Pennsylvania's point is well taken.

I associate myself fully with the remarks of the gentleman from the Virgin Islands. If I may anticipate somewhat, Secretary Morton served on this committee and had a great amount of sympathy and understanding of the problem of these offshore areas. Unfortunately, he

has been essentially indisposed in the last few months. In his absence we are not getting aggressive advocacy by the Department, nor do I perceive even a sensitivity to the problems of these areas. My distinguished colleague, Mr. Clausen and I have repeatedly stated that we want to work with the Executive and work with the Department, and together we have to find a way out of this present financial dilemma.

The fiscal status of the trust territory for the next fiscal year is before us today, and we have the same general problem in all of the other offshore areas. We are not going to be in a position to move unilaterally. We must work collaboratively with the administration on this, and something must be done to prevent the situation we are headed for in the offshore areas.

The territory doesn't know how to come to grips with what they're heading for in this coming fiscal year, and we are not certain about what we should do. It's a strong reason why I favor an open-ended authorization, but I would hope, Mr. Secretary and Mr. Kyl, that our staff would be contacted and that we would have an opportunity to sit down and work out some way to anticipate and deal with these problems.

We have a responsibility to insure that the voice of the offshore areas is heard, and that they are protected to the extent that they can be protected. We are headed for disaster in this coming fiscal year and I don't perceive the kind of determined advocacy by the Department which is necessary. I must state in all candor, I think if Secretary Morton was around and well in Washington, we would probably be well down the road to some kind of a solution.

Right now we are stuck with a grab bag approach to the Appropriations Committee. We are trying desperately to get some add-ons over the OMB approved budget. It's probably not going to work.

You are not asking for enough for the trust territory, and we do not know what you are asking for the other offshore areas. In many respects, the trust territory will probably get a little more constructive attention than the other areas, but we have to work together and anticipate this problem and come to grips with it. It's not going to reflect favorably on any of us who have responsibility in this area if we fail to fulfill it.

Mr. VIGORITO. I still want an answer on my question.

Mr. BURTON. The answer to your question is no.

The gentleman from Pennsylvania many times has indicated his concern that in treating everyone equally, we ought to also seek more equal acceptance of all responsibility of citizenship. In this case our short term problem isn't that as much as it is that we have this cutback that none of the offshore areas were able to anticipate.

Mr. CARPENTER. If I may respond, first in answer to your question, the territories do not pay Federal income tax into the U.S. Treasury. Therefore, they are not eligible to participate in general revenue sharing.

Mr. Chairman, I would like to simply say on behalf of the Department of the Interior, that we have a very great concern for all the problems in all of our territories, I would like to add that as you mentioned, Secretary Morton himself, who served so ably on this committee, is deeply and personally interested, and even though temporarily he is located in San Francisco, he has been——

Mr. BURTON. We're going to try to get the whole capital moved out there one of these days.

Mr. CARPENTER. But I can only emphasize again that my office is directly involved. We are greatly concerned about and actively working on many of the problems raised this morning, and we would certainly look forward to working very closely with members of this committee and your staff in trying to improve the situation in the territories.

Mr. BURTON. Well, let us now hear from our distinguished colleagues who have come a long, long ways and who have a supplemental point of view, I am sure, to give us. At this time I would like to present Endy Dois, vice speaker of the House of Representatives of the Congress of Micronesia; the Honorable Raymond Setik, representative of the Congress of Micronesia, chairman of the Joint Committee on Program and Budget Planning; and the Honorable Edward Pangelinan, a senator from the Congress of Micronesia.

Welcome, gentlemen.

Your problems, as you see, are not necessarily unique.

Mr. SETIK. Thank you, Mr. Chairman.

Mr. BURTON. When did you arrive in town?

Mr. SETIK. Mr. Chairman, we arrived Monday afternoon.

Mr. BURTON. Have you caught up yet with the time zone so that you're not waking up at midnight or waking up at noon.

Mr. SETIK. Sir, still not quite yet.

Mr. BURTON. Well, when we go the other way, you can imagine our problem.

But please proceed.

Mr. SETIK. Thank you, Mr. Chairman.

We have a prepared statement that I will read on behalf of our delegation.

STATEMENT OF HON. RAYMOND SETIK, REPRESENTATIVE, CONGRESS OF MICRONESIA, CHAIRMAN OF THE JOINT COMMITTEE ON PROGRAM AND BUDGET; HON. EDWARD DLG. PANGELINAN, SENATOR, CONGRESS OF MICRONESIA; HON. ENDY DOIS, VICE SPEAKER OF THE HOUSE OF REPRESENTATIVES, CONGRESS OF MICRONESIA; AND MR. ROBERT TOOTHMAN, PROGRAM AND BUDGET OFFICER FOR THE CONGRESS OF MICRONESIA

Mr. SETIK. Mr. Chairman, it is a privilege and a pleasure to be with you today in support of authorizing legislation for Micronesia.

We support the legislation presently before the committee to provide an authorized ceiling for Micronesia for an unspecified number of years. However, I would like to indicate our estimates of the amount of money that will be required to support the trust territory government during the next several years. These figures are derived from a 5-year plan which was prepared by the High Commissioner and reviewed by the Congress of Micronesia through its Joint Committee on Program and Budget Planning. We would hope to seek \$60 million in fiscal year 1974, \$70 million for fiscal year 1975 to 1977, and \$80 million for fiscal year 1978 and 1979. These estimates are based on the minimum needs of Micronesia to develop self-government and a

viable economy. A significant part of the money will be needed for vital infrastructure and other capital improvement projects necessary to build a base for the future economic development of the islands.

In the past, there have been problems regarding the obligation of funds for capital improvement projects in Micronesia. Many of these problems are management problems. The Joint Committee on Program and Budget Planning of the Congress of Micronesia has recently completed an analysis of these problems and recommend solutions to them, and feels that most of them will be solved in the very near future through the joint efforts of the High Commissioner and the Congress of Micronesia.

We would like to request in fiscal year 1975 a direct appropriation from the Congress of the United States to the Congress of Micronesia which will terminate the intermediary functions of the Department of the Interior and permit and require the functions of the government to be discharged through the Congress of Micronesia and the High Commissioner. The Joint Committee will propose entering into a matching fund direct budgetary effort which would be composed of a 90-percent United States, 10 percent Micronesian funding base. The Congress of Micronesia would report directly to the Congress of the United States and be accountable to the Congress of the United States and the people of Micronesia for the programs carried out thereunder.

Again, Mr. Chairman, we support this legislation and will be happy to answer any questions you may have.

But, before closing, Mr. Chairman, my colleague, Congressman Dois, would like to present the members of the subcommittee with a package of Ponape pepper which was grown on Ponape Island in Micronesia.

Thank you.

Mr. BURTON. Fine.

Thank you very much.

Congressman Dois, would you like to add your remarks to those of your distinguished colleague?

Mr. Dois. I don't have any statement to make other than that presented by Congressman Ray Setik. Thank you.

Mr. BURTON. Thank you.

Which island are you from?

Mr. Dois. I'm from the island of Truk.

Mr. BURTON. Did you come on Monday with your colleagues?

Mr. Dois. I came along with Raymond Setik.

Mr. CLAUSEN. Have you adjusted to the time change?

Mr. Dois. Yes.

Mr. BURTON. Congressman—is it Congressman or Senator Pangelinan?

You know, we really think a Congressman is more important than a Senator on this side of the Capitol, so I am not downgrading you, Senator. Is there anything you would like to add before we start the questioning?

Mr. PANGELINAN. No, Mr. Chairman. But before I do that, I really feel that Congressmen are more important because they represent people. We, in the Senate, represent islands and birds.

Mr. BURTON. It used to be cows and trees on the mainland here for our Senators.

Let me pose a problem. We have two separate issues in the legislation before us. One of them is the request for an unlimited authorization which would give the administration more flexibility over the course of the next years. The second issue is for how long we should authorize; how many years.

Now, here is a very difficult question for us. It is likely to be the case that this particular subcommittee is as friendly or more friendly to the aspirations of the Micronesian people than almost any other political forum. So if we authorize for too long a period, this does eliminate the need of the Department to come back to us to account for their actions. And I am not sure that is in the interest of the Micronesian people.

There is some value to have us sit up here and kind of frown at the Department of Interior and the High Commissioner, and prod them a little bit to do a little more. So I assure all of you that at least in terms of whatever authority this committee has we are going to take those steps, as best as we can determine them, that will be most helpful to you in terms of our Government assisting you to help yourselves.

Let's spend a little time on this direct appropriation. Have you requested this before this year?

Mr. SETIK. Well, Mr. Chairman, the High Commissioner developed a 5-year plan which was submitted to the Congress of Micronesia through its joint committee and went along with the 5-year plan which was developed 2 years ago, which is aiming at the \$70 million level in fiscal year 1974.

Well, at that time the problem facing us is that there was no ceiling authorization.

Mr. BURTON. There was no what?

Mr. SETIK. No ceiling authorization existing, which after we developed that \$70 million budget for fiscal year 1974, we were receiving instructions from Washington through the High Commissioner that the budget has to be in the level of \$55 million plus \$1 million for the economic development fund, for a total of \$56 million.

So the Congress has to go back and redevelop another budget to find where a reduction has to be made to meet that level which was—

Mr. BURTON. Who first mentioned for fiscal year 1974, that the figure of \$70 million would be a target?

Mr. SETIK. Well, that was a fiscal management plan which was first developed in 1969.

Mr. BURTON. By whom?

Mr. SETIK. By the administration, by the High Commissioner and the congress of Micronesia.

Mr. BURTON. Well, Mr. Commissioner, then would it be fair to state that in 1969, it was anticipated that \$70 million in appropriated funds would be sought for fiscal year 1974?

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. Well, then, I must assume that it is fair to conclude that this budget request represents \$14 million less, or something close to 20 percent less, then 2 years ago it was assumed would be needed to have a sound 5-year plan.

Mr. JOHNSTON. That is correct, Mr. Chairman.

Mr. BURTON. Now does this \$70 million include or is it in addition to the roughly \$9 million available in these other programs?

Mr. JOHNSTON. It was in addition, Mr. Chairman.

Mr. BURTON. Are these colleagues of ours going to be given the opportunity to testify before the subcommittee of the Appropriations Committee?

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. Well, it would be my suggestion that you underscore the value of these 5-year plans. You should note that a few years ago it was believed that in this coming fiscal year \$70 million would be needed, but that only \$56 million is being sought.

Mrs. Hanson, the chairwoman of the Appropriations Subcommittee, which has jurisdiction over the trust territory, is a very understanding colleague. And perhaps you will be able to state your case effectively enough to get some increase in that \$56 million requested. We will try to help in that respect. I do not know whether we will be successful.

Mr. SETIK. Yes, Mr. Chairman.

Well, I think that you will realize, Mr. Chairman, that the price inflation and all of that has been projected into that \$70 million.

Mr. BURTON. Yes, Well, if you thought you needed \$70 million in 1969, the rate of inflation has been even worse than you could have predicted, so that \$70 million is even less in real money, than you could have thought it was in 1969.

Is that not correct?

Mr. SETIK. That is correct.

Mr. BURTON. I want to examine a little bit the notion of us authorizing and directing funds to go right to the Congress of Micronesia. Now, you tell us why you think we should do that.

Mr. SETIK. Well, to tell you the truth, Mr. Chairman, we experienced a lot of problems between the legislative branch and the executive branch of the trust territory government as outlined by our position earlier that there are several areas that we felt has to be paid more attention to. It was a little bit flexible, not quite carried out as we expected.

For example, in the last fiscal year 1972, there was roughly about \$12.9 million carryover, and we are interested, the Congress of Micronesia through this committee, was very much interested why so much money was not obligated in this year, especially in the area of CIP, and of course, we are faced with the management problems and all the other problems, shipping problems, to get the goods from the west coast and whatever the materials were to be originated from.

We realized all of this, but along that same line, the land situation, which is now used as one of the biggest excuses—we felt that the method of acquiring land in Micronesia is—we are using some kind of new methods, new to us, to our environment, and we felt probably that might be too sophisticated.

It is very hard to acquire land. I'm not quite familiar with the legal aspect of it. But it really brought it down to get the funds obligated for the several projects, that's all the observation that this committee has.

Mr. BURTON. Well, how was land acquired before this new policy?

Mr. PANGELINAN. Mr. Chairman, we have different land tenure system in Micronesia, as you know, contrary to what we have here in the United States. Land basically belonged to clans rather than individuals. So in certain areas of Micronesia land could be acquired

rather easily by getting permission of the chiefs and the leaders of the particular clan.

This is one way that smacked right against the tenure system that you have in the United States, where you have to get description, deed, and other legal documents to ascertain that the land is properly in order. We feel that in Micronesia, the situation is quite different, and acquisition of lands should be followed according to the local laws.

Mr. BURTON. And that is not being done?

Mr. PANGELINAN. We have followed the legal system that is presently used here in the United States.

Mr. BURTON. Mr. Commissioner, why don't you come up to the table?

This might be a very interesting roundtable discussion.

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. Do you want to comment on this point?

Mr. JOHNSTON. Yes, sir.

We, in 1969, started a very intensive program of decentralization of functions in Micronesia from the central territorial government to the district governments. We found fairly near to the start of the program that decentralization merely as a word would not work unless there were properly trained personnel in each district, in the various fields: In personnel management, in public works, in land management and so on.

Now, we feel that we have reached a point where we can decentralize the land certification program into the districts, and by doing so, as the congress of Micronesia recommended, we could speed up the process.

We could not do this, we felt, until we had a fully qualified district attorney in each district, who could work with the land and surveys people in the proper legal certification of land.

We have now reached that goal. I have discussed it with each of our six district administrators, making sure that each of them felt that he was qualified and all six of them said they now have the capabilities. So, effective May the 1st, in just a few weeks, land certification will be done at the district level.

Mr. BURTON. First, do you gentlemen agree with the statement made by the High Commissioner?

Mr. SETIK. Yes, Mr. Chairman, we agree to that statement that he made.

Mr. BURTON. Senator, do you do —

Mr. PANGELINAN. Yes, I follow his thinking.

Mr. BURTON. You follow his thinking. That is a little short of agreement.

Is the pattern of clan ownership recognized, or do you propose that that be altered for purposes of obtaining title?

Mr. JOHNSTON. No, sir; it is recognized. We have sometimes needed to correct people who referred to our program as a land reform program.

It is not. It is a land certification, identification and titling program. But the traditional system as in the Marshalls and in Palau, where land is owned by a lineage or a clan—continues to operate; in the Mariana Islands, where it is owned by individuals, their system continues to operate.

Mr. BURTON. Is that the case or not, Senator?

Mr. PANGELINAN. That is the situation in the two areas that the Commissioner identified. In the Mariana Islands it is different than in the other two.

Mr. BURTON. How would you have done things differently, to accelerate the capital improvement program?

Mr. PANGELINAN. I think, Mr. Chairman, we have to perhaps amend our present legislation in the area of land tenureship to conform with the local and traditional ownership, and identification as such.

This may be one area that the Congress as well as the administration would have to sit together and try to come up with a solution for the unique problems that we face on land matters in Micronesia.

Mr. BURTON. But how would you have changed the practice in the last 2 years? Mr. Chairman, how about you?

Mr. SETIK. Well, as I stated earlier, Mr. Chairman, the only way we can split it up—the utilization of capital improvement is to follow the local custom rather than using this method of what is practiced here in the United States.

Mr. BURTON. Until 1969, did we follow the practice which is used in the United States, rather than the local custom?

Mr. SETIK. I am not quite sure on that, Mr. Chairman. Mr. High Commissioner could answer that.

Mr. JOHNSTON. No; the local customs were followed, Mr. Chairman, but no parcel of land had, in Micronesia, had what we in the United States would call a certificate of title. Some people had old, weather beaten documents they carried in their pocket, written in German, or Spanish, or Japanese.

But there was no centralized, recordkeeping system, and we embarked on a program which was eventually to cost some \$5 to \$7 million, and is well underway, to actually issue certificates of title to owners of land in Micronesia for the first time in Micronesia's history.

This has been a relatively slow process.

Mr. BURTON. Well, is that a good thing or a bad thing, Senator?

Mr. PANGELINAN. Mr. Chairman, it depends on the area that you want to apply that system, in the Mariana Islands, it works for us; in the other districts, where ownership of land belongs to the clan, perhaps it does not quite work for that particular area.

Mr. CLAUSEN. Are you thinking of Samoa?

Mr. JOHNSTON. No, I think the Senator is probably referring specifically to the Marshall Islands, and we have not been able to get the program off the ground in the Marshall Islands. We have not forced it on the Marshallese.

Their attitude toward land is entirely different than some of the other districts, and the program is going forward rapidly in the Marianas, to a great extent in some of the other districts, but is not even started in the Marshalls.

Mr. BURTON. Well, when is this goal going to be reached, Mr. Commissioner, for all of the areas except the Marshalls? When you are here next year, are you going to tell us the job is completed?

Mr. JOHNSTON. I would say it will be several more years, Mr. Chairman, at least 3 or 5 years before the job is completed.

Mr. BURTON. One of the things that has troubled me over the 9 years I have been on this subcommittee is whenever the administra-

tion—and this is not just the current one; this is past administrations as well—comes before the subcommittee, they always have a blueprint that is just ready to be implemented, and things are going to be resolved.

Then they come back next year, and some of the blueprints are lost or discarded. We are always dealing in futures, and we have some difficulty finding out what happened to all of these glowing promises.

I am having some difficulty pinning down the interrelationship between this title problem and the unexpended capital improvement moneys. Did you know last year at this time that you would end up with this amount of unexpended capital improvements money?

Mr. SETIK. No, Mr. Chairman. We didn't know until—when we received the status report of the capital improvement.

Mr. BURTON. When was that?

Mr. SETIK. That was 3 months after the closing of the fiscal year.

Mr. BURTON. When did you first know that you were going to have unexpended funds in the capital improvement area, Mr. Commissioner?

Mr. JOHNSTON. Oh, certainly—at least 5 or 6 months ago.

Mr. BURTON. How long was it from the time you realized it until you informed the Congress of Micronesia that such was the case?

Mr. JOHNSTON. I think we have kept the Congress informed at each stage. We have never tried to hold any information from the congress.

Mr. BURTON. Well, how long in terms of days, or weeks, was it from the time that you concluded that there was going to be less in the way of capital improvement expenditures than the Congress of Micronesia thought there was going to be and the time when this budget was constructed?

Mr. JOHNSTON. Well, Mr. Oyler, our program and budget officer reminded me that the Congress of Micronesia gets the monthly report of progress in capital improvements obligations at the same time the High Commissioner gets it.

Mr. BURTON. I am making a different point. At some time you knew that you weren't going to be spending that which was appropriated, in the area of capital improvements.

How long after you knew that you were not going to spend this money was it that you advanced that conclusion, that informed speculation or prediction, to the members of the Congress of Micronesia?

Mr. JOHNSTON. Well, I would say, Mr. Chairman, it was a matter of only a few days, after I became aware of it, that the congress was aware of it.

Mr. BURTON. Mr. Chairman, does that square with your recollection?

Mr. SETIK. Yes; I think so, Mr. Chairman, because as I say, Mr. Chairman, that the status report was not really up to date.

We are about 2 to 3 months behind when we receive it.

Mr. BURTON. When were you first told that there were x millions of dollars that would not be spent, that were appropriated and you thought were going to be spent?

Mr. SETIK. I think around August, last year.

Mr. BURTON. And when did you first have this information, Mr. Commissioner. It was sometime before the end of the fiscal year, was it not?

Mr. JOHNSTON. Well, now we are talking about the fiscal year we are in at the present time, or fiscal 1972?

Mr. BURTON. I am trying to ascertain how much full and frank disclosure there is to the legislative branch of Micronesia?

You are in effect serving as the executive. You are more apt to learn earlier than anyone else, what the pattern and rate of expenditures are going to be. I am just trying to pin down, to the extent I can, how much you have fully informed, to the extent you are aware of it, our colleagues in the Congress of Micronesia?

Mr. JOHNSTON. We follow a pattern, Mr. Chairman, that as soon as my budget staff has informed me of any form of a problem, we immediately communicate by telephone with Congressman Setik of the house, and Senator Olter, who is his counterpart in the senate, and who is represented here today by Senator Pangelinan.

The standard rules are that as soon as we find any problem areas in budgeting, that we communicate with the chairmen of the joint committee on program and budget planning, and we have followed that for the past several years.

Mr. SETIK. Yes; that statement is correct, Mr. Chairman.

Mr. BURTON. Let me move from left to right here and get an opinion.

Do you believe that there has been a reduction of moneys made available to Micronesia because of the pending negotiations on status?

Senator, I will give you the pleasure of being the first to respond.

Mr. PANGELINAN. No, Mr. Chairman, I don't think that is the case. I do recognize that there are reductions in the total Presidential budget, and I believe that is my understanding.

Mr. BURTON. Did you ever believe that was the case? We in the law have a saying, silence itself is response. When did you change your mind?

Mr. PANGELINAN. Are you addressing me?

Mr. BURTON. Yes.

Mr. PANGELINAN. I haven't changed my mind.

Mr. BURTON. Congressman, how about you?

Mr. DOIS. I haven't changed my mind either.

Mr. BURTON. What do you think? Do you think we are withholding some moneys to increase our bargaining position on the status and negotiations?

Mr. DOIS. No; I don't believe it.

Mr. BURTON. Mr. Chairman?

Mr. SETIK. Well, Mr. Chairman, I may be on the wrong boat, but I suspect it bears some burden on that subject.

Mr. CLAUSEN. Would he repeat that?

Mr. SETIK. I said I suspect there would be probably something in connection with that. This is my own personal thinking.

Mr. BURTON. I would like the record to reflect that our committee has pursued this in open session and privately, and we have been flatly assured that is not the case. I can say no more than that, but that is what we have been told, both publicly and privately.

Mr. CLAUSEN. Now, you gentlemen all—

Mr. BURTON. We have been flatly assured that such tactics are not being used. I was concerned about this, because there was a news arti-

cle I had placed in the hearing record, which among other things, made this observation.

We have been unable, just looking at the figures, to find a mathematical justification of that notion. I fairly strongly believe that we are not putting an economic squeeze on Micronesia, because we are finding this absolutely same problem in all offshore areas.

I could be wrong. I would hope that is not the case. But on the other hand, I have to wonder why the moneys were appropriated and aren't being spent, and I am not really satisfied yet as to why they are not being spent.

It may be insurmountable problems; it may be incompetant administration. It may be a number of things.

What other problems, apart from the budget, would you like to take advantage of this occasion to mention to us?

Mr. SETIK. Since we discussed about the decentralization and other matters, this Congress also recommended to the High Commissioner that the all expenditures or obligations under \$75,000, must be detailed to the district.

In this way, we felt that it will help expedite those projects which are under \$75,000. I think the High Commissioner's thinking is along the same line.

But this is the only way we think that we can get all the money obligated before the closing of this fiscal year. These are the problems that we have had in the past, and we would like to see to it that it would change.

Other problems that I would like to—just make an observation on, is on this end-open legislation, which is pending before you. I disagree with that intent, that it will not permit us to make any 5-year plan, or any plan at all, as we just don't know how much money is going to be available to Micronesia let's say, in fiscal year 1975.

For example, we were told through the High Commissioner's office that the—trust territory will get \$49 million in 1975.

That is a lot of reduction.

Mr. BURTON. Did that figure emanate from your office, Mr. Commissioner?

Mr. JOHNSTON. I am not sure to what extent, Mr. Chairman. I am authorized as a U.S. Federal employee to discuss advanced planning of the administration for fiscal 1975.

There have been indications, however, that the budget might be further reduced in fiscal 1975.

Mr. SETIK. Well, Mr. Chairman, bear in mind that this is—

Mr. BURTON. I think that is responsive enough for this purpose.

Would you continue to expand on this point then?

Mr. SETIK. We felt that it might be affected because of the negotiations that haven't been resolved for the reduction from 56 down to—

Mr. BURTON. I am forced to the inevitable conclusion that if we are talking about further cutbacks with dollars that buy less, I think that is the only reasonable conclusion for anybody to reach.

Please continue, Mr. Chairman.

Mr. SETIK. Yes, Mr. Chairman.

So this is where we stand, that we went through the district before we came here. The Joint Committee was divided into two subcommittees: One to travel to the east to cover Marshalls, Ponape, and Truk, and the other committees to travel west to cover Palau district,

Yap district, and Marianas district, at least to get ourselves prepared before a further reduction would be made down to \$49 million.

We concluded in our study that it would affect close to 1 million—I'm sorry, 1,000 jobs would be affected; a reduction in force would have to be made in order to live within that—

Mr. CLAUSEN. What kind of jobs, may I ask?

Mr. SETIK. Well, education, quality of education, would be worse. We have to hire high school teachers, high school graduates, just to meet the minimum amount of salary that can be met; and the health program has to be cut down to the absolute minimum, in the public works, to support the maintenance of the facilities has to be eliminated.

Mr. BURTON. What was the last 5-year plan? When was it adopted, and for what years?

Mr. SETIK. It was adopted—well, the one that I mentioned was developed in 1969. It was been revised every year thereafter.

Mr. BURTON. Let's take about 18 months ago. What was the total amount you had in capital improvements, that you estimated you would need?

Mr. SETIK. I think we will have to go to the 5-year plan that we originally had.

Mr. BURTON. Do you work out this budget with the High Commissioner's office, on the need for capital improvements, and the amounts roughly necessary?

Mr. SETIK. Yes, Mr. Chairman. We go on very absolute minimum priority orders.

Mr. BURTON. So taking the last fiscal year, the current one, and the next three, you have a certain capital improvement budget? As I understand, Mr. Commissioner, it is represented by the chairman that they work with your office to construct what at that point in time you anticipate are the needs within the authorized limits, presumably for capital improvement, for a 5-year period.

Is that essentially correct?

Mr. JOHNSTON. Yes, sir.

Mr. Chairman, if I might make one other point correct on the planning for the fiscal 1975 budget which is in a cycle, we are just starting now, that we have been working on two plans: One at the same level of spending as for fiscal 1974, and the other for a possible reduction.

I emphasize for a possible reduction, and that is the area we have been having to work in for the planning for fiscal 1975; but—

Mr. BURTON. How much was set up for capital improvement for the 5 year time span that I just mentioned?

We will not hold you to the particulars. You will get an opportunity to correct your record, if you misspeak.

Mr. SETIK. Mr. Chairman?

Mr. BURTON. Yes, sir.

Mr. SETIK. Our basic problems as far as the funding of the operation, and the capital improvement in the trust territory, maybe I can summarize our review, from fiscal year 1970 up to 1973, and what is planned in 1974 and 1975.

According to the budget level that we had, in fiscal year 1970, the operation growth was from \$28,700,000, to in 1971 \$34,800,000, or about 125 percent.

Mr. BURTON. Mr. Commissioner, in ball park terms 2 years ago, how much did you anticipate the needs to be for the next 5 years, or how much below that are we obligating, and or expending?

Mr. JOHNSTON. Well, Mr. Chairman—

Mr. BURTON. Do you want your assistant there to give us the figures as best he understands them?

Identify yourself please for the record again.

Mr. OYLER. Yes, Mr. Chairman, I am William D. Oyler, Program and Budget Officer for the trust territory.

Mr. BURTON. Do you work out in the trust territory, or do you work here in Washington?

Mr. OYLER. No; I work in Saipan, sir.

Perhaps one way of getting at your interest, Mr. Chairman, is to note that in our 5-year plan for the fiscal years of 1974 through 1978, which was developed before any ceiling authorization was available, we had forecast initially a need for \$22.4 million in capital improvements.

Mr. BURTON. For the total 5 years?

Mr. OYLER. Just for fiscal 1974, Mr. Chairman.

Mr. BURTON. I see, and in 1975?

Mr. OYLER. In 1975, under the same level ceiling, capital improvements would have been \$18.9 million.

Mr. BURTON. In 1976?

Mr. OYLER. \$15 million, sir.

Mr. BURTON. 1977?

Mr. OYLER. \$10.9 million.

Mr. BURTON. In 1978?

Mr. OYLER. In 1978, under a higher anticipated ceiling, it would have increased to \$16.3 million.

Mr. BURTON. So am I correct in concluding that you have a reduced capital improvement amount because you had assumed a flat \$16 million ceiling, and other needs had a greater priority under the limits of the ceiling.

Mr. OYLER. Yes, Mr. Chairman, within a level ceiling, our operational costs, we find—

Mr. BURTON. Did you have an alternative budget that permitted you to meet your needs?

Mr. OYLER. We had not prepared one at high levels, other than these for that cycle, Mr. Chairman.

Mr. BURTON. How about for the immediately preceding cycle?

Mr. OYLER. For the immediately preceding cycle, we had developed a 5-year plan that went up to a total ceiling of \$80 million, roughly, much earlier; we had not sold that, so during this cycle we had tailored it back somewhat.

Mr. BURTON. Well, I would like that cycle, if you will. First, what source document are you reading from?

Mr. OYLER. At this moment, Mr. Chairman, I am reading from the trust territory's 5-year plan for fiscal years 1974 through 1978.

This is a plan of 1 year ago.

Mr. BURTON. We would like to have a copy of that, and I will seek consultation with my colleague whether that is part of the committee files, or part of the record.

[Editorial note.—The material has been made a part of the file.]

Mr. OYLER. Yes, sir. That will be made available.

Mr. BURTON. Do you have the cycle for the immediate preceding year?

Mr. OYLER. We do have it available to us, but not here in the room at the moment, Mr. Chairman.

Mr. BURTON. Do you have it here in Washington?

Mr. OYLER. Yes, sir.

Mr. BURTON. Would you make that available to us?

Mr. OYLER. We would be very pleased to, Mr. Chairman.

Mr. BURTON. Now, that 5-year cycle was on the assumption of moving to \$80 million authorization upon the conclusion of this current authorization?

Mr. OYLER. To the best of my recollection it was, Mr. Chairman.

Mr. BURTON. You will be given an opportunity to correct your remarks. I am not pinning you down by way of memory, on specifics that are inalterable. You can alter this so it squares with the facts.

On the assumption of an \$80 million authorization, then, what was each year's, as best you can recall, capital improvement budget? For 1974, what was it?

Mr. OYLER. Subject to correction, with your permission, in the record, Mr. Chairman my best recollection would have been about \$23.8 million.

Mr. BURTON. In 1975?

Mr. OYLER. A little bit less than that, \$17.7 million under the stable ceiling.

Mr. BURTON. In 1976?

Mr. OYLER. On down to \$12.8 million, Mr. Chairman.

Mr. BURTON. Now, is that capital budget geared to this \$80 million assumption to which you previously referred?

Mr. OYLER. Essentially so, Mr. Chairman. The needs had been projected fully, and we hoped adequately, at the time though.

Mr. BURTON. Mr. Commissioner, I mentioned earlier the danger of our having a too long open-end appropriation authorization. If we make it too long, we don't have a chance to regularly review future needs and past performances.

It would be a major tragedy if this committee, which is perhaps the most friendly of all the forums you will appear before, takes action which results in your not having to come back to us to go through this review. I might note parenthetically—that I think this is one on the real disasters of the American political system, namely, when you have policy committees which really support the mission of the executive but which must be reluctant to go all the way for fear that they will reduce their ability to have meaningful input in the implementation of the stated mission of government. This fear is increased by the fact that you don't have very much in the way of troops to mount your case within the executive. This is even particularly true because of the temporary inability of Secretary Morton to be able to spend all the time he would want to spend pursuing these matters.

Mr. JOHNSTON. Let me say, Mr. Chairman, that I certainly am never reluctant to appear before your committee, and to discuss and explain any of our problems, or expenditures, or budgeting of the trust territory, and we would hope to be able to continue to do that.

We have appreciated the consideration of the Interior Committee, and of the subcommittee. This problem of budgeting—I might if I may just comment on one angle of the capital improvements versus operations, that as you have pointed out, Mr. Chairman, we are faced in Micronesia as in other parts of the world, with increasing costs.

When we put these capital improvements in place, sometimes some of our constituents feel that we should spend even more money on capital improvements and less on operations, but when you build a hospital, you have to staff the hospital, and when you build schools—

Mr. BURTON. We are not quarreling with that. We are quarreling with a much more fundamental situation. First, we have a U.N. mandate.

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. And some of us are going to be up to the U.N. this June. That will be an interesting experience, discussing what, if any, gap there is between our mandate and our performance, and I am not going to belabor what is so self-evident in this forum.

But, somewhere, somebody doesn't have this situation in very clear focus, I think.

Mr. SETIK. Mr. Chairman?

Mr. BURTON. Yes.

Mr. SETIK. If I may point out, it seems to be that the policy of the Interior—now—

Mr. BURTON. Gentlemen, we are going to be doing without lunch. We are just doing the kind of work like we are getting paid a decent wage, and I expect all of the Department people to stay here.

Yes, sir, go on.

Mr. SETIK. I was going to say that the—

Mr. BURTON. And I might note parenthetically, I am also after consultation with the ranking member, going to consider going into executive session with our colleagues and their friends in the Department and their staff. But we will await judgment on that until a little later, on in the proceedings.

Please go ahead.

Mr. SETIK. To us, through the policy issued from the Office of the Interior, is placing the trust territory as a low priority among other programs, that we are afraid that the budget levels for trust territory may be going down and down for the next few years.

Mr. BURTON. Who is the decisive political authority? To whom do you respond? Is it ultimately to the Secretary of Interior, Mr. Commissioner?

Mr. JOHNSTON. My channels of authority at the present time are to report directly to the Deputy Assistant Secretary for Territorial Affairs, and through him, to the Secretary of the Interior.

Mr. BURTON. And that is—

Mr. JOHNSTON. Mr. Carpenter.

Mr. BURTON. And who is the ultimate authority on the budget? Is that OMB?

Mr. JOHNSTON. Well, yes, sir, from the U.S. standpoint, certainly. Ultimately, I believe you would say that the President submits a budget.

Mr. BURTON. What is wrong with us appropriating this money directly to the Congress of Micronesia?

Mr. JOHNSTON. Well, Mr. Chairman, I am on record in the past 2 years, when I have been asked that question——

Mr. BURTON. Do you possess the veto authority?

Mr. JOHNSTON. I have veto authority over congressionally passed legislation, yes. But—I was going to say, Mr. Chairman, that in the past 2 years, particularly in our appearances before Senator Bible's Senate Appropriations Committee, when the Congress of Micronesia has broached the subject, and the Senator has asked me if I felt it would work, I have been on record as saying that I felt that it would.

I feel that the Congress of Micronesia has done a very responsible job of considering their obligations, and has shown a great deal of maturity in the way they have approached the budgeting problems of Micronesia.

Mr. BURTON. If they pass an appropriations bill, what is your role in that process?

Mr. JOHNSTON. Well, under our present setup of government, I would have the right to line veto certain items if I felt they were improper expenditures, or excessive expenditures. I do have the legal right of line vetoing items in the budget.

Mr. BURTON. Do you have the authority to reduce expenditure levels as distinguished from striking a whole line item?

Mr. JOHNSTON. The executive branch has the responsibility of actually making disbursements of both the Congress of Micronesia appropriations and the U.S. appropriations and our finance director would not disburse moneys that had not yet become available.

Remember, Mr. Chairman, that we have no borrowing capacity whatsoever.

Mr. BURTON. I understand that.

Mr. JOHNSTON. Our government operates on a purely cash basis.

Mr. BURTON. That may well for now prove to be a great blessing.

Mr. JOHNSTON. It may well be, but we must make sure that the revenues are available for disbursing before they are disbursed.

Mr. BURTON. So you are stating to us, Mr. Commissioner, that because you have a line item veto, and because your constraints obviously are that you are not going to approve the expenditures of sums which exceed that which is available, that this modest step of appropriating money directly to the Congress of Micronesia isn't necessarily unthinkable, and perhaps, to the contrary, it might be useful to consider.

Mr. JOHNSTON. I think it might be very useful, Mr. Chairman.

Mr. BURTON. Senator?

Mr. PANGELINAN. Mr. Chairman, I think the Congress of Micronesia has gone on the record on several occasions, that we would like to be given the opportunity, or the authority to directly appropriate the funds from the United States. I think we have reached a level of political maturity and fiscal management that we can be directly accountable and responsible to the Congress of the United States on the money that is——

Mr. BURTON. Are you stating then that it is not satisfactory for the Commissioner to have this line item veto?

Mr. PANGELINAN. Well, if this is one way of ascertaining that the money will be properly expended, then we have no objection.

Mr. BURTON. Mr. Chairman?

Mr. SETIK. Well, I go along with the statement made by both the High Commissioner and my colleague the Senator, that since the High Commissioner has the veto power, I don't see any problem with that.

When we see that there is something wrong with the appropriation or expenditures, he has the legal authority to item veto whatever has been passed by the Congress of Micronesia.

Mr. BURTON. I don't want you to take my own willingness to favorably consider this idea as meaning that we are likely to end up with the result this year. That is important, that I don't misrepresent this. But I do want to pursue this enough to see what the problems are or aren't, rather than dismissing it out of hand.

The gentleman from California?

Mr. CLAUSEN. Yes.

Well, I did want to make this point, and I think I am accurate, in that we are an authorizing committee, and certainly the Appropriations Committee will have some input; the executive branch who must administer that which we legislate, must have some input.

But I do believe in light of the exchange that has taken place that while we would obviously not clutter up the legislation with a specific directive. I do believe we might be able to reach legislative history in the report, indicating that we mutually agree it be the proper course of action to bring about what I understand is a commonly accepted desire on the part of the administration to move toward helping develop the kind of mature and participatory functioning democracy in those sections.

Mr. BURTON. As in all matters of life, you have a balancing problem here. To the extent we move in this direction, to that extent we would reduce any political likelihood of getting open end authorization.

In other words, it is one thing for us to consider moving in this direction. It is another thing to move in this direction in a manner that could be deemed to be a blank check, with no restraints.

Politically, that's a pretty big hurdle for us. Mr. Chairman, if you had to balance this out, are you in a position now to give a judgment on which way we ought to lean?

Shall we lean a little more to the closed end authorization, but with this authority subject to safeguards; or should we lean to the open end authorization for a set period of time?

Mr. SETIK. Well, if you the committee felt that the open end authorization might be a way of testing how we can approach that, perhaps 1 year would be sufficient to me, because it would be very difficult on our part to make some plans for 1, 2, 3, or 4, 5 years ahead, if there should be an open end authorization.

Also, please remember that we are communicating—we are somewhat in between, that you have to reach a level of agreement before you can come up with some fast approach.

What I mean is, we have, the trust territory government has presented the budget to the Office of Interior, and Office of Interior will in turn submit it to OMB, from OMB to the U.S. Congress. All these steps take place before it reaches the U.S. Congress.

Mr. BURTON. Let me move a minute to this development fund. I hope this fund works out well. I hope we have not made a mistake.

Are you satisfied? At first you had a plan to control who can receive help under this fund, so we don't discover that we have seriously and adversely affected the different areas in Micronesia.

Tell me what you think of this development fund. Are you for it, Mr. Chairman?

Mr. SETIK. Well, I think the capital of that fund is up to about \$2.9 million. The fund is being administered through the High Commissioner's office, and it is being programed out into various levels, and I think there is a plan for the utilization of the \$1 million, which is earmarked for fiscal 1974.

Mr. BURTON. What is that plan, Mr. Commissioner?

Mr. JOHNSTON. The enabling legislation which authorized a total of \$5 million to the economic development loan fund, requires us to submit jurisdictions for the actual funds that we seek; and in seeking the \$1 million for fiscal year 1974, which is included in this \$56 million of our present budget, we currently have pending loan applications of \$2.6 million, or more than double that amount.

Mr. BURTON. You have loan applications for more than double that amount?

Mr. JOHNSTON. Yes, sir.

Mr. BURTON. How many of these applications are meritorious?

Mr. JOHNSTON. I beg your pardon?

Mr. BURTON. What dollar amount of these applications are meritorious?

Mr. JOHNSTON. I think most of them are. We roughly, plan to break this \$1 million down into \$300,000 for fishing, \$200,000 for farming, \$200,000 for working capital of business expansion, \$150,000 to encourage local contractors, \$50,000 for auto repair, and service stations, and \$100,000 for taxi, and car rentals.

These are all small businesses.

Mr. BURTON. Am I correct that these funds will only be available to Micronesians?

Mr. JOHNSTON. Yes, sir, they are available only to Micronesian citizens.

Mr. BURTON. And is that an understood administration policy, or did we put that into the law.

Mr. JOHNSTON. I believe it is in the law.

Mr. BURTON. Good.

Mr. JOHNSTON. I believe it is in the law, but if it were not—

Mr. BURTON. Are you authorized to spend more money on these development loans if you have surplus funds from, say, the capital improvements account?

Mr. JOHNSTON. No, sir.

It would have to be budgeted or reprogramed. At the present time, there are two sources of income into the economic development loan fund: One from the U.S. congressional appropriations, and the other is around \$600,000 a year, appropriated by the Congress of Micronesia out of their funds into the economic development loan fund.

Mr. BURTON. So there would be \$600,000 from Micronesia, and \$1 million U.S. Is that it?

Mr. JOHNSTON. That is correct, yes, sir.

Mr. BURTON. So that leaves you \$1,300,000 short on loan applications. Is that right?

Mr. JOHNSTON. Right; and I think, although some of the applications might not have merit, a great many of them do. I would say the vast majority of them are loans that we would like to make.

Mr. BURTON. The Act authorized a \$5 million loan fund. Did we require that be within the ceiling, or is that just an administrative judgment? Mr. Gamble, do you have a recollection on this respect?

Mr. GAMBLE. I would say it was outside the ceiling.

Mr. BURTON. I am almost forced to conclude that you asked a little more from OMB than they cleared for this purpose. You needn't respond.

Mr. CLAUSEN. Will the gentleman yield?

Mr. BURTON. I yield to my colleague.

Mr. CLAUSEN. On that point, on development loans, you are the participants. Are you attempting to develop local entrepreneurship, or is there a combination of talents that might be coming from either this country or other countries? Could you elaborate on this, Mr. Commissioner?

Mr. JOHNSTON. The loans must be made to Micronesian citizens. The Micronesian citizen who builds a hotel, or starts an auto rental agency, can hire expatriates to give him technical management proficiency, if he wishes to do so; but the loans must go to Micronesian citizens.

The policy is, to encourage small local business to definitely develop a local business sector.

Mr. BURTON. Are you having any loans to cooperatives in addition to individuals?

Mr. JOHNSTON. We do have a cooperative movement in the trust territory, yes. We have a territorial cooperative supervisor, and we do have some consumer co-ops in the various districts.

Mr. CLAUSEN. Do you gentlemen of the Congress, do you feel that there has been satisfactory progress in this stated goal, to encourage local Micronesian entrepreneurship?

Mr. SETIK. Yes, I am satisfied, yes.

Mr. PANGELINAN. Mr. Chairman, there is one advantage of having a loan fund available to us, in that the present lending institutions are very limited in their capacity to lend to Micronesians because of the collateral aspects, and this gives us the very valuable capital, to go into the businesses in which we cannot go to the lending institution to borrow the money for the enterprises, or the business.

Mr. CLAUSEN. So, then your response is, that at this point you do not have any problems with the manner in which the development fund has been administered, particularly as it relates to the protection of the Micronesians in developing their own enterprises.

Mr. PANGELINAN. Right.

Mr. CLAUSEN. Do you agree with that, sir?

Mr. SETIK. Right.

Mr. CLAUSEN. I have one question that I would like to get on the record, one more—Mr. Commissioner, what factors have contributed to the backlog of unobligated funds, in capital investment?

Mr. JOHNSTON. The unobligated funds for capital improvement programs?

The basic factor is the slowness of certifying land on which the public improvements can be built. Now, when I first went to Micronesia, at times I would stick my neck out and approve proceeding with capital improvement projects before we had complete certification of the land, and it worked in a number of cases.

However, there is an increasing awareness of lawsuits in the trust territory, people are increasingly being encouraged to sue the government, and we must be increasingly more careful that we do not let a project go ahead until the land is very definitely certified, and obtained for that project. This is a slow process and is the main reason; it isn't for one minute, Congressman Clausen, that we don't need the capital improvements, or have failed to design them or any desire to go ahead with them.

It is merely the administrative process of getting the land certified and then, after that, advertising for bids, letting the contract and so on.

Mr. CLAUSEN. Mr. Chairman, I might want to pursue this, but I think we should probably move on, because I have another meeting shortly.

Mr. BURTON. All right, we shall. But I want to do this: what unfinished business do we have on the agenda for the trust territories?

There is an omnibus bill here that came out of the Senate. I don't recall, Jim, do you, what finally happened to that?

Mr. GAMBLE. The omnibus bill on the trust territory?

Mr. BURTON. Yes.

Mr. GAMBLE. Only one section of the Act was enacted. That was the economic development loan fund section. All the remainder was struck.

The one section that we did have on the Micronesian claims was taken care of here by the Foreign Affairs Committee under separate legislation. But all of the other sections—

Mr. BURTON. Which of those do you recall?

Mr. GAMBLE. Yes, Mr. Chairman, they dealt with immigration and naturalization matters. We even had a section in on allowing Micronesian goods to come into the United States under the same conditions and terms that goods from the Virgin Islands and our other territories come in.

That was struck in the Senate. The House very properly took an objection to our fooling with tax matters. We also had a section in about allowing Micronesian citizens who wished to volunteer in U.S. Armed Forces to do so, which they may not do under present circumstances.

There were five titles under the Act.

Mr. BURTON. I would like to go into executive session here, with our delegation from Micronesia and their people and the high commissioner, and the Department people staying here.

I just want to do this to free up a little bit any other questions that may occur to us. I am not sure that anything so dramatic is going to be necessary.

If there are those who are not part of one or another of those groups of people, I would appreciate it if they would leave, because we are going into executive session.

Thank you very much for your indulgence. Is everyone here now a member of either the Micronesian delegation staff, or the Interior Committee staff?

Let me just ask one final question. I am addressing this to our colleagues from Micronesia. Is there any unfinished business that occurs to you, apart from this authorizing bill, and apart from the

money amounts that you think we ought to be considering during the course of the balance of this year?

Mr. SETIK. Well, we—Mr. Chairman, as I mentioned earlier, that I wished they would stick to the original 5 year plan that had already been made. We hope that the committee will consider very seriously about the \$70 million level of which was originally planned for fiscal year 1974 to 1977. It really hurt the Micronesian people by curtailing the funds without ever consulting them in a timely manner because everybody seems to know that the U.S. Government does not pay more attention to Micronesian's aspirations and needs, while they expected that, because of this unsettled future status of Micronesia.

Mr. BURTON. The gentleman from California.

Mr. CLAUSEN. Yes, Mr. Chairman.

I want to commend you, and certainly all of the members of the Micronesian congress, you, Mr. Commissioner, and those who participated in this hearing. I think we have developed an excellent hearing record.

Mr. Chairman, I believe, that it would be in the interest of the committee—primarily because you gentlemen have traveled so far, and it is not too easy for them to come to Washington, or conversely, for us to visit the area that is so important to all of us, as regularly as we would like to.

I think it would be advisable, Mr. Chairman, and I would ask unanimous consent of the Committee that we now conclude the formal session, and then move toward a more informal, off the record session, and then permit the recording clerk to be discharged, so that we can——

Mr. BURTON. Without objection, so ordered.

Mr. CLAUSEN. Thank you.

[Whereupon, at 1 p.m., the hearing in the above-entitled matter was adjourned, and the subcommittee went into executive session.]

