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TO PROVIDE AUTHORIZATIONS FOR THE TRUST TERRITORY GOVERNMENT AND FOR THE PEOPLE OF BIKINI ATOLL

GOVERNMENT

Storage

DOCUMENTS

JUL 30 1975

HEARING

BEFORE THE

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SUBCOMMITTEE ON

TERRITORIAL AND INSULAR AFFAIRS

OF THE

COMMITTEE ON

INTERIOR AND INSULAR AFFAIRS

HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

H.R. 5192, H.R. 5216, and S. 326

TO AMEND SECTION 2 OF THE ACT OF JUNE 30, 1954, PRO-
VIDING FOR THE CONTINUANCE OF CIVIL GOVERNMENT
FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS
AND

H.R. 5158 and H.R. 5215

TO PROVIDE AN AUTHORIZATION FOR AN EX GRATIA PAY-
MENT TO THE PEOPLE OF BIKINI ATOLL, IN THE MAR-
SHALL ISLANDS OF THE TRUST TERRITORY OF THE
PACIFIC ISLANDS

HEARING HELD IN WASHINGTON, D.C.
MARCH 24, 1975

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TO PROVIDE AUTHORIZATIONS FOR THE TRUST TERRITORY GOVERNMENT AND FOR THE PEOPLE OF BIKINI ATOLL

MONDAY, MARCH 24, 1975

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

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2257, Rayburn House Office Building, Hon. Phillip Burton (chairman of the subcommittee) presiding.

Mr. BURTON. The Subcommittee on Territorial and Insular Affairs will be in order.

If there is no objection, at this time H.R. 5192, H.R. 5216, and S. 326 will be inserted in the record, in full, at this point. Also, H.R. 5343, and the report of the Department of Interior.

[The information referred to follows:]

H.R. 5192 94th Cong., First Sess.

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

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), is amended by deleting "and for each of the fiscal years 1974 and 1975, \$60,000,000 plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies", and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000, and for fiscal 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$80,000,000 which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies".

H.R. 5126 94th Cong., First 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 "and for each of the fiscal years

1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: lieu thereof the following: "for fiscal year 1975, \$75,000,000; and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$79,000,000 which amounts for each fiscal year or other period shall be adjusted upward or downward, in the budget transmitted to the Congress for the next succeeding fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year preceding the fiscal year or other period for which the appropriations are made and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974.

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

[S. 326, 94th 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 "and for each of the fiscal years 1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, \$65,650,000."

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

[H. R. 5343, 94th Cong., 1st sess.]

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

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), is amended by deleting "and for each of the fiscal years 1974 and 1975, \$60,000,000 plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies", and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000, and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976 and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$80,000,000 which amounts for each such fiscal year or other period shall be adjusted upward or downward to offset changes in the purchasing power of the United States dollar and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies".

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

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 26, 1975.

HON. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

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

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

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

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

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

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

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

education. In addition, we look for improvement in communications and transportation among the 2100 islands of Micronesia.

The bill provides an authorization of \$80,000,000 for 1976, \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agreement reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

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

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

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

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

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

Enclosure.

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

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

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

Mr. BURTON. We would like to welcome all of you here. It is the intention of the Chair to deal with the trust territory authorization proposals, and then with the Bikini payment proposals.

Also, without objection, H.R. 5158 and H.R. 5215, both of which relate to the payment ex gratia, shall be placed in the record, in full, at this point, together with the report of the Department of Interior.
[The information referred to follows:]

[H.R. 5158 94th Cong., First Sess.]

A BILL To provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of 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 there is authorized to be appropriated to the Secretary of the Interior in recognition of the hardship suffered by the people of Bikini due to displacement from their atoll since 1946 the sum of \$3,000,000, ex gratia. Such sum shall be paid to a trustee selected by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands to be held in trust pursuant to the provisions of a trust agreement or amendment thereto agreed to by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands for the use and benefit of and distribution to persons who possess rights in Bikini Atoll. Provision may be made in the trust instrument for disbursement of trust income and corpus by the trustee directly to the Kili/Bikini Council for distribution, according to custom and tradition, to persons who possess rights in Bikini Atoll. The Governments of the United States and Trust Territory of the Pacific Islands shall not be liable in any cause of action in law or equity arising from the administration or distribution of the trust funds.

[H.R. 5215 94th Cong., First Sess.]

A BILL To provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of 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 there is authorized to be appropriated to the Secretary of the Interior in recognition of the hardship suffered by the people of Bikini due to displacement from their atoll since 1946 the sum of \$2,270,000, ex gratia. Such sum shall be paid to a trustee selected by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands to be held in trust pursuant to the provisions of a trust agreement or amendment thereto agreed to by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands for the use and benefit of and distribution to persons who possess rights in Bikini Atoll. Provision may be made in the trust instrument for disbursement of trust income and corpus by the trustee directly to the Kili/Bikini Council for distribution, according to custom and tradition, to persons who possess rights in Bikini Atoll. The governments of the United States and Trust Territory of the Pacific Islands shall not be liable in any cause of action in law or equity arising from the administration or distribution of the trust funds.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 14, 1975.

HON. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a proposed bill, "To provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of the Trust Territory of the Pacific Islands."

We recommend that the bill be referred to the appropriate Committee for consideration, and strongly urge that it be enacted.

In 1946, in the interest of international security, all the Bikini people were removed from their home atoll to provide the United States with a nuclear test site. The Bikinians were moved three times, and finally settled on Kili, an island with a land area of only one-third of a square mile. Life on Kili was difficult from the very beginning. There was no lagoon in which to fish and no protected anchorage. In addition, a typhoon caused salt water flooding which destroyed

crops and polluted the fresh water supply. Food shortages were common occurrences and high waves prevented field trip vessels from picking up copra and bringing foodstuffs ashore. In short, the past 29 years have been physically and psychologically difficult for the displaced Bikinians.

The people of Enewetak Atoll, also located in the Marshall Islands, experienced a parallel situation. They were displaced in 1947 and moved to Ujelang Atoll where they now live. Enewetak was also the site of weapons testing, and there were over 40 nuclear detonations through 1957.

However, there has been one significant difference in the experiences of the two peoples. In July 1969, the United States Government made an ex gratia payment of \$1,020,000 to the people of Enewetak in recognition of the hardships faced, the longstanding removal from their home atoll, and the fact that their ultimate return was not then viewed as possible in the near future. The funds were placed in trust for the people, who since that time have received interest payments. The trust fund will remain available even though the people are now scheduled to return to Enewetak.

In April 1974, the people of Bikini petitioned the Department of the Interior and the Department of Defense for an ex gratia payment. Their request was based upon the same logic as that used to make the ex gratia payment to the people of Enewetak. Both Departments feel that 29 years of hardship and suffering are sufficient grounds to justify compensation. Thus, I recommend a payment of \$2,270,000 to be held in trust for the people by a trustee approved by the Bikinians and High Commissioner of the Trust Territory.

We are aware that the people of Bikini Atoll, through the Kili/Bikini Council, have filed a claim with the Micronesian Claims Commission under the provisions of the Micronesian Claims Act of 1971. We believe the rationale for the ex gratia payment recommended in this bill is separate and distinct from the rationale advanced for the claim for damages filed with the Micronesian Claims Commission. Nevertheless, we will work with the Foreign Claims Settlement Commission, and the Micronesian Claim Commission, to avoid possible overlapping of any compensation for any item in the claim filed with them which, when fully developed, may relate to the same incident upon which the draft bill proposes to compensate.

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

Sincerely yours,

Enclosure.

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

A BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the Secretary of the Interior in recognition of the hardship suffered by the people of Bikini due to displacement from their atoll since 1946 the sum of \$2,270,000, ex gratia. Such sum shall be paid to a trustee selected by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands to be held in trust pursuant to the provisions of a trust agreement or amendment thereto agreed to by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory of the Pacific Islands for the use and benefit of and distribution to persons who possess rights in Bikini Atoll. Provision may be made in the trust instrument for disbursement of trust income and corpus by the trustee directly to the Kili/Bikini Council for distribution, according to custom and tradition, to persons who possess rights in Bikini Atoll. The governments of the United States and Trust Territory of the Pacific Islands shall not be liable in any cause of action in law or equity arising from the administration or distribution of the trust funds.

Mr. BURTON. The Chair would suggest to the witnesses that they address their remarks to H.R. 5158.

Who is here to speak on behalf of the Bikini ex gratia payment legislation? Would all of you who are here for that purpose, please come to the witness stand?

Do you have any prepared statements?

Mr. BALOS. Yes, sir. I have.

Mr. BURTON. At this time, Congressman, without objection, your statement will be placed in the record in full at this point, and you may proceed if you will to read it, or extract it, as you see fit.

Congressman, as I understand it, you also have a petition. Is that correct?

Please proceed with your statement. Go right ahead, Congressman. [The prepared statement of Congressman Ataji Balos follows:]

STATEMENT OF CONGRESSMAN ATAJI BALOS, MEMBER OF THE CONGRESS OF
MICRONESIA

Mr. Chairman and Honorable Members of the Committee:

It is a privilege and an honor to appear before you today on behalf of the people of Bikini of the Marshall Islands District of the Trust Territory of the Pacific. The people of Bikini recognize the important role this Committee plays in helping the United States fulfill its obligations as Trustee of the Trust Territory and we appreciate an opportunity to speak briefly before you this morning.

Mr. Chairman, I am here today to request that you approve, with slight modification, H.R. 5158, introduced by Representative Burton, which authorizes an "ex gratia" payment of \$3,000,000 to the people of Bikini for hardships suffered due to displacement from Bikini since 1946. For reasons which follow, we believe the Burton bill is far superior to the Steiger bill, H.R. 5215, which authorizes a payment of \$2,270,000, and which is also before this Committee.

Mr. Chairman, as you know, in 1946 the people of Bikini agreed to give up their island so that the United States could use the Atoll to conduct a series of atomic tests for world peace. Since that time, we have moved three times, eventually resettling on the small island of Kili where we have remained for most of the period since our departure from Bikini. The living conditions on Kili are far less desirable than on Bikini. Kili lacks a protective reef which makes the fishing poor. The island is also considerably smaller than Bikini and consequently, we have been unable to provide sufficient food for our people. For many years, we have longed to return to Bikini.

Mr. Chairman, as you may know, the people of Enewetak Island were compelled to abandon their island in 1947, one year after the people of Bikini left Bikini. Enewetak was also the site of atomic tests. In 1969, the Department of Defense made an "ex gratia" payment in the amount of \$1,020,000 to the Enewetak people in recognition of the suffering endured during their exile.

Mr. Chairman, 6 long years have passed since the payment was made to the people of Enewetak and no payment has yet been made to the people of Bikini. The people of Bikini feel that it is only fair that they be treated the same as the Enewetakese. We feel that the \$3,000,000 "ex gratia" payment authorized in the Burton bill is appropriate because, comparing our situation to that of the Enewetakese, the people of Bikini have been in exile for a longer period; there are approximately 750 Bikinians, whereas there are only approximately 400 Enewetakese; and equally importantly, the people of Enewetak were paid their sum of \$1,020,000 approximately 6 years ago—6 years in which the Enewetakese have had the benefit of the present use of their money, as well as the accrual of large amounts of interest. In addition, during those 6 years the rate of inflation in the Trust Territory has been even higher than the unprecedented inflation rate in the United States.

Mr. Chairman, as I have indicated, we are quite happy with the Burton bill and strongly endorse the \$3,000,000 "ex gratia" payment which that bill would authorize. However, there is one provision contained in both the Steiger bill and the Burton bill which we would like to have amended.

Both bills, as presently written, would provide that the "ex gratia" payment be made to a trustee selected by the Kili/Bikini Council and approved by the High Commissioner of the Trust Territory and that the provisions of the trust agreement be agreed to by the Kili/Bikini Council and also approved by the High Commissioner. We feel that the selection of a trustee and approval of the trust document should be the sole responsibility of the Bikini Council. By relieving the High Commissioner of this responsibility any potential questions of mismanagement of the trust funds by the United States would be avoided and the Kili/Bikini Council would bear, as we feel it should, the full burden of acting responsibly in agreeing to a trust agreement and selecting a trustee. Accordingly, we have attached to this statement, a draft bill which would retain the \$3,000,000 authorization contained in the Burton bill but which would incorporate the changes regarding the trust fund which we have suggested.

Mr. Chairman, in conclusion, for the reasons I have briefly listed, we hope that you will support H.R. 5158, a \$3,000,000 "ex gratia" payment for the people of Bikini.

A BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That there is authorized to be appropriated to the Secretary of the Interior the sum of \$3,000,000, ex gratia, to be paid to the Kili/Bikini Council, Marshall Islands, Trust Territory of the Pacific Islands, in recognition of the hardship suffered by the people of the Bikini due to displacement from their Atoll since 1946. Such sum shall be paid to a trustee to be selected by the Kili/Bikini Council to be held in trust pursuant to the provisions of a trust agreement or amendment thereto agreed to by the Kili/Bikini Council for the use and benefit of and distribution to persons who possess rights in Bikini Atoll. Provisions may be made in the trust instrument for disbursement of trust income and corpus by the trustee directly to the Kili/Bikini Council for distribution, according to custom and tradition, to persons who possess rights in Bikini Atoll.

STATEMENT OF JUSTIFICATION FOR AN "EX GRATIA" PAYMENT OF \$3,000,000

It is well known that in 1969 the people of Ujelang received a \$1,020,000 "ex gratia" payment from the Department of Defense for suffering endured during twenty-five years of forced exile on Ujelang. The Bikini people feel that our suffering has been at least as severe as that endured by the Ujelangese.

In a meeting with the representatives of the Office of Territories, Department of Interior, and the High Commissioner of the Trust Territory on April 3, 1974, Mr. Russell Carpenter, Director of the Office of Territorial Affairs, stated that he fully supported the demands of the Bikini people for a fair and equitable "ex gratia" payment. Though our right to payment is not in issue, uncertainty remains as to the precise amount of the payment.

As noted in the attached Petition, we believe that a fair sum for the "ex gratia" payment is \$3,000,000. We begin with the fact that \$1,020,000 was accorded to the people of Ujelang over four years ago. It is clear on the basis of a number of factors that our payment should be substantially higher than that made to the Ujelangese. *First* and most important, there are approximately 750 Bikinians, whereas there are only approximately 400 Ujelangese.

Second, the people of Ujelang were paid their sum of \$1,020,000 over four years ago, and thus have been accruing interest for over four years. This "lost" interest should be included in the payment made to the Bikinians.

Third, since 1969 when the people of Ujelang received their payment, inflation has been rampant in the Trust Territory. For example, a can of corned beef cost 75 cents in 1969 whereas today the same can costs more than twice that amount (\$1.60). In 1969 a twenty-five pound bag of rice was \$3.00, whereas today it is more than three times that amount (\$9.00). In 1969 fresh fish sold for 25 cents per pound, whereas today the cost is more than 80 cents per pound.

Fourth, even a \$3,000,000 payment will not satisfy the per capita earning needs of the Bikinian people. For example, if the \$3,000,000 "ex gratia" payment is invested at a 4% per year rate of return, the amounts which will be realized by individual Bikinians will still be less than \$15.00 per month.

It is, of course, difficult to quantify with precision the dollar value of the hardships suffered by the Bikini people over the past twenty-seven years. Nevertheless, based on the factors cited above, we believe \$3,000,000 is an appropriate sum in light of the \$1,020,000 received by the Ujelangese. Since four years have already passed since the Ujelangese received their payment, we believe our payment should be made within six months of the date of the attached Petition. Within ninety days of the date of the Petition a firm written response to this request for a \$3,000,000 "ex gratia" payment should be given to the Bikini people. As a further gesture of good will, a letter of understanding should be executed immediately by the undersigned representatives of the Bikini people and representatives of the United States Government signifying a commitment by the United States that (a) within three months of the date of the Petition it will answer the Bikinians' request for an "ex gratia" payment, and (b) within six months of the same date, if the request is approved, the "ex gratia" payment will be made to the Bikini people forthrightly.

LOVE KEJIBUKI,
Magistrate.

NATHAN NOTE,
Scribe.

MOSES LEWAJ,
Congressman.

BIKINI ISLAND VISITING MISSION ON AN "EX GRATIA" PAYMENT

PETITION FOR AN "EX GRATIA" PAYMENT OF THREE MILLION DOLLARS TO THE PEOPLE OF BIKINI

Whereas, for the peace and welfare of all mankind the people of Bikini for the past twenty-seven years have sacrificed greatly; and

Whereas, in 1946, at the direction of the Military Governor of the Marshall Islands the people of Bikini relinquished their homes and moved to the island of Kili; and

Whereas, since the end of World War II and up to 1969, the island of Bikini has been used by the United States Government as a testing facility for atomic weapons; and

Whereas, because of the availability of Bikini as an atomic testing site, the United States Government has been able to maintain its lead in nuclear weapons, and protect the peace of the world and the hopes of mankind; and

Whereas, during this twenty-seven year period the people of Bikini have remained on Kili, an island in the southern part of the Marshall Islands, they have experienced great longing to return to their homeland and desire to return when the island is safe and the repair work completed; and

Whereas, during this period the people of Bikini have suffered great hardships because of absence from their native land; and

Whereas, the people of Enewetak were also compelled to abandon their island in 1947, one year after the people of Bikini left Bikini; and

Whereas, the people of Enewetak also have suffered great hardship as a result of this forced migration; and

Whereas, in 1970 the Department of Defense, in recognition of the suffering endured by the Enewetakese, made an "ex gratia" payment in the amount of \$1,020,000 to the Enewetak people; and

Whereas, such "ex gratia" payment was well deserved by the people of Enewetak; and

Whereas, the people of Bikini, being the first group to leave their homeland during the years of atomic testing, have suffered at least equally to the people of Enewetak; and

Whereas, the people of Bikini deserve the same fair treatment that has been accorded to the Enewetakese; and

Whereas, over four years have passed since the payment was made to the people of Enewetak, and no payment has yet been made to the people of Bikini; and

Whereas, the Bikini people feel that based upon the Enewetak payment, as suitably adjusted for time and population differences, an "ex gratia" payment of \$3,000,000 is due to the Bikini people; and

Whereas, in the *Statement of Justification*, attached to this Resolution, reasons are given in support of the \$3,000,000 payments now, therefore

Be it Resolved, by the people of Bikini, through their duly elected island officials, that the United States Government, the Department of Defense, the Atomic Energy Commission, and the Department of Interior, Office of Territories, are hereby requested to grant to the Bikini people an "ex gratia" payment of \$3,000,000 to be delivered to the people within six months following the date this Petition is signed and delivered to the United States Government.

BE IT FURTHER RESOLVED, that copies of this Petition be delivered to the Office of the President, United States Senate, the Speaker of the House of Representatives, the Department of Defense, Office of International Security Affairs, the Department of Interior, Office of Territories, the Atomic Energy Commission, the Congress of Micronesia, the High Commissioner of the Trust Territory, and the Marshall Islands Nitijela.

BE IT FURTHER RESOLVED, that this Petition has been duly authorized by the people of Bikini.

LOVE KEJIBUKI,
Magistrate,
NATHAN NOTE,
Scribe.
MOSES LEWAJ,
Councilman.
ATAJI BALOS,
Congressman.

**STATEMENT OF ATAJI BALOS, A REPRESENTATIVE IN THE
CONGRESS OF MICRONESIA, REPRESENTING BIKINI ATOLL,
ACCOMPANIED BY OSCAR DeBRUM, DISTRICT ADMINISTRATOR,
MARSHALL ISLANDS DISTRICT**

Mr. BALOS. Thank you, Mr. Chairman.

Mr. Chairman and honorable members of the committee, it is a privilege and an honor to appear before you today on behalf of the people of Bikini in the Marshall Islands District of the Trust Territory of the Pacific. The people of Bikini recognize the important role this committee plays in helping the United States fulfill its obligations as trustee of the trust territory, and we appreciate an opportunity to speak briefly before you this morning.

Mr. Chairman, I am here today to request that you approve, with slight modification, H.R. 5158, introduced by Representative Burton, which authorizes an ex gratia payment of \$3 million to the people of Bikini for hardships suffered due to displacement from Bikini since 1946. For reasons which follow, we believe the Burton bill is far superior to the Steiger bill—H.R. 5215—which authorizes a payment of \$2.27 million, and which is also before this committee.

Mr. Chairman, as you know, in 1946 the people of Bikini agreed to give up their island so that the United States could use the atoll to conduct a series of atomic tests for world peace. Since that time, we have moved three times; eventually resettling on the small island of Kili, where we have remained for most of the period since our departure from Bikini. The living conditions on Kili are far less desirable than on Bikini. Kili lacks a protective reef, which makes the fishing poor. The island is also considerably smaller than Bikini, and consequently, we have been unable to provide sufficient food for our people. For many years we have longed to return to Bikini.

Mr. Chairman, as you may know, the people of Enewetak Island were compelled to abandon their island in 1947, 1 year after the people of Bikini left Bikini. Enewetak was also the site of atomic tests. In 1969, the Department of Defense made an ex gratia payment in the amount of \$1.02 million to the Enewetak people in recognition of the suffering endured during their exile.

Mr. Chairman, 6 long years have passed since the payment was made to the people of Enewetak, and no payment has yet been made to the people of Bikini. The people of Bikini feel that it is only fair that they be treated the same as the Enewetakese. We feel that the \$3 million ex gratia payment authorized in the Burton bill is appropriate, because comparing our situation to that of the Enewetakese, the people of Bikini have been in exile for a longer period; there are approximately 750 Bikinians, whereas there are only approximately 400 Enewetakese. And equally important, the people of Enewetak were paid their sum of \$1.02 million approximately 6 years ago; 6 years in which the Enewetakese have had the benefit of the present use of their money, as well as the accrual of large amounts of interest. In addition, during those 6 years, the rate of inflation in the trust territory has been even higher than the unprecedented inflation rate in the United States.

Mr. Chairman, as I have indicated, we are quite happy with the Burton bill and strongly endorse the \$3 million ex gratia payment

which that bill would authorize. However, there is one provision contained in both the Steiger bill and the Burton bill which we would like to have amended.

Both bills, as presently written, would provide that the ex gratia payment be made to a trustee selected by the Kili-Bikini Council and approved by the High Commissioner of the trust territory, and that the provisions of the trust agreement be agreed to by the Kili-Bikini Council and also approved by the High Commissioner. We feel that the selection of a trustee and approval of the trust document should be the sole responsibility of the Bikini Council.

By relieving the High Commissioner of this responsibility, any potential questions of mismanagement of the trust funds by the United States would be avoided and the Kili-Bikini Council would bear—as we feel it should—the full burden of acting responsibly in agreeing to a trust agreement and selecting a trustee.

Accordingly, we have attached to this statement, a draft bill which would retain the \$3 million authorization contained in the Burton bill, but which would incorporate the changes regarding the trust fund which we have suggested.

Mr. Chairman, in conclusion, for the reasons I have briefly listed, we hope that you will support H.R. 5158, a \$3 million ex gratia payment for the people of Bikini.

Thank you, Mr. Chairman.

Mr. BURTON. Thank you very much, Congressman. It is a very fine statement. I want to, on behalf of the subcommittee, welcome you to Washington and indicate to you, and to those you represent, greetings from all my colleagues.

Will the gentleman in the middle, please identify himself for the record?

Mr. DEBRUM. Thank you, Mr. Chairman. I am Oscar DeBrum, administrator of the Marshall Islands district.

Mr. BURTON. Do you have a prepared statement?

Mr. DEBRUM. No sir. Mr. Chairman, I am here merely to answer questions that the committee may have, and generally support the presentation made by Congressman Ataji Balos.

Mr. BURTON. Please identify yourself for the record.

Mr. RICE. My name is Emmett Rice. I am the Acting Director of Territorial Affairs. I previously submitted a written statement. With the Chief's permission, I would ask that it be inserted in the record, and I would like to briefly summarize that written statement.

Mr. BURTON. Without objection, the statement of Mr. Emmett Rice will be printed in the record, in full at this point, and then you will please proceed.

[The prepared statement of Mr. Emmett Rice follows:]

STATEMENT OF EMMETT M. RICE, ACTING DIRECTOR OF TERRITORIAL AFFAIRS

We understand that two bills, H.R. 5158 and H.R. 5215, have been introduced to provide for an ex gratia payment to the people of Bikini in recognition of the hardship suffered due to displacement from their home atoll since 1946. The bills are identical except that H.R. 5158 would authorize \$3,000,000, whereas H.R. 5215, the administration proposal would authorize \$2,270,000. We, of course, support H.R. 5215.

In 1946, as many of you know from history, all the Bikini people were removed from their home atoll to provide the United States with a nuclear test site. After being moved several times, they were finally settled on the island of Kili which

has a land area of one-third of a square mile. Life on Kili has always been difficult for the Bikinians. They were accustomed to a lagoon at home which yielded fish and provided a protected anchorage. Kili has no lagoon. At one point, a typhoon whipped the sea to flood stage destroying crops and polluting the fresh water supply. Food shortages have been a common occurrence and high seas often prevent field trip vessels from delivering foodstuffs and loading copra—the Bikinians only cash crop. In short, the past 29 years have been ones of hardship for the displaced Bikinians.

The people of Enewetak have lived through a parallel experience, but with one exception. In July 1969, the United States Government paid \$1,020,000, ex gratia, to the people of Enewetak in recognition of the hardships faced, the longstanding removal from their home atoll, and the fact that their ultimate return was not then viewed as possible in the near future. Despite plans for returning the people to Enewetak, the people of Enewetak will not be deprived of the funds received in 1969.

It is felt that the people of Bikini should be treated in like manner as the people of Enewetak. Thus, after the people of Bikini petitioned for an ex gratia payment in April 1974, they received a favorable response from the Departments of the Interior and Defense which determined that such a payment should be made. We recommend a payment, ex gratia, of \$2,270,000 to be held in trust for the people by a trustee approved by the Bikinians and the High Commissioner of the Trust Territory.

STATEMENT OF EMMETT M. RICE, ACTING DIRECTOR, OFFICE OF TERRITORIAL AND INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY, HARRY BROWN, STAFF ASSISTANT, OFFICE OF TERRITORIAL AND INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. RICE. Mr. Chairman and members of the committee, we understand, certainly, that two bills—H.R. 5158 and H.R. 5215—have been submitted: H.R. 5215 being the administration proposal which authorizes \$2.27 million for the ex gratia payment to the people of Bikini, and we, of course, would support H.R. 5215.

I believe that Congressman Balos has most adequately summarized the suffering and plight of the Bikini people to justify ex gratia payment for them. The people of Enewetak have lived through a parallel experience, but with one exception.

In July of 1969, the U.S. Government paid \$1.02 million ex gratia to the people of Enewetak in recognition of the hardships they had faced, the longstanding removal from their home atoll, and the fact that their ultimate return was not then viewed as possible in the near future. Now this is one distinct difference in the people of Enewetak and the people of Bikini, in that the return of the Bikinians to their home is viewed as possible in the near term—as a matter of fact, almost immediately. Despite the plans for returning the people to Enewetak, the people of Enewetak will not be deprived of the funds received in 1969.

It is felt strongly that the people of Bikini should be treated in like manner as the people of Enewetak. They received a favorable response from the Departments they petitioned for an ex gratia payment—they did receive a favorable response from the Department of the Interior and Department of Defense. We would therefore recommend a payment of \$2.27 million—

Mr. BURTON. When was that petition first filed in the Department?

Mr. RICE. That was in April 1974, Mr. Chairman. I do not know the exact date.

So we recommend an ex gratia payment of \$2.27 million for the people of Bikini.

I brought along with me Mr. Harry Brown who is one of the staff assistants in the Office of Territorial Affairs, who is thoroughly familiar with the entire situation; he has worked on it for a number of years and is capable of answering any questions that the Chair might have relative to the formula for the developing of the \$2.27 million figure and the rationale of logic behind it. But I would further like to state that is the strong feeling of the Department of the Interior that the provisions which empower, or authorize, the High Commissioner in cooperation with the Kili-Bikini Council to approve of a trustee and approve of the provisions of the trust instrument itself, not be modified. It is felt that this is an essential ingredient in view of the fact that the Bikini Municipal Council is not an organized type of body or entity—probably has no legal recognition—and it is felt strongly that the High Commissioner should act on behalf of the United States in insuring that a proper and appropriate trustee be selected: that the provisions of the trust document itself fairly and equitably provide for disbursement of these funds to the people of Bikini.

That concludes my statement, Mr. Chairman.

Mr. BURTON. Thank you Mr. Rice.

How long have you been in the Territorial Affairs section of the Department?

Mr. RICE. I was appointed Acting Director of the Office of Territorial Affairs on January 6, 1975, and I first came to work for Territorial Affairs October 7, 1974. Prior to that, I had worked for 90 days for Ambassador Franklin Hayden Williams; just previous to that, I spent almost 2 years in the trust territory.

Mr. BURTON. Thank you, Mr. Rice. Your colleague's name is—?

Mr. RICE. Mr. Harry Brown.

Mr. BURTON. Mr. Brown, would you care to make any contribution to this discussion?

Mr. BROWN. We have some questions before us here, Mr. Chairman, one of which asks to explain how the sum was derived—\$2.27 million. I might point out at the outset that we do not have precise—or did not have, and still do not have—precise population figures to work with. We estimated that there were 380 Enewetak people in 1969 when the ex gratia payment was made. These are people both living on Ujelang, and an estimated number of other people had land rights.

If you divide that into the ex gratia payment—it boils down to about \$2,700 a head—then we multiplied that by 670 Bikinians that were estimated to have land rights in 1969, and added 3 years' interest.

The Bikinians requested that they receive interest payments for 6 years—from 1969 to 1975. The administration felt that interest payments request was valid, but the fact remained that the people of Enewetak are still displaced, and we have no timetable as to how long they will remain displaced. There has been no funding or anything else to start the ball rolling to get them back to Enewetak.

Yes, sir?

Mr. KETCHUM. I wonder if I might ask a question.

You say they have not started to move back, and yet the funds are being made available. What are they using the money for now?

Mr. BROWN. The ex gratia payment of \$1.02 million—I think Mr. DeBrum could answer that better as District Administrator. Primarily food and things of that nature.

Mr. DEBRUM. Mr. Chairman, the money has been invested in the United States. Any proceeds or interest from that investment is received quarterly, to purchase food and items necessary for the people of Enewetak.

Mr. KETCHUM. The million is still in the bank then?

Mr. BROWN. That was not a rehabilitation fund, or anything like that. That was just an ex gratia payment. There is a pending legislation within the executive branch to get the ball rolling to rehabilitate and resettle Enewetak also, but that is still speculative at this time. But we felt that a compromise was in order since the people of Enewetak were going to be displaced really quite a bit longer than the Bikinians who, in fact, could go back now; at least a large majority. There are 40 houses built and 80,000 coconut trees and a lot of other crops planted on Bikini.

We felt that three years at 8½ percent simple interest would be a reasonable figure to add. Adding them all together we came out with \$2.27 million, and that is how we arrived at that particular figure.

Mr. BURTON. Use 3 years at 8½ percent simple interest?

Mr. BROWN. Yes sir.

We based that on the fact that the Enewetak——

Mr. BURTON. On the assumption of 670 people?

Mr. BROWN. Right, and that they were investing in SBA loans at 8½ percent.

Mr. DEBRUM. Over 600, sir, of those who hold land rights on Enewetak.

Mr. BURTON. Please go on.

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

Mr. BURTON. In other words, you use 3 years and not 6?

Mr. BROWN. We use 3 years—we got the 8½ percent because that was the going rate for investing in SBA-guaranteed loans as other funds in the trust territory were being utilized. That is how we came up with that 8½-percent figure.

Mr. BURTON. Why do you use 3 years rather than 6?

Mr. BROWN. Because the people of Enewetak, all things being equal, will be displaced at least 3 years longer than the people of Bikini. The people of Bikini actually could go back now, and since we are comparing one ex gratia against another proposed, we chose that as a compromise.

Mr. BURTON. With the lag in time, it will be at least 6 years, will it not—the lag in time payment?

Mr. BROWN. Yes, sir. But the people of Enewetak may be displaced another 3 or 4 years.

Mr. BURTON. That is a longer period of time than was assumed in 1969, is it not? In 1969 it was not assumed that they would be displaced almost for another decade, was it?

Mr. BROWN. Yes, sir. In 1969, I do not think we even had any idea of how long the people of Enewetak would be displaced. We thought they may have been displaced for the next 10 or 15 years—even from now. We had no firm plans to move them back.

Mr. BURTON. Let me focus in on this suggestion. What trust mechanism, if any, did you have with reference to the ex gratia payment for the people on Enewetak?

Mr. RICE. Mr. Chairman, our feeling was that the ex gratia payment should be deposited with a corporate trustee which was legally and financially responsible to be selected jointly by the Kili-Bikini Council and the High Commissioner.

Mr. BURTON. I asked what trust arrangement was made, if you know, for the ex gratia payment for the people of Enewetak.

Mr. RICE. I think Mr. DeBrum can answer that; he is quite familiar with the trust fund and the handling of that.

Mr. DEBRUM. That trust fund is handled by the High Commissioner in headquarters, sir. Maybe the High Commissioner would comment on that or the Kili-Bikini trust fund.

Mr. BURTON. Come up, Mr. Commissioner, please. Identify yourself for the record.

**STATEMENT OF EDWARD E. JOHNSTON, HIGH COMMISSIONER,
TRUST TERRITORY OF THE PACIFIC ISLANDS, DEPARTMENT OF
THE INTERIOR**

Mr. JOHNSTON. My name is Edward E. Johnston, High Commissioner of the Trust Territory.

When the ex gratia payment was given to the people of Enewetak, a group of us went physically to Vjelang, the island where the Enewetakese are currently living, and in an all-day session negotiated some of the particulars of the agreement with the people. Significantly there were, Mr. Chairman, a couple of young bachelors who did not want the money put in a trust fund; they wanted their share right then, and they were voted down in a completely democratic vote by a vote of three to whatever the rest of the people there amounted to.

Then we did invest the funds. Although I did not handle the technical details of the investment, I believe it is invested through the Bank of America, and the interest earnings—in these days of high interest rates—average some 8½ to 9 percent on the money that is invested.

Mr. BURTON. What is the charge, if any, of the Bank of America, or whatever trust repository is for serving as trustee?

Mr. JOHNSTON. They serve as investment counselors to the trustee. The High Commissioner is still legally the trustee of the fund, and the bank serves as an investment counselor.

Mr. BURTON. What do they receive per year?

Mr. JOHNSTON. I could not say, Mr. Chairman. I would have to check that and submit it for the record. We would be very happy to.

Mr. BURTON. Would you do that?

[The information referred to follows:]

The management fee charged by the Bank of America, San Francisco, for handling the Enewetak Ex-Gratia Payment Trust Fund is 3/10ths of the fair market value of the trust assets up to \$3 million and 1/5th of 1 percent on such assets in excess of \$3 million.

Mr. JOHNSTON. We could get the information today.

Mr. BURTON. All right.

Why should we not eliminate your role, or the role of the person holding the Office of High Commissioner, from this trust agreement?

Mr. JOHNSTON. I feel that Mr. Rice probably had a valid point that——

Mr. BURTON. I am interested in your opinion.

Mr. JOHNSTON. I feel that with the Enewetak trust fund, the arrangement has worked very well. We make no changes in the administration of the fund without the permission of the Ujelang Council, and have been very responsive to the wishes and desires of the Council. They have complete control over the distribution of the proceeds. I feel that the system has worked very well by having the facilities of the High Commissioner's staff available to the Council as sort of a cotrustee.

Mr. BURTON. You mean to tell me that you would not serve and give assistance to the people of Bikini if they asked you to do it?

Mr. JOHNSTON. Absolutely, sir. Very definitely.

Mr. BURTON. So that were they the exclusive trustee, your offices would still be available, would they not?

Mr. JOHNSTON. Yes sir.

Mr. BURTON. If that would be the case, what other reason can you give this committee as to why you should be in the act?

Mr. JOHNSTON. I have no strong personal views on it, Mr. Chairman, if the Kili Council is a legally chartered municipal council——

Mr. BURTON. I gather it is not. Is it legally chartered?

Mr. DE BRUM. It is a semichartered, independent entity, sir.

Mr. BURTON. What is a semichartered, independent entity?

Mr. JOHNSTON. We would have to make sure, Mr. Chairman, that it was a legally chartered municipality. Within the Trust Territory we have both chartered and unchartered municipalities; some of them are very informal arrangements and others are fully chartered municipalities with certain legal prerogatives because of being chartered.

Mr. BURTON. Well we can give them legal prerogatives as a result of the action of the Congress, can we not? I am just wondering why you inserted this word if they are legally chartered. You have been on the job for awhile, you ought to know if they are legally chartered or not; therefore, one of you is setting a condition that you know to be non-existent and I do not know the answer to that. That is why I pose it in this form.

Mr. JOHNSTON. Let me say, Mr. Chairman, that if they are not legally chartered they certainly could become legally chartered.

Mr. BURTON. Or we could treat them as if they were legally chartered, could we not.

Mr. JOHNSTON. That is right, sir.

Mr. BURTON. Thank you.

So you do not have any strong feelings about removing yourself from this veto power arrangement which is inherent in the nature of mutual trustee arrangements?

Mr. JOHNSTON. No, I have no really strong feelings on it, Mr. Chairman. At the time of the ex gratia payment to Enewetak, the people did not have direct legal services available to them. The people of the Kili Council do have legal advice available to them and the situation is different now than it was at that time.

Mr. BURTON. Let me ask this one other question before I recognize my distinguished colleague, Mr. Ketchum.

In the proposed draft, I gather there is a striking of the last sentence which insulates the United States in the Trust Territory for "any cause of action in law or equity arising from the administration or distribution of the trust funds". I think that might be more appropriately addressed to the Congressman.

Congressman, why—are you aware of any reason why our Government should not be insulated from the cause of action, if in fact, we turn the administration of these affairs over to the Kili-Bikini Council? Then it would occur to me that if our Government is thoroughly removed from the administering of the funds, it not be subject to any liability for the maladministration of the funds.

Do you have a current thought on that? Would you like to think about it a bit before you respond?

Mr. BALOS. Would you please, Mr. Chairman—I do not really quite understand what you are trying to—

Mr. BURTON. Well in the last sentence of my bill, we have language that says our Government and the Trust Territory government shall not be subject to a lawsuit for any reason as a result of the way the funds are administered or distributed. We have nothing to do with distributing the funds so we wonder why we should be liable. And in the draft you gave us you eliminated that one sentence; so the effect of your sentence is the people of Kili-Bikini Council will be responsible for administering and distributing the money, but you also say eliminate the language that says that the U.S. Government and the Trust Territory government shall not be responsible, shall not be legally liable for the way they are administered.

Feel free to consult Mr. DeBrum before you answer.

Mr. BALOS. Mr. Chairman, I think I would like to give some thought to this, and I will probably supply a written statement later on.

Mr. BURTON. All right.

Mr. BALOS. After consultation with legal counsel, I can advise that the quoted sentence was deleted from our draft bill because we considered a disclaimer of the U.S. and trust territory governments' liability superfluous since, under our proposed modification of H.R. 5158, the Kili/Bikini Council would bear sole responsibility for selecting a trustee and agreeing to a trust document. If, however, you feel it is necessary, we would certainly have no objection to its retention in the bill. However, we wish to make clear that any disclaimer of the U.S. and trust territory governments' liability included in the final version of H.R. 5158 should, in our opinion be understood to be strictly limited to causes of action arising out of the administration of the trust fund created by ex gratia payment.

Mr. BURTON. The gentleman from California.

Mr. KETCHUM. Thank you, Mr. Chairman.

On the subject of the trusteeship, I would have to give you my own personal opinion which, Mr. High Commissioner, I gave you in your house in Saipan about a year ago last January regarding the funds that the U.S. Government has provided. I think absent in this trusteeship we could very easily run into a situation which you just talked about, where we had a vote where three individuals decide they want theirs now and the rest of them decided they had better invest. I

think we have a responsibility as trustees for the trust territory to make sure that the money is used as beneficially as is possible, and as long as the people of the United States are providing these funds—however responsible that may be—it seems to me that, for a time at least, we should maintain the trusteeship and the responsibility for proper disbursements of the funds.

Mr. Rice, I would like to ask you a question, and it is certainly not an attempt to embarrass you in any way. But I understand that you are the Acting Director of the Office of Territories?

Mr. RICE. Yes sir.

Mr. KETCHUM. Would you tell me how much responsibility are you able to exercise as Acting Director of that department?

Mr. RICE. With the consultation, certainly, on major policy decisions, total responsibility; the same as a permanent Director would exercise.

Mr. KETCHUM. The reason I asked that question—and again, it is not an attempt to embarrass you—is that I asked this same question of the Secretary of Interior some weeks ago as to why we do not have a Director, and who was running the department, and he told me that he was.

It was a very responsible directorship that he was directly administrating.

Mr. RICE. This is essentially correct, as the Secretary always runs the Office of Territorial Affairs, and on major policy decisions, I do have direct consultations on each and every point with the Secretary's Office.

Mr. KETCHUM. Fine, I just wanted to clear that up in my own mind as to who was really running that office.

Next, the rehabilitation of Bikini Atoll has been underway for a number of years. Could you outline what has been done to improve the atoll, and how much in Federal funds has been thus far expended?

Mr. RICE. I would like to defer that, if I might, to Mr. Harry Brown. He is familiar with that entire project, that being one of his special assigned projects.

Mr. BURTON. Move your seat forward, Mr. Brown. We will have kind of an old-fashioned roundtable meeting.

Mr. BROWN. Mr. Chairman, I do not think I should be—I am not deliberately passing the buck, but the man who has been involved on a day-to-day basis with this ever since it has been going on, is the District Administrator, Mr. De Brum. I do not have a precise figure, but there have been somewhere in the neighborhood of—in excess of \$4 million expended on the clean up and rehabilitation resettlement plans of Bikini.

There are 40 houses built now. There is a completed master plan. There have been between 80,000 and 100,000 in coconut trees planted, along with papaya and breadfruit.

Mr. KETCHUM. How long does it take a coconut tree to grow?

Mr. BROWN. It is about 7 years before it bears fruit, 7 to 8 years. And there are some crops now bearing fruit; some papayas, some bananas, and the coconuts are just about a year or two away.

I might point out, too, that the Atomic Energy Commission, now ERDA, has been working very closely with us on radiological monitoring, both of the background radiation and looking very carefully at what may be coming through the food chain.

But I would like to defer, to further elaborate, to Mr. De Brum, if I might.

Mr. DE BRUM. Yes, sir, Mr. Chairman, to elaborate on what Mr. Brown has said, we did complete a coconut tree replanting on both the Enyu and Bikini Islands, and we have approximately 80,000 coconut trees planted. The last report that came in indicated that 75 percent of the coconut trees on Enyu Islands are now producing.

As for housing, 40 housing units have been completed, along with separate cookhouses, water catchments, and outside toilet facilities.

The master plan is also completed for the second phase of the Bikini rehabilitation and resettlement programs.

Mr. KETCHUM. You say that some of these crops are at least in shape for harvesting? Are they being harvested now?

Mr. DE BRUM. Those on Enyu Islands, yes, sir, they are being harvested. We have instructions—information from AEC to turn over the produce from Bikini Island for further evaluation.

Mr. KETCHUM. In other words, it is not being sold yet?

Mr. DE BRUM. No, sir.

Mr. KETCHUM. Let us say that the AEC clears all of this and it is sold. Who is going to get the proceeds?

Mr. DE BRUM. The Bikini people will get the proceeds.

Mr. KETCHUM. Divided equally, somehow?

Mr. DE BRUM. Yes, sir.

Mr. KETCHUM. You spoke about plans for a continued rehabilitation and improvement. Could you briefly outline beyond what you have just said? And could you give me sort of a ballpark cost figure?

Mr. DE BRUM. Yes, sir. Originally there were 80 houses requested and planned for these people. We have half of them completed and we have plans to build the other half of these facilities for them, sir.

The total funding will probably cost within the neighborhood of \$6 million.

Mr. KETCHUM. \$6 million additional?

Mr. DE BRUM. No, sir, a total of \$6 million. \$4 million expended and probably \$2 million more.

Mr. KETCHUM. That is 80 houses? How many more houses did you say?

Mr. DE BRUM. Eighty that are planned for. We do have a request from the people for additional houses beyond 80, which have not been master planned yet.

Mr. KETCHUM. I was just wondering, because 750 people into 80 houses is rather crowded. I just wondered what provisions have been made for—

Mr. DE BRUM. The traditional living pattern, where you have extended families, sir, you have all your relatives move in on you and that tends to—

Mr. KETCHUM. It sounds like my apartment right now.

Mr. DE BRUM. This is the facts of life, sir.

Mr. KETCHUM. Now as I understand it, the Bikinians postponed their return to the atoll last spring, pretty much pending settlement of this ex gratia payment. What assurance do you have that the people will move back, or will return? Especially if the administration's figure is accepted, instead of Mr. Burton's?

Mr. DE BRUM. That was assured to me. Congressman Balos might have something to add to that, but as district administrator, we were assured that this is what people were waiting for, sir.

Mr. KETCHUM. One last question, to either you or the Congressman here, I know Mr. Burton's bill is just about \$700,000 better than Mr. Steiger's. Other than that figure—other than that difference in sums, what real difference do you have between the Burton and Steiger bills?

I have just been doing some brief mathematics here. Bikini adds up under the administration bill to about \$3,008, and Enewetak to \$2,540, and they received theirs about 3 years ago. Under Mr. Burton's bill, they have about \$4,000, basing it on 750 people. Why? Other than this "inflation" factor?

Mr. BALOS. Let me try to see if I can address this question, very briefly? It was in the interest of the people to request \$3 million, not based only on the population differences between these two places, but the other factors I have already mentioned in the statement here.

And, also, the living conditions on these two islands are also a bit different. When you look at the Ujelang and compare it to Kili, it is a bit different, because Kili is one island, itself, and Ujelang is an atoll, which is a lot bigger than Kili.

It would just make the living condition on Kili more typical to the people on Kili and the people who are living on Ujelang now.

Mr. KETCHUM. OK, the difference between the Enewetak and the Bikini under the administration plan is about \$500—roughly \$500 per person. This would make the difference even greater, and I was trying to balance this.

You know we have a wonderful program here in the United States called urban renewal. Looking at it from the standpoint of the people who have moved out right here in the Southwest some years ago for this great program that we initiated, I do not recall the people getting moved out of there getting \$4,000 per person, because I know they have not come back. They could not afford to. It is just a casual observation.

Mr. BURTON. Are there any other questions from any member?

Mr. WON PAT. Mr. Chairman, I would like to welcome to our Nations' Capitol, Congressman Balos and Mr. De Brum from the territories. Coming, as I do, from the same area, naturally I have a great feeling for your cause, but there are certain questions I would like to raise at this time.

Why is it that you have just recently asked for these ex gratia payments, although the Enewetak people have had it since 1969? I think it was just last year that you started your request for this. Can you tell us why?

Mr. DE BRUM. Mr. Chairman, actually they have been discussing this ex gratia payment for the past 3 to 4 years. I guess the opportunity had arrived, finally, that it should be brought to the attention of the U.S. Congress. It had been, prior to that time, discussed on a local level.

Mr. WON PAT. No formal attempt was made to request this payment?

Mr. DE BRUM. Our chain of communication was the High Commissioner's Office, and from the High Commissioner on through the chain to the Interior. There may have been some attempt on that part, also.

Mr. WON PAT. What is the main livelihood of these people living in this area?

Mr. DE BRUM. The main livelihood of the people living in that area is local subsistence, plus the cash that they receive from making copra and export copra.

Mr. WON PAT. Actually, copra is exported?

Mr. DE BRUM. Copra and handicrafts, sir.

Mr. WON PAT. Now I think it was Mr. Brown who said there was no accurate figure as to the exact population? Although supposedly very few people are living here?

Mr. BROWN. Sir, I think to clarify that a little bit, you get very accurate numbers if you want to go out there to Kili, or Ujelang and count the people. We are talking about those with land rights, and that gets into extended families and it gets into cultural aspects that I would not even pretend to understand. And, when we came up with these figures of 670 people in 1969, with land rights, these were really just estimates. We could not really put an accurate figure on those.

Mr. WON PAT. When you come before Congress asking for a certain amount of money, you have to be more or less accurate about figures. You cannot just speculate.

Mr. Chairman, you can have the rest of my time.

Mr. LAGOMARSINO. Mr. Brown, could you tell me the rationale of this ex gratia payment?

Mr. BROWN. The rationale is the same equal treatment, as afforded to the people of Enewetak. That is it.

Mr. LAGOMARSINO. What was the rationale for the people of Enewetak?

Mr. BROWN. The rationale is that the United States recognizes the suffering and hardships and the price paid by those people in the name of international peace and security. Recognizing these things, the United States chose to qualify this past situation with an ex gratia payment of \$1,020,000.

Mr. LAGOMARSINO. In the case of Enewetak?

Mr. BROWN. Yes, sir.

Mr. LAGOMARSINO. With regard to Bikini and Kili, have we been supplying Federal funds to the people on Kili?

Mr. BROWN. I think, sir, other than USDA food. They have had very serious problems in being able to subsist on Kili because as Congressman Balos said, there is no lagoon, therefore the fishing is extremely hazardous. Everything is outside the reef. The place is pounded by waves day after day, and fishing is very dangerous. They have also been inundated with saltwater which destroyed a lot of their crops. So the Marshall district and the Trust Territory government has had to aid the people with some USDA food. I do not know how much, but I think that is all, in terms of Federal subsistence.

Mr. LAGOMARSINO. Do you supply the people with housing and other facilities?

Mr. BROWN. I think when they were relocated, Mr. De Brum, was there not some temporary-housing type built there? Would you elaborate, please?

Mr. DE BRUM. Mr. Chairman, there was some attempt on our part to help them with the houses while they were on Kili Island.

Mr. LAGOMARSINO. Was the same thing true with Enewetak? Did

we furnish the people—are we furnishing those people with assistance and facilities?

Mr. DE BRUM. Yes, sir, there were some houses provided when the initial move was made.

Mr. LAGOMARSINO. So really, then, is it fair to say that the ex gratia payment, at least in the case of Bikini, is a recognition of the difference in the standard of living? Because apparently we have provided necessities of life and have taken care of the people, but not as well as they were when they were on their own, before we moved them. Is that right?

Mr. DE BRUM. That is right, and taking care of the needs of the people, Mr. Chairman, did not take place until 2 years ago.

Mr. LAGOMARSINO. I see.

Mr. DE BRUM. Prior to that, we just moved them from island to island and they subsisted themselves. There was no initial help.

Mr. LAGOMARSINO. You mentioned that we had already spent \$4 million to rehabilitate Bikini and \$2 million more will be spent?

Mr. DE BRUM. Approximately, yes, sir.

Mr. LAGOMARSINO. Where does that money come from?

Mr. DE BRUM. It comes from the trust territory budget.

Mr. LAGOMARSINO. Money appropriated by Congress?

Mr. DE BRUM. Yes, sir.

Mr. LAGOMARSINO. Specifically for that purpose?

Mr. DE BRUM. No, sir. This is why we have had to ask Congress this time for separate bills for an authorization for Enewetak, because we feel that we have been carrying the responsibility in the districts, to rehabilitate Bikini and Enewetak, from our district share of the appropriated funds.

Mr. LAGOMARSINO. Mind you, I am not saying that this should be taken into account, but Mr. Brown, I would like to hear your thinking on whether or not a portion, at least, of the \$6 million that we are spending to improve conditions on Bikini should not at least be taken into account when we consider the amount of the ex gratia payment.

Mr. BROWN. These payments, I think we figure, now total about \$4 million. If you start with the combined Department of Defense, Department of Interior, and AEC cleanup phase, if you combine all of those, from that day, I think 1968 through now, you are talking about \$4 million.

But I think the point Mr. De Brum is trying to make is that the money has come sort of incrementally. We have not admittedly, until now, come up with a decent plan, a master plan. It has been sort of a hodgepodge, catch-as-catch-can program with what money is left over in the district. And some of Mr. De Brum's capital improvements projects have suffered, to some degree, because some of the moneys have gone over into Bikini, sort of running it with bailing wire from one project to another.

I think he is referring to our proposal for Enewetak. We have learned some hard lessons by Bikini. Admittedly we made some mistakes, but we are proposing for Enewetak now a separate authorization.

Mr. BURTON. What mistakes were those? And, while I interject, if my colleague from California would yield, I would like to say that I took up this lower cost item earlier, in anticipation that it might take some while for the members to get here for the other item on

the agenda—so what mistakes have you made from which you have learned by experience, by having made them?

Mr. BROWN. I think the primary one, sir, is that we have found that the Bikini project has gone too slowly. There was no master plan. The money came staggered, in various increments, and because of the logistics that you are well aware of, Mr. Chairman, the project really did not flow along very well.

But for Enewetak, we have a very thorough master plan—a very accurate cost figure, and a proposal that if the plan goes—

Mr. BURTON. Those figures are established as of what minute?

Mr. BROWN. As of last week, actually. We have a program—

Mr. BURTON. Do you disagree with some of the illustrations given by the Congressman, that a can of corned beef in 1969 cost 69 cents and today it is \$1.60, which is more than 100 percent increase. A bag of rice in 1969 was \$3 and now it is in the area of \$9. In 1969, fresh fish cost 25 cents and now it is some 80 cents per pound. All of them are either 100 or 200 or 300 percent increases.

Do you agree, essentially, with that?

Mr. BROWN. Yes, sir, these are fair representations.

Mr. BURTON. So the percentage is based on some mainland cost of living indexes? Is not it relative, when you are confronted with the necessity to buy the essentials of life, to consider the real increases in the cost of living? Is that not essentially an accurate statement?

Mr. BROWN. Yes, sir.

Mr. BURTON. I would like to zero in a little bit on the other item on our agenda. If there are any other pressing questions, however, the members should proceed.

If not, I would like to admonish Mr. Rice—and this is not your fault—but this subcommittee and some of our members have great difficulty bringing matters to the attention of the Department in the absence of a more stabilized Office of Territorial Affairs. And, Secretary Rogers Morton, to put it charitably, is rather overworked, and it is very difficult, for that reason, to merely get into focus with him personally in the absence of a more stable territorial office of the Department of the Interior, which lacks authority.

We find ourselves in some difficulty with all of the offshore areas that have looked to this committee, in part at least, for the resolution of some of their difficulties. We have enormous problems. We are unable to get a clear enough insight as to what the latitude of the administration's position is so we can make some realistic assessment of how we ought to proceed.

So I would hope that you would take that back to the Secretary. That is not said by way of criticism. It is said by way of a statement of a harsh reality that confronts this subcommittee and a number of our constituencies and members.

Mr. DE LUIGO. Mr. Chairman, I would like to associate myself, very strongly, with the chairman's statements. I am very disappointed that today, once again, we find that we do not have a director of territories. We do not have an assistant director of territories, a deputy secretary, or anyone else at the top.

It will be recalled that the Secretary of the Interior told us several weeks ago that he hoped to have a director of territories that very same day. So I must say that it is very difficult for us going from

department to department in the administration without an advocate to assist us on matters of great importance to our constituents.

Mr. KETCHUM. I certainly would associate myself with these remarks. I think both you, Mr. Rice and Mr. Brown, are to be complimented for being able to bring to the committee today as much as you have.

It has been expressed by myself, a matter of very great concern, that the situation has not been settled. Heretofore, perhaps territories and trust territories have been a little less important than some of the other issues that are confronting us nationally and internationally, but it seems to me that here we have some things of very historic importance that are taking place relative to the territories.

In the Northern Marianas, the political status are coming to a close. With that, of course, I am sure that my friend from the Virgin Islands and my friend from Guam are going to be more than a little concerned about their own status, on whether they continue to operate under an archaic act, or whether they are going to have a constitution. We are going to really require some guidance along these lines, and I think that it is very important that this issue of what is happening in the Office of Territorial Affairs be settled.

Certainly it is no criticism of you two gentlemen. I think you have done remarkably well today.

Mr. BURTON. Will the gentleman yield?

Mr. KETCHUM. Yes, sir.

Mr. BURTON. It has been our policy to hammer out as many of our differences as we can on fundamental questions, so that we can present an essentially bipartisan approach to these matters, with the conviction that these offshore areas cannot afford to be a political ping-pong ball.

We are a lot more apt to get a decent resolution of the differences by hammering them out in public, rather than engaging in any confrontation politics, or political mathematics where the Congress sends a bill to the President and a department thinks that it cannot live with it, and he vetoes it. But that is only a rational policy and we have sought effectively to resolve these matters.

And, as I stated earlier, Secretary Morton has an enormous workload and it is difficult for him to focus on it enough and he does look to us for some advice. But, on the other hand, we are looking to try to find out what the perimeters of the administration's views are so we are not racing down the track and finding out that we are going to end up at loggerheads, which serves no useful purpose by any measurement.

So that expressed concern, I am sure, will be conveyed to the Secretary. I have one final question. Let us assume that we move with reasonable dispatch on this authorization. Do you think we should be concerned about how soon the money would be appropriated? So that we should attach further cost of living indicators—in effect, as a penalty clause—for the absence of an appropriation of whatever authorized amount we come up with?

Mr. RICE. Yes, Mr. Chairman, I think that that might be one way of doing it. However, I think that the bill itself is talking about the basic authorizations for the trust territories.

Mr. BURTON. Well I am talking about the ex gratia payments.

In other words, I am looking for something. I would like to get the Bureau of the Budget's attention and maybe if it can be demonstrated that they pay an interest rate, so to speak, in effect it saves them money by getting this money appropriated, that may be a useful prodding device.

Mr. RICE. I think that this is in the 1976 budget. The interest is already provided for for 3 years and I would see no reason—

Mr. BURTON. Why do we not come in at a higher figure? Which is really what I think we are likely to do, and I think the administration is likely to come in with the figure they came up with in the appropriation bill. I suspect that that is the way the script is going to be written.

I think I made the point by asking the question. Are there any further questions? If not, we will proceed to the other matter.

Congressman, I want to thank you, and Mr. DeBrum and the representatives of the administration. I might say, for the information of my colleagues, that I suspect we are likely to move on the higher amount, to eliminate the High Commissioner as a cotrustee, but retain the language insulating the Government of the United States and the Trust Territory of the specific islands, from liability arising from the administration of distribution of the trust funds.

Congressman, you will have an opportunity to give us a statement with reference to your reactions to that latter point. The High Commissioner is going to give us the information on the amount trustees charge.

Mr. RICE. Mr. Chairman, might I make one statement, for clarification purposes? It was not anticipated that the High Commissioner would serve as trustee, only that he would participate in the selection of a trustee—

Mr. BURTON. We understand that.

Mr. RICE [continuing]. For the drafting of the trust instrument itself.

Mr. BURTON. We understand that.

My colleagues will ultimately make their own judgment on that, but I thought, in fairness to one and all, it would be useful to conceptualize my own impressions as of this moment so that one and all could react to it.

Thank you very much.

Now, the next series of bills are with relation to the trust territory budget authorizations, and I would guess Mr. Rice will stay here. Mr. Johnston, Mr. Wilson, Congressman Setik, Senator Olter, could all of you please join around the table? The differences in the bills, for purposes of the understanding of the members of this subcommittee, are as follows. Congressman Steiger introduced the administration bill which provides \$1 million less in the second fiscal year than the bill I introduced. The Steiger bill leaves out language that I had inserted 3 years ago to provide a safeguard, if you will, in the event the grant-in-aid programs disappeared, for a supplemental \$10 million, which was our response to that possibility. It was intended to really provide some block grant authority, if it proved to be necessary. Then there is an item of \$1½ million that was approved in the Senate that could be or need not necessarily be a part of whatever action we take with reference to the trust territories. I highlight that because it may be the judgment of this subcommittee and of the

full committee that with appropriate understandings that matter can be passed to the floor without amendment.

Now, who should start off?

Mr. Rice?

Mr. RICE. I will start, Mr. Chairman.

STATEMENT OF EMMETT M. RICE, ACTING DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. RICE. I had previously submitted a written statement; with permission of the Chair, I would like to request that that be inserted in the record.

Mr. BURTON. Without objection, it is so authorized.

[The prepared statement of Mr. Rice follows:]

STATEMENT OF EMMETT M. RICE, ACTING DIRECTOR OF THE OFFICE OF TERRITORIAL AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. Chairman and Members of the Subcommittee: I am pleased to have the opportunity today to appear before the Subcommittee on Territorial and Insular Affairs in support of Congressman Steiger's bill H.R. 5216 which embodies the Administration's request for an increase in the current authorization ceiling for the Trust Territory of the Pacific Islands, and for authorizations for fiscal year 1976, the transition quarter, July 1, 1976 to September 30, 1976, and for fiscal year 1977. On February 25, 1975 the Department sent a proposal to the House of Representatives requesting authorization for the Trust Territory in the amounts of \$75 million for fiscal year 1975 (that is, \$15 million in addition to the \$60 million already authorized under Public Law 93-111), and the 1975 constant dollar equivalent of \$80 million for fiscal year 1976, \$15.1 million for the transition quarter, and \$79 million for 1977. Section 2 of our proposal would authorize \$1.5 million for a special program to aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

In our letter transmitting this year's proposed legislation, we stated that our last proposal was drafted to coincide with the period of Stage I of the transition of Micronesia to a new political status. Stage I now includes 1977 where it did not before. We therefore are including 1977 in our current proposal. Given the fact that FY 1976 is nearly upon us, the proposal to include one additional year would seem reasonable.

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

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

At this point, we would like to set out the Trust Territory authorizations as presently projected by the administration for the years 1975 through 1980 (These figures are for the period of Micronesia's transition to a new political status).

[In millions of constant 1975 dollars]

Year	Operations	CIP	Total
1975.....	55	20	75
1976.....	55	25	80
1977.....	54	25	79
1978.....	52	35	87
1979.....	50	25	75
1980.....	45	15	60

You will note that moneys for operations peak out in 1975 and 1976 and decline after that. The reason for this is to pass on to the new government of Micronesia an operations budget which it can handle.

We would like to address in some detail the capital improvement program (CIP) since the bulk of the increases are slated for that program.

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia. The acceleration of CIP has been proposed despite expansion of Micronesia's capital plant over the past six years, because much remains to be done. The accelerated program is designed for construction of rudimentary physical infrastructure. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic development more feasible.

The figures presented above were developed to accommodate the Micronesian request that the capital improvement program be stepped up in the last years of the Trusteeship to provide necessary basic infrastructure. The accelerated capital improvement program is intended to give a "big boost" to the future Government of Micronesia—it is not intended to complete a job which by its nature will never be complete.

The objectives of the capital improvement program in Micronesia have developed and changed from time to time as new needs have been identified and new funds have become available. Planning for public works must be a continually ongoing process to reflect such changing factors as population growth and migration rates, levels of health and education of the people, technological improvement, rising popular expectations, and growing political maturity as well, of course, as economic development in the area involved. Presently the main objective of the capital improvement program is to facilitate balanced economic development including tourism, agriculture and fisheries. A necessary adjunct is the improvement of training and supply systems to facilitate the operation and maintenance of facilities that are now in place or will be in the future.

Identification of the CIP components for achieving the current objectives is not overly difficult in concept. Each district center should have an airport; harbor; dock; roads; modern communication facilities; a safe and dependable water system with storage, treatment, and distribution facilities; a wastewater treatment collection and disposal system; sufficient reliable electric power for government, commercial, and residential purposes; medical facilities; and education facilities. We must have a fleet of dependable inter-island ships.

Capital improvement on outer islands is geared more toward public service than toward economic development in the near term, at least until such services are more widely available than at present.

Government policy must also allow for substantial variation in needs and expectations by each district to accommodate local preferences for varying levels and types of economic development. The Trust Territory decentralized planning effort in which each district is allowed to set its own pace and determine its own priorities affords a maximum opportunity for local choice of which and what level of capital improvements are desired. A project-by-project list for the program has been furnished to the Committee.

We would like to take special note of the 1975 supplemental authorization request of \$15 million for eight top priority items. S. 326 which is before this Committee provides for \$5,650,000 of these urgent needs. Last week, we were informed by the House Subcommittee on Interior Appropriations that it appears to be too late for that Committee to act on a supplemental request. While taking testimony on the full \$15 million supplemental, the Senate Subcommittee focused on the the \$5,650,000 contained in S. 326. We feel very strongly that if our \$15 million request is not acted upon the Micronesian people will be the ones who will have to live with the delay in the CIP program.

Our supplemental request would provide \$500,000 for medical supplies; \$3,500,000 for fuel and supplies for powerplants and inter-island ships; \$1,484,000 for the Yap hospital; and \$166,000 for dispensary matching funds. Our proposal would also authorize \$150,000 to meet a commitment to the Trust Territory Government for vitally necessary planning for a comprehensive and balanced economic development policy for Micronesia. Our proposal also seeks \$200,000 authority to increase the Capitalization of the Architectural and Engineering Revolving Fund in order to cover design costs for certain major construction projects programmed for fiscal years 1976 and 1977. Authority is also necessary in the amount of \$945,000 to cover the deficit incurred in fiscal year 1974 by the

receiver of Trans Pacific Lines, Inc. The funds expended allowed the Trust Territory to move millions of dollars of Micronesian cargo to destinations in Micronesia. If the funds requested to cover this deficit are not provided, an equivalent amount of construction funding cannot be restored to the capital improvement program, and the projects for which these funds were committed will have to be delayed.

Finally, and of extremely high priority, \$8,055,000 is urgently needed to procure four new specially-designed inter-island ships to provide reliable and frequent sea transportation service within the Trust Territory. The Trust Territory must presently rely upon obsolete, hazardous, and costly-to-operate ships. Reliable water transport among the widely scattered islands of Micronesia must be assured. The M.S. Micronesia Princess, the prototype on these four new ships, was specially designed for use in the islands of Micronesia. It is presently on an eleven month Trust Territory shakedown cruise. Like any new vehicle, bugs have been found—but they will be taken care of in the contracts for the next four ships. The ship itself is structurally sound and well suited to the needs of Micronesia.

This concludes my formal statement.

Mr. RICE. Mr. Chairman and members of the subcommittee, I am pleased to have the opportunity to appear here today to address in full support of Congressman Steiger's bill, H.R. 5216, which embodies the administration's request for an increase in the current authorizations ceiling for the Trust Territory of the Pacific Islands, and for authorizations for fiscal year 1976, the transition quarter, July 1, 1976, to September 30, and for fiscal year 1977.

On February 25 of 1975, the Department sent a proposal to the House of Representatives requesting authorization for the trust territory in the amounts of \$75 million for fiscal year 1975—that is, \$15 million in addition to the \$60 million already authorized under Public Law 93-111—and the 1975 constant dollar equivalent of \$80 million for fiscal year 1976, \$15.1 million for the transition quarter, and \$79 million for 1977.

Section 2 of our proposal would authorize \$1.5 million for a special program to aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

In our letter transmitting this year's proposed legislation, we stated that our last proposal was drafted to coincide with the period of stage I of the transition of Micronesia to a new political status. State I now includes 1977 where it did not before. We, therefore, are including 1977 in our current proposal. Given the fact that fiscal year 1976 is nearly upon us, the proposal to include 1 additional year would seem reasonable.

At this point, we would like to set out the trust territory authorizations as presently projected by the administration for the years 1975 through 1980. I will not go into the actual figures themselves, as they are contained in my written testimony, but you will note that the moneys for operations peak out in 1975 and in 1976, and decline after that. The reason for this is to pass on to the new Government of Micronesia an operations budget which it can handle.

We would like to address in some detail the capital improvement program—that is, the CIP program—since the bulk of the increases are slated for that program.

The accelerated program is designed for a construction of a rudimentary physical infrastructure. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship ends, in order to pass on to the Micronesians the basic rudimentary infrastructure for the new political status.

The accelerated capital improvement program is intended to give a big boost to the future Government of Micronesia. It is not intended to complete a job which by its nature will never be complete.

Presently, the main objective of the capital improvement program is to facilitate balanced economic development, which includes tourism, agriculture, and fisheries. A necessary adjunct is the improvement of training and supply systems to facilitate the operation and maintenance of facilities that are now in place or will be in the place in the future.

Identification of the CIP components for achieving the current objectives is not overly difficult in concept. Each district center should have an airport; harbor; dock; roads; modern communication facilities; a safe and dependable water system with storage, treatment, and distribution facilities; a waste-water treatment collection and disposal system; sufficient reliable electric power for government, commercial, and residential purposes; medical facilities; and educational facilities. We must also have a fleet of dependable interisland ships.

Capital improvement on outer islands is geared more toward public service than toward economic development in the near term, at least until such services are more widely available than at the present time.

We would like to take special note of the 1975 supplemental authorization requests of \$15 million for eight top priority items. Senate bill 326, which is before this committee, provides for \$5,650,000 of these urgent needs. Last week we were informed by the House Subcommittee on Interior Appropriations that it appears to be too late for that committee to act on a supplemental request. While taking testimony on the full \$15 million supplemental, the Senate subcommittee focused on the \$5,650,000 contained in S. 326. We feel very strongly that if our \$15 million request is not acted upon, the Micronesian people will be the ones who will have to live with the delay in the CIP program.

Mr. BURTON. Let me interrupt at that point.

It is too late, because we have not enacted the authorizing legislation, is that what you are saying?

Mr. RICE. Yes, sir. The Senate can still act on the appropriations.

Mr. BURTON. You are seeking an additional \$15 million; are you not?

Mr. RICE. A total of additional \$15 million; yes, sir.

Mr. BURTON. And the Senate authorized \$5,650,000. In addition, we have authority that was provided in anticipation of the possibility of a reduction or elimination of some categorical aid programs, but it was drafted in a way so that really it was an additional \$10 million authority. You have only expended or had appropriated or sought something less than \$½ million of that out of \$10 million, am I not correct on that?

Mr. RICE. I think that is essentially correct, Mr. Chairman.

Mr. BURTON. You are really in a position where you have a little more than \$5½ million by way of authorization in the Senate and something around \$9½ million where you have not sought funds in existing authorization.

Now, you have chosen to construe this added \$10 million, or the Bureau of the Budget has, as being limited. In fact, it is very true that it is not limited; it is another \$10 million. And I drafted that very

carefully. It was a way around the problem we had when the administration came in and asked for an open-end authorization that I wanted to support but the majority of our subcommittee would not support. So I would like you to focus in on that particular situation which does produce your \$15 million; \$9½ million plus the \$5½ million in S. 326. That would enormously simplify our coming to grips with this need for the added supplemental amount and the need for section 2 of the S. 326.

So I am trying to advance a part of the solution here in a somewhat simplified way.

Do you want to respond to that? It is not my intention to put you in a position where you are saying you do not need the \$15 million supplemental. That is not the thrust of my comments; my comments address themselves to the point that you have this authority now for another \$9½ million, and we pass S. 326. You would have the authority, then, for the added \$5.6 million, and you would have that part of this overall problem behind you.

Mr. RICE. Mr. Chairman, unfortunately, we do not have the language of that in front of us to properly address that at the moment, but it is our construction of it advised by counsel that this applies only to terminated grant and aid programs.

Mr. BURTON. That is not the case. It was never so intended. That was construction made in an era of a different administration than one we have now, hopefully, and it was intended precisely to get the administration the flexibility they sought from this committee, and it was quite predictable to me in the last 18 months or 2 years that the administration needed the flexibility in this area that they sought.

I could not convince my colleagues of that. So it is a way to get you a piece of the loaf. I added this \$10 million authorization. It was quite a struggle we had with the other body, but they finally acquiesced. The language reads "plus such sums as are necessary", which was the administration request a couple of years ago, "but not to exceed \$10 million for each of such fiscal years or periods to offset reduction in or termination of Federal grant and aid programs or other funds made available to the Trust Territories by other Federal agencies." And it is that other language that gives you this added \$10 million authority.

Mr. RICE. Mr. Chairman, respectfully, we do not interpret it that same way, because the funds from other agencies are not Interior funds.

Mr. BURTON. The worst position you are in is that the Appropriations Committee comes in and they give you \$9 million more than authorized, as you perceive it—\$1 million less authorized, as I perceive it.

Mr. RICE. I might say, Mr. Chairman, that if this is possible and if our construction is wrong, we would certainly find no problem with that so long as we got the funds.

Mr. BURTON. There is a problem. And the way out of the dilemma is to heed what I said 2 years ago and 1 year ago before the committee, and that is that you have got this additional \$10 million authority—and I might note you are already using up a couple of hundred thousand dollars of it, so you must have found some rationale for using that, and you have penetrated, if you will, that barrier.

Do you have any comment?

Mr. RICE. Only to reiterate my prior comment, Mr. Chairman, that, certainly, if this method, as you suggest, is appropriate and we can get the money under that method, we have no problem with it.

But, again, it is our interpretation of this that we might have problems in going that route.

Part of our concern, Mr. Chairman, would be the action that might be taken before the Appropriations Committee when this goes back before them. I think you are talking about the point of order being raised before the authorizations portion of it.

Mr. BURTON. No, I am talking about a point of order on the appropriation, and I would restate to the Appropriations Subcommittee on Interior what I stated to them before, and I believe it is in the record of their hearings. The High Commissioner will recall this, that I interpret that, which I wrote myself, as providing the administration an added \$10 million authorization, in the conviction that the \$60 million authorizations, I think it was then, was simply not adequate given the circumstances in Micronesia.

Mr. RICE. Mr. Chairman, we will certainly give it greater study and see if we can attempt to proceed that way.

Mr. BURTON. Let us get some more justification for this request.

Mr. RICE. Basically, I would like to further go on to the supplemental request which provides \$500,000 for medical supplies; \$3,500,000 for fuel and supplies for powerplants and for inter-island ships; \$1,484,000 for the Yap hospital; and \$166,000 for dispensary matching funds. Our proposal would also authorize \$150,000 to meet a commitment to the trust territory government for vitally necessary planning for a comprehensive and balanced economic development policy for Micronesia.

Our proposal also seeks \$200,000 authority to increase the capitalization of the architectural and engineering revolving fund in order to cover design costs for certain major construction projects programmed for fiscal years 1976 and 1977.

Authority is also necessary in the amount of \$945,000 to cover the deficit incurred in fiscal year 1974 by the receivership of TransPacific Lines, Inc. The funds expended allowed the Trust Territory to move millions of dollars of Micronesian cargo to destinations in Micronesia were a result of this receivership. If the funds requested to cover this deficit are not provided, then an equivalent amount of construction funding cannot be restored to the capital improvement program, and the projects for which these funds were committed will have to be delayed.

And now, the High Commissioner—will address this further, I am certain, and we will certainly be able to respond to any questions relative to this need.

Finally, and of extremely high priority, \$8,055,000 is urgently needed to procure four new specially designed inter-island ships to provide reliable and frequent sea transportation service within the trust territory. I believe the Jackson committee also made a finding, at least in the staff report, that these inter-island ships are necessary. They were cut out of S. 326, which is somewhat confusing, because of the fact that they were cut out when their finding was that they are vitally needed. The trust territory must presently rely upon old and obsolete ships that are not seaworthy, that are expensive and costly

to operate. So I would respectfully, strongly, urge the \$8,055,000 be re-included in some manner to provide for these ships.

This, Mr. Chairman, concludes my formal statement.

Mr. BURTON. Thank you.

Before I go into questions, let us hear from Congressman Setik.

Mr. SETIK. Yes, Mr. Chairman. I have also a prepared statement that I wish will be inserted in the record.

Mr. BURTON. Without objection, so ordered.

[The prepared statement of Congressman Setik follows:]

STATEMENT OF REPRESENTATIVE RAYMOND SETIK AND SENATOR BAILEY OLTER,
CO-CHAIRMEN, JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING, CON-
GRESS OF MICRONESIA

Mr. Chairman, It is indeed an honor and a pleasure for us to appear before your Committee at these hearings concerning the ceilings for Micronesia for Fiscal Years 1975, 1976 and 1977. There are several areas that we would like to discuss with you concerning Government funding in Micronesia. They are: The Fiscal Year 1975 supplemental authorization request; the Fiscal Years 1976 and 1977 authorization requests; a special request for an authorization for the Community College of Micronesia; and our needs for future years.

SUPPLEMENTAL REQUEST FOR FISCAL YEAR 1975

Whether the items requested as supplemental for Fiscal Year 1975 properly belong in a supplemental request or not is something that was decided in Washington. I can, however, speak to the need for these items. As I understand it, Mr. Chairman, your proposal is to authorize \$5,650,000 for fuel and supplies, the Yap Hospital and dispensary matching funds. We certainly support all of these projects, but would also like you to give favorable consideration to the other items in our supplemental request. The major item is \$8,055,000 for four ships. When considering these ships, we urge you to consider that almost fifty percent of Micronesia's total population lives on islands 50 to 500 miles from the district centers. However, the vast majority of funds spent in Micronesia have been used for the district center populations. Water and sewer systems, airports, roads, hospitals and docks have all been for the district centers. The outer islands may have gotten a few dispensaries and elementary schools, but that is about it. These ships are the only major item that has been requested for the people of the outer islands in the past 10 years.

Without these ships, the people who live in the outer islands are cut off from the outside world. They can not sell their produce or purchase needed commodities. These ships are their lifeline. The only visible part of both the United States and Micronesian governments for these people are the field trip ships. The views of these people regarding the government, naturally, are directly related to the regularity and quality of the field trip service. These ships are from ten to forty years old, and replacement parts for many of them are not available. The facilities on board do not even meet the minimum standards of sanitation. We have had as many as four of these ships out of service at one time. The situation severely restricts the regularity of field trip service to the people. It also makes emergency service questionable, thereby endangering the very lives of these people. This is especially true since the Defense Department has terminated the sea/air rescue program for Micronesia. These ships are no longer capable of providing even the most minimal standards of service to 50,000 of our people. I am sure that the High Commissioner will provide you with more details on the condition of our present fleet of ships. These ships, Mr. Chairman, are clearly our first priority for the Fiscal Year 1975 supplemental. We sincerely hope that they will not be delayed further.

The second item concerns \$150,000—\$120,000 of which is for an economic development plan for Micronesia. I will discuss this plan more fully in the last part of my statement, but for now I would like to mention that this is a joint project for the Congress of Micronesia and the Administration. An additional \$70,000 was appropriated for this project by the Congress of Micronesia.

FISCAL YEARS 1976 AND 1977 AUTHORIZATION REQUESTS

We do not completely support the Department of the Interior's request for Fiscal Year 1976 of \$80,000,000, for this does not include a needed \$1,178,000 for

statutory pay increases. Therefore, we are requesting an authorization of \$81,778,000 for Fiscal Year 1976 and would like to request that you make appropriate amendments to the authorizing legislation. Maybe we should explain how this situation came about. The United States has made a proposal for funding Micronesia's government during the transition period. This proposal by the Office of Micronesian Status Negotiations has never been accepted by the Congress of Micronesia nor any of its Committees. However, the funding levels in this proposal are being used as the basis for this ceiling legislation. The figure in that proposal, in constant 1975 dollars for Fiscal Year 1976, is \$80,000,000—\$55,000,000 for operations and \$25,000,000 for Capital Improvements Projects. While the constant dollar concept may be workable, it is certainly causing us trouble in Fiscal Year 1976. The High Commissioner and the Department of the Interior informed us that our statutory pay increases would not need to be included in the \$80,000,000 for Fiscal Year 1976, but would be included as part of an adjustment for price increases. Our budget was prepared on that basis. The Office of Management and Budget, however, evidently decided that those pay increases should indeed have been included in our regular budget, thereby reducing the level of government services which can be provided. We would like to ask you to increase our authorization to include the cost of these pay increases. If these costs are not included it will result in a large number of Micronesians being put out of work at a time when we can least afford to do that.

Other than this problem, we completely support the Department of the Interior's request for Fiscal Year 1976. These funds will be used for ongoing operating programs and basic capital improvement projects such as classrooms; roads; airfields; agricultural and marine resources facilities; water, sewer and power projects; and hospital improvements. All of these facilities are badly needed and will help to establish the infrastructure for economic development. However, the management of these projects can certainly be improved over past years' performances.

Considering Fiscal Year 1977, Mr. Chairman, an even more serious problem has arisen. As we stated earlier, the Department of the Interior agreed to support ceiling legislation for Micronesia for Fiscal Year 1977 of \$84,000,000. As you can see, their present request has been reduced to \$79,000,000. The reason, as stated in a memorandum from Mr. Emmett Rice to Ambassador Franklin Williams, is "due to delay in reaching agreement with the Joint Committee on Future Political Status of Micronesia. . . ." We do not know what is really behind this decision but it does concern us. It seems to us that there is no logical financial relationship between the speed of these negotiations and the level of our funding. This proposed reduction of \$5,000,000 in Fiscal Year 1977 will not come from our operations budget, but will come from our capital improvement budget. We do not know yet which particular capital improvement project will be deleted from our budget. The need for these things is clear. We would like to see our level of funding related to the real needs of Micronesia for essential projects rather than to the speed at which we negotiate our future status. Therefore, we ask that you amend this legislation to increase our ceiling for Fiscal Year 1977 to \$84,000,000. This figure is related to Micronesia's need and ability to spend the funds, rather than any political considerations.

COMMUNITY COLLEGE OF MICRONESIA

On February 5, 1975, we wrote to you, Mr. Chairman, concerning Micronesia's need to construct a new campus for our Community College. The total cost of this project will be \$8,225,248. At the present time, Micronesia has only one institution of higher learning, the Community College of Micronesia. This institution has great potential to become an important part of our developing nation. At the present time, the college is housed in temporary quarters which are literally about to collapse. These structures are congested, unsanitary, hot and totally unsuitable for dormitory purposes. If new facilities are not provided, this institution will not be able to continue to operate and certainly will never become a real institution of higher learning. At present, the Community College is little more than a teacher training center. This project is not included in our authorization proposal for Fiscal Year 1976 or any other year that we know of. It is certainly, however, of very high priority to the Congress of Micronesia. It is one of those projects that can easily be deferred year after year because the amount of money involved is so large. It seems almost impossible for us to be able to eliminate more than \$8,000,000 of other programs to accommodate this project. For example, in Fiscal Year 1976 we are planning for the following major Capital Improvement Projects:

Classrooms-----	\$1, 968, 000	Airfields-----	\$3, 254, 000
Hospitals-----	1, 664, 000	Marine resources-----	1, 876, 000
Roads-----	4, 880, 000	Water systems-----	2, 163, 000
Docks and ports-----	2, 792, 000	Power systems-----	1, 543, 000

So, we could eliminate all funds for classrooms, hospitals, and roads, to get the college. On the other hand, we could eliminate all of our funds for power, water and marine resources and still not have nearly enough for this project. I just want to point out the types of choices which would have to be made to fund this large a project. So much has to be given up to get it.

That does not mean that an institution of higher learning is not of great importance to Micronesia. We respect the United States' promise under the terms of the Trusteeship Agreement to promote education in Micronesia. We are not asking for an elaborate university system. We would, however, like to have one viable institution of higher learning in Micronesia before a change in status. What we really need is an institution that will train Micronesians to run our country. We want to train people in those areas where we must presently employ expatriates, at a cost we cannot afford. We want to train people to run our industries and government.

Now, seventy percent of our post secondary students must obtain their education outside of Micronesia. This approach is very expensive and means that only a small percentage of our students can pursue their education beyond the high school level. One thing that a developing nation needs more than anything else is trained people to move the country forward. As you know, a free society is in part based on having well-educated and informed people. The Community College of Micronesia would not only provide Micronesia with an institution of higher learning, but more important, it would be a good investment in building a free and stable society in Micronesia.

OUR NEEDS FOR THE FUTURE

Your letter to us concerning these hearings stressed your concern with how we felt about our needs for the future. Quite frankly, this is the first time that anyone from the United States Government has asked us this question. We are often asked what we want to do with the limited funds that are available to us. We are not asked what we *need* to prepare Micronesia for economic self-sufficiency. Most Micronesians have a general idea what they want. We want good school systems; a good health care system; availability of water, sewers and power in the population centers; good roads, docks, and airports; frequent and regular field trip service. On the other hand, we want an economy that will give all Micronesians a decent standard of living and enable us to raise enough revenue to support our government.

To have this type of development in agriculture, marine resources and tourism, we need outside capital. As to the details of these needs in terms of specific projects and dollar costs, we do not have that information at this time. However, the Congress of Micronesia has taken definite steps to insure that such information will be available by next year. The Congress of Micronesia recently passed a bill to create a development plan for Micronesia.

As we stated earlier, our goal is self-sufficiency. When we will reach that level of development is unknown and we cannot even make a good guess. It depends on many things. One of the most important, at this point, is continuing United States financial support. We hope to be able to give you details on exactly what we will need when our development plan is created. Without continuing United States financial support, however, economic development will indeed be slow. With it, in sufficient amounts, our infrastructure can be put in place, and our infant industries can be developed, which will create more revenue, more jobs, a higher standard of living for our people and finally, economic self-sufficiency. That Mr. Chairman, is our goal. With your help, we hope it can soon be a reality.

STATEMENTS OF CONGRESSMAN RAYMOND SETIK, CHAIRMAN, JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING, CON- GRESS OF MICRONESIA, AND SENATOR BAILEY OLTOR, COCHAIR- MAN

Mr. SETIK. I would like to just summarize it, Mr. Chairman and members of the committee. On behalf of our Congress and the people

of Micronesia, we wish to take this opportunity to thank you and your committee for the chance to testify regarding our request for a 1975 supplemental and authorization for fiscal year 1976 and 1977, and a special request for the Community College of Micronesia.

A more detailed written statement on this request has already been submitted to you and is before your committee. We stand ready to answer any questions that you and the members of your committee may have regarding our position.

We would like to stress, however, our urgent need for the four field trip ships that we requested in the supplemental request for fiscal year 1975. These ships have been emergency items for the last several years, and further delay in authorizing these funds will be disastrous for almost 50 percent of our population who live on the outer islands of Micronesia. We would like to urge that these ships not be delayed further.

After 27 years, Micronesia has yet to achieve even a minimum degree of self-sufficiency and self-reliance; and after 27 years, there has yet to be an adequate foundation in infrastructure to support the Micronesians in their quest for social economic and political advancement. Financial limitations and considerations pledged upon trust territory have not and will not accomplish these objectives unless a basic decision is reached to adequately fund the completion of these basic facilities needed by the people of Micronesia.

While we support increased ceiling levels for fiscal years 1976 and 1977, we do not know how much money is needed to make Micronesia self-sufficient. It is our position that first we need to know what needs to be done to make Micronesia self-sufficient; and second, we need to know what it will cost; and third, we need to know how much of that cost can be met through locally raised revenues. The difference, of course, is the amount of assistance we hope to obtain from the United States.

We have taken a step toward finding the answers to those questions by enacting legislation in the Congress of Micronesia to create an economic and social development plan for Micronesia in joint venture with the trust territory administration.

We would like to propose that the further step be taken by the creation of a joint economic task force to study these problems and propose solutions to them. We would like to see the U.S. Congress enact legislation creating such a task force to be composed of Members of the U.S. Congress, the Congress of Micronesia, and the executive branch. This type of joint effort we feel would be an excellent approach to answering these three questions.

Again, Mr. Chairman, we appreciate the opportunity to be here, as we hope that our goals in the same economic development and self-sufficiency for Micronesia will be obtained as soon as possible. Thank you.

Mr. BURTON. Thank you, Congressman Setik. Senator Olter, will you proceed?

Mr. OLTER. Mr. Chairman, we have the same statement. This is our joint statement.

Mr. BURTON. Do you agree with the Congressman Setik's presentation?

Mr. OLTER. Yes, Mr. Chairman.

Mr. BURTON. Hitting two or three of the highlights, item 1, you were told by the High Commissioner and/or the Department of Interior that your statutory pay increases did not have to be included in the \$80 million provided for fiscal year 1976, and then, after the budget was constructed, the Bureau of the Budget, or OMB, in effect, said, no, it had to be included. So then you were short in the 1976 authorization, whatever that salaried amount would be, is that correct?

Mr. SETIK. That is correct.

Mr. BURTON. Second, the Department agreed to support in fiscal year 1977, \$84 million, is that correct, Mr. Rice, before it got to OMB?

Mr. RICE. Mr. Chairman, this was cut down because fiscal 1977 is now considered to be a part of stage 2 of transition or stage 1 of transition, and that \$5 million has been readded back in 1979, is simply a deferral of that \$5 million.

Mr. BURTON. I understand your statement.

Under the college, how much of this estimated \$8 million is for construction?

Mr. JOHNSTON. Was that the \$8 million for the Community College of Micronesia?

Mr. BURTON. Yes.

Mr. JOHNSTON. Of course, Mr. Chairman, the \$8 million that—or more, which has not been included in the Senate supplemental—

Mr. BURTON. No; that is the \$8.225 million for the community college that is on the fifth page of Chairman Setik's statement to us. Is that estimate a sound one, Mr. Johnston, in terms of cost?

Mr. JOHNSTON. We feel that it is, Mr. Chairman.

Mr. BURTON. Is that for construction?

Mr. JOHNSTON. That is practically all for construction, yes.

Mr. BURTON. Let me ask you this—would you support the proposition that we have a land grant college if we can get approval therefore in Micronesia?

Mr. JOHNSTON. If that can be approved, Mr. Chairman, yes, sir. I think there is—

Mr. BURTON. That is all I want to know on that. Is it a fact that 70 percent of the postsecondary students now get their education outside of Micronesia?

Mr. JOHNSTON. I would say more than 70 percent, sir. At least 70 percent get it outside. We have—

Mr. BURTON. How much of a brain drain does that ultimately result in by these Micronesian students in not returning home?

Mr. JOHNSTON. So far, Mr. Chairman, fortunately it has not resulted in that. But as more and more students are educated—we have over 1,000 in institutions of higher learning outside the trust territory right now.

Mr. BURTON. What does that cost annually? What is a rough per student cost?

Mr. JOHNSTON. It is somewhere over \$1 million in scholarship aid. Now some students are on full scholarships, some students are on partial scholarship assistance, and others are now funding their own education.

Mr. BURTON. Mr. Wilson, do you want to go into section 2?

Mr. WILSON. Yes, sir. I do have a prepared statement on this.

Mr. BURTON. Without objection, the statement of Mr. Wilson will be included in the record at this point, as well as the prepared statement of Mr. Johnston.

[The prepared statements of Mr. James M. Wilson, Jr., and Mr. Edward E. Johnston in full follow:]

STATEMENT BY JAMES M. WILSON, JR., U.S. DEPUTY REPRESENTATIVE FOR
MICRONESIAN STATUS NEGOTIATIONS

Mr. Chairman, members of the subcommittee, it is a privilege to appear once again before the members of this subcommittee to support the Administration's supplemental authorization request for FY-75 and for fiscal year's 1976 and 1977 authorization requests for the Trust Territory of the Pacific Islands. Ambassador Haydn Williams, the Personal Representative of the President of the United States for these status negotiations would be only too pleased to appear before you today to lend his support to this request. Unfortunately, he is presently in San Francisco and could not be reached in time to make an appearance here. I am his deputy and represent him here now.

In October of last year, I appeared before this subcommittee to describe the need to raise the authorization ceiling for the Trust Territory of the Pacific Islands as a whole to \$75 million in 1975 and to \$80 million in 1976. I also addressed the need for \$1.5 million to finance a series of transitional activities in preparation for the establishment of a future Commonwealth of the Northern Mariana Islands in political union with the United States.

At that time I said that this request to raise the ceiling authorization for the Trust Territory was closely related to our negotiations. In our discussions with the Co-Chairmen of the Congress of Micronesia's Joint Committee on Future Status, they took the position that the new status arrangements should not be put into effect abruptly but rather should be phased in over an extended period of time. This would provide time for two important things to happen which they consider essential to their new status:

1. It would permit a gradual change-over in administration from the present American orientated organization to a new one which will function after the end of the Trusteeship.

2. It would also permit the present administration to put in place much of the basic infrastructure before the end of the Trusteeship.

We have agreed in principle with the Micronesians that this would be desirable in a transitional period leading into a new status arrangement between Micronesia and the United States on the termination of the Trusteeship. Our negotiating efforts have naturally been concentrated on the post-trusteeship period. We have both recognized, however, that what happens between now and the end of the trusteeship (the period up to FY 1980 which has been alluded to) has a material bearing on the amounts of financial assistance to be included in the new status agreement.

The draft agreement or "Compact of Free Association", as it is called makes provision for a capital improvement program level in the first five years of the post-trusteeship period of \$12.5 million, dropping progressively each five year period thereafter but would make possible a sustained long term program for infrastructure development beyond the basics provided in the transition period. It also provides for a steadily declining level of support for Government Operations over these post-trusteeship years as Micronesia's income from its own resources hopefully picks up and it is able to become increasingly more self-sufficient.

Since my appearance of last October the status of the draft Compact, which had been agreed to on a provisions basis, has been cast in doubt by a recent resolution of the Congress of Micronesia declaring that the amounts outlined above were in its opinion unacceptably low. That action took place only this month, and we are now in the process of determining what the next steps will be. The increased authorization for Fiscal Years 1975-77 nevertheless still appears to be justified.

In October of last year, I also outlined the negotiations we have been conducting with the Mariana Islands District of the Trust Territory for a separate commonwealth status. I said at that time that \$1.5 million was badly needed to develop a series of basic economic studies and for planning and conducting a series of activities necessary to the orderly transition to a new government of the Northern Marianas to be established under its own constitution.

I would like to summarize recent events and what we expect to happen with regard to the Marianas. In February of this year, after over two years of negotiations, a Covenant was signed which will, if finally approved by the people of the Marianas and this Congress, establish a Commonwealth of the Northern Mariana Islands in political union with the United States on termination of the present United Nations Trusteeship. This Covenant was unanimously approved by the Marianas District Legislature on February 20 and will be submitted to the people of the Mariana Islands for their approval in a plebiscite sometime in June of this year.

The United Nations and the Congress will be invited to send observers to witness the plebiscite and the political education program which will precede it. If at least 55% of the voters approve the Covenant, the Covenant will be submitted to both Houses of the United States Congress for their approval. The text of the Covenant and associated documents appeared in the Congressional Record on March 17.

We have asked that the special authorization of \$1.5 million be made available now for transitional studies and activities for one reason only. This is to get as much of a head start as possible in the planning process. It is not intended in any way to prejudice or foreclose the action of the Congress on the substantive question of its approval of the Commonwealth Covenant itself. That will come later after the plebiscite in the Marianas.

Originally the Marianas asked for this \$1.5 million to be available at the time of signature of the Covenant. Since then this time was pushed back until after the plebiscite. The Senate has now passed S-326, which is currently before this committee for its consideration. Section 2 of S-326 would delay the availability of the \$1.5 million even further—until the Congress had in fact approved the Covenant.

We would still prefer, Mr. Chairman, for the reasons indicated above, an earlier availability date but will of course be bound by wishes of the Congress in this regard. Delay in making the funds available until after the Congress approves the Covenant will simply delay the start of the planning process. However if the \$1.5 million can be actually approved but released only after Congress approves the Covenant this will still provide a substantial time saving in that it would not be necessary then to delay the start of the entire authorization and appropriation process until after Congress had acted on the Covenant.

The detailed breakdown of the \$1.5 million is included in the record of last October's hearings, Mr. Chairman, and I will not repeat it now. But I will be glad to review it again for the benefit of any members of the Committee during the hearing in whatever detail is desired. Thank you.

STATEMENT OF EDWARD E. JOHNSTON, HIGH COMMISSIONER OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Mr. Chairman, We appreciate this opportunity to appear here today in support of H.R. 5216 which provides, in section one, for an increase of \$15 million over the \$60 million currently authorized for fiscal year 1975, new authority in the amount of \$80 million for fiscal year 1976, \$79 million for fiscal year 1977 and \$15.1 million for the fiscal year 1976-77 transition quarter. Section two of the bill provides authority in the amount of \$1.5 million for assistance to the Mariana Islands District in achieving the commonwealth status it is seeking. It should be noted that the authority proposed in section one, except for the increased authority for FY 75, is proposed to be adjusted in accordance with annual changes recorded in the Gross National Product Implicit Price Deflator in order to maintain the purchasing power of these authorizations at the fiscal year 1975 level.

The \$15 million increase in fiscal year 1975 authority is urgently needed to cover: (1) sharp increases in prices being experienced over prices on which the FY 75 budget estimates were based, \$5.5 million; (2) the costs of programs and projects required in fiscal year 1975 but which could not be included in the current \$60 million authorization, \$8.6 million; and (3) the over-obligation by \$945,000 of funds available in fiscal year 1974 for Grant-Operations due to costs incurred on behalf of the Receiver of the Trans-Pacific Line, Inc. (TRANSPAC), primarily to get cargoes to Micronesia which had been stranded when TRANSPAC went into receivership in February, 1974.

The \$5 million increase in fiscal year 1976 authority over the increased fiscal year 1975 authority of \$75 million is required wholly to support an accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia as necessary to provide the basic

infrastructure required to develop a sound and self-sufficient economy. The \$1 million decrease in fiscal year 1977 authority, as compared to the fiscal year 1976 authority of \$80 million, marks the first step downward in reducing operations costs gradually over the next five years so that, when the Trusteeship is terminated governmental operations costs will have been reduced to a level which the new Government of Micronesia may be better able to support.

The \$15.1 million authority requested for the fiscal year 1976-77 transition quarter is essentially one-quarter of the operations portion of the fiscal year 1976 authorization plus the usual additional costs incurred in the first quarter of the July-June fiscal year for the education program at the start of the school year and \$478,000 required to support continuing capital improvement program costs.

As indicated earlier, the authorizations proposed in section one (with the exception of the increased authority for fiscal year 1975) are proposed to be adjusted to reflect changes in the purchasing power of the dollar using the Gross National Product Implicit Price Deflator figure reported for September 30, 1974 (which was 172.07) as the base figure and annual changes in that figure as the adjustment factor. By this means, forward planning estimates cast in fiscal year 1975 constant dollars can be easily adjusted on a retroactive basis each year for experienced changes in the purchasing power of the dollar.

Mr. Chairman, this completes my summary of the bill before the Committee, but it does not fully express the urgency with which I view the necessity for early action on the bill particularly with regard to the increased authority requested for fiscal year 1975. The fact is that our experienced price increases during the current fiscal year have been so sharply higher than the prices on which our fiscal year 1975 appropriations were based that we are virtually at the point of having to shut down some operations if relief is not provided. Further, unless the authorization of \$8.1 million requested for the procurement of four interisland ships in the increased fiscal year 1975 authority is provided, we will have to continue to struggle along with our present obsolete, unreliable and costly to maintain and operate ships, until it is possible to again program their replacement in a future year capital improvement schedule. With regard to the authorization required to cover the TRANSPAC over-obligation, if this authorization and the relevant funds are not provided, it will be necessary for us to submit a reprogramming request to cover that deficit from committed, but unobligated, June 30, 1974, balances in our Grant-Capital Improvement account which are needed to proceed with fiscal year 1974 construction projects.

I most earnestly solicit your favorable consideration of these very urgent requirements, Mr. Chairman, and we are prepared to discuss them in as much detail as the Chairman and the members of the Committee may find useful.

STATEMENT OF JAMES WILSON, DEPUTY DIRECTOR, OFFICE OF MICRONESIAN STATUS NEGOTIATIONS

Mr. WILSON. With your permission, Mr. Chairman, I would like to call attention to the three separate paragraphs in my prepared statement on page 3, the final three paragraphs which they are particularly on the question of the difference between the bills which are now before this committee and S. 326, particularly section 2 thereof.

We ask, Mr. Chairman, that the special authorization of \$1.5 million be made available now for transitional studies and activities for one reason only. This is to get as much of the headstart as possible on the planning process. It is not intended to prejudice or to foreclose the action of the Congress on the substantive question of its approval of the Commonwealth covenant itself. That will come later after the plebiscite in the Marianas. Originally, the Marianas asked for this \$1.5 million to be available at the time of signature of the covenant.

Mr. BURTON. Will you repeat that, please?

Mr. WILSON. The Marianas originally asked—

Mr. BURTON. Was this our proposal or theirs?

Mr. WILSON. It was their proposal, Mr. Chairman.

Mr. BURTON. Who do you mean when you say the Marianas?

Mr. WILSON. This is their political status commission appointed by the district legislature of the Marianas. Since then this time was pushed back until after the plebiscite, which is now planned for June of this year. The Senate has now passed S. 326, which is currently before this committee for its consideration. Section 2 of S. 326 would delay the availability of the \$1.5 million even further until the Congress had, in fact, approved the covenant.

We would still prefer, Mr. Chairman, for the reason indicated above, an earlier availability date, but will, of course, be bound by the wishes of the Congress in this regard.

The delay in making the funds available until after the Congress approved the covenant will simply delay the start of the planning process. However, if the \$1.5 million can be actually approved but released only after Congress approves the covenant, this would still provide a substantial time saving in that it would not be necessary then to delay the start of the entire authorization and appropriation process until after Congress had acted on the covenant.

Thank, you, Mr. Chairman.

Mr. BURTON. As I understand the administration's position, without regard to the speed or delay with which Congress authorizes an appropriate portion of \$1.5 million, none of that will be available for any purpose until after the plebiscite in the northern Marianas.

Is that statement of the position of the administration?

Mr. WILSON. This is our preferred position at this time, Mr. Chairman.

We think, however, if the Congress feels "we should delay further until after such time as the Congress has approved the covenant, we could live with it.

Mr. BURTON. I have to say I cannot understand the action of the Senate if they believe in self-determination, which is a flag everybody wears these days.

What, in effect, they seem to be saying is no matter what the people of the Marianas, no matter what the leadership of the Marianas both may believe to be in the best interest of the people in the northern Marianas, we are not going to permit them to proceed with any rational plans to implement that political judgment.

That appears to me to be the only political evaluation that anyone can make with reference to the Senate action or state it differently. No matter what the leaders, no matter what the people of the northern Marianas vote as their self-determined will, unless it pleases the people in Congress, we are going to hold them up on this startup fund to begin a plan with some reasonality of the future.

Now that is my reaction to the Senate's statement and for the same reason I do not like the delay—if I may point it out to the administration, for this \$5 million from 1977 to 1979. It is just the other end, it appears to me, of the same coin. I do not think it fair, just and equitable that we tilt this process either way, and tilting it either way means we do not deny funding, if it is otherwise justified, until we approve of the conduct of the people of Micronesia in whole or in part. I do not know quite how to come to grips with this particular situation. I am not happy with the Senate restrictions, but I am just not sure whether S. 326 is a vehicle to correct that. That is part of this dilemma that we are faced with and that will have to await the deliberations of the subcommittee markup.

So let's get on with the authorization bills. Mr. Johnston, can you dispute the accuracy of the statement made by Congressman Setik about the added allowance, the salaries, item 1?

Mr. JOHNSTON. No, sir.

Mr. BURTON. Item 2, can you dispute proceeding with the funding of restoring the \$5 million to fiscal year 1977?

Mr. JOHNSTON. Speaking from the standpoint of the executive branch of the trust territory government, we would certainly have no problem with that.

Mr. BURTON. Item 3, you do agree that this \$8 million is needed if the college is to be constructed along the design that Chairman Setik indicated.

Mr. JOHNSTON. That is correct.

Mr. BURTON. And if the added moneys are not there, they will have to either eliminate their added classrooms and hospitals and roads or their water power and marine resources if they are to spend that \$8 million for the college rather than for these other items.

So there you have a tradeoff dilemma, if you will.

Mr. JOHNSTON. That is correct. The \$8 million is not included in the funding that we now anticipate for the 6 fiscal years, 1975 through 1980 inclusive.

Mr. BURTON. Then again we are back marginally, I think, to the fundamental policy decision the administration must make. My legislation on the face of it is only a million dollars different from the administration's with the critical difference that I have carried on this \$10 million authority.

That \$10 million authority could allow, if you phase this college appropriation request in over a 2-year period, the administration flexibility to move on that if they saw fit.

Mr. RICE. The chairman's construction is correct on the \$10 million. Certainly that would be a method of doing it. The only problem the administration has with the \$8 million on the college, Mr. Chairman, is that we feel that program should first be developed before the physical facility.

Mr. BURTON. Mr. Rice, let me tell you you were here by representative capacity in the person of a predecessor who wanted open end authorization. So you can hardly quarrel with the higher level of authorization. I have stated time and again you are going to need this flexibility, but a couple of years ago I was not heard, and now you are seeking added authority. If it is rejected, it is going to be perceived possibly as an act of indifference or in a great variety of other ways. And that is a political impediment that I do not think highly useful at this stage.

Any rejection of an administration-recommended amount is going to have, in all likelihood, the worst possible construction drawn from it. I thought that was predictable a couple of years ago. And in that connection I cannot fault the administration that much because they, I think, anticipated this.

Congressman Ketchum, do you have questions you would like to ask?

Mr. KETCHUM. I thank you, Mr. Chairman. I have a couple of questions, one, of course, dealing with the shipping, which certainly no one is more familiar with than I as to its necessity. There has been some criticism, as I understand it, of the title program, I guess, for

lack of a better term, the Micronesian Princess to negotiate the shallow waters of the outer island.

Could you explain the modifications to the basic design you have contemplated to overcome this problem, somebody?

Mr. JOHNSTON. To my knowledge, Congressman, the problems with that particular vessel have not been related as much to that as they have been making additions to the ship itself. For example, better railing in the forward part of the ship where we carried passengers and some modifications for some kind of gasket on the gas covers and so on. These are modifications that would be made. After all, this was the first ship, the pilot ship. As I understand it from the people in our transportation department, they are satisfied with the performance of the basic design of this particular ship. The ship is designed for those areas where it cannot get in close enough to the islands and possibly no ship could be designed to go into all of them. Then it is equipped with self-lighting provisions. It goes in as close as it can without people having to come out and sailing vessels or whatever, rafts or boats. They can assemble the cargo, unload it from the basic ship and transport it into the island in a much safer and expeditious manner than it ever has been before.

Mr. KETCHUM. I think we have done the salary thing enough. The other one that I am very interested in is this community college.

You say most of the 70 percent of your people have to leave the islands to pursue higher education—that would be above high school—that you have no facilities at the present time for higher education.

Mr. JOHNSTON. Except for the existing community college of Micronesia, which has an enrollment of less than 150 students and these students are so far in two basic fields. The college grants a 2-year A.S. degree in either elementary teaching or nursing.

Mr. KETCHUM. But you cannot get a bachelor's degree?

Mr. JOHNSTON. No, sir.

Mr. KETCHUM. Do you contemplate it doing that?

Mr. JOHNSTON. Eventually, but not in the immediate future. The immediate plan is to have the college capable of handling at least 400 to 500 students a year and expanding the curriculum, going into marine sciences, in addition to elementary teaching and nursing and then possibly expanding into business courses and various other things that could be added to the curriculum. The expansion to a 4-year college would be something in the future but would obviously be impossible with the present makeshift facilities which consist of an abandoned grade school and an abandoned elementary school and some temporary buildings that were thrown up around it.

Mr. KETCHUM. Has any thought been given to the establishment of a 4-year-type college that could grant degrees that would be done on the basis of correspondence rather than attendance?

Mr. JOHNSTON. In the way of correspondence courses, we are now giving correspondence courses to some of our financial personnel through the LaSalle Extension Institute and an arrangement with the University of Nebraska where courses are done partially by correspondence and then partially by someone from the university coming out for the final phase of the course.

Mr. KETCHUM. I do not wish to prolong this discussion but I recently had an opportunity to see probably the largest institution of this sort anywhere in the world, the University of South Africa,

and this college grants four degrees—a bachelor's degree, an honors degree, a master's degree, and a doctorate—through a correspondence system that was designed for the particular area, and it offers it to everyone.

And I am just wondering if any thought at all has been given to that type of a university for the Micronesian peoples. It is obvious you are covering 3,000 miles, an area roughly the size of the United States with a whole lot of water in between.

I just wondered if any thought had been given to a situation such as this.

MR. JOHNSTON. It is a very interesting concept, Congressman Ketchum. We can certainly pursue it, but I am not sure any thought has been given to that concept. But we certainly could look into it.

MR. KETCHUM. Might I address that same question to the gentleman from the Congress? Has any thought been given to a university of that sort?

MR. SETIK. To my knowledge, there was no thought given to that.

MR. KETCHUM. As a matter of interest, might I suggest that you correspond with the University of South Africa in Pretoria as to their general plan and how it operates? Obviously, it would have to be on a smaller scale than that one operates. They certainly do a remarkable job.

I really have no further questions, Mr. Chairman, that have not already been covered.

MR. BURTON. The gentleman from Puerto Rico, Mr. Benitez.

MR. BENITEZ. This is my first meeting of the subcommittee, and unfortunately, I am not as familiar as I would like with the circumstances that you are explaining. I am very much interested in helping to think through these problems.

I would like to ask Mr. Wilson and Mr. Johnston the following. Am I correct in understanding that there is at present a problem with reference to the appropriations that would be made contingent upon the results of the plebiscite or the results of the—is this one of the issues that we are examining now, a question of this contingency and postponement?

MR. WILSON. This is correct, Mr. Benitez, so far as the arrangements proposed for the Marianas Islands District. We asked originally for \$1½ million to finance certain studies and activities which are directly related to the transition from the present status of the Marianas District to the proposed status of the Commonwealth of the United States, as to, say, territorial status under U.S. sovereignty. The proposal originally advanced by the Marianas Political Status Commission was to make these funds available immediately upon signature of the new agreement, it being understood that that agreement had two major hurdles to pass before it could become effective.

The first of these was the plebiscite. The second was the approval by the U.S. Congress. As I said earlier, the rationale for moving ahead with this was that the Marianas would like to get as early a start as possible on what is a very complex and complicated planning program. This includes plans for the reorganization of their Government. It includes plans for drawing up their Constitution. It includes plans for developing new legislative programs. And most particularly, it includes long-range plans for their economic development and their social development.

They wanted to get started early on it, and this is the reason that the request was made originally for the funds to be made available at the time that the agreement was signed.

Mr. BENITEZ. Let me go further. This is the only issue on which the delay is involved contingent upon political action.

Mr. WILSON. That is correct.

Mr. BENITEZ. I would think on my part, and I am quite in agreement with what the chairman has pointed out, that it would come with great grace if these requests were not held up, depending upon how the decisions are made.

Do you agree with that?

Mr. WILSON. This was our position originally; yes, sir. It remains so.

Mr. BENITEZ. That continues to be your position?

Mr. WILSON. Yes, sir.

Mr. BENITEZ. So if you are on this side of the platform and had to vote, you would favor the deletion of the conditions, or as much a deletion as compatible with the present situation.

Mr. WILSON. That is correct. Yes, sir.

As I said in my statement, however, we are prepared to live with the wishes of Congress on this matter.

Mr. BENITEZ. But you wish the wishes of Congress were the way we have stated.

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

Mr. KETCHUM. Yes. This one part of this one section of S. 326 really bothers me, where we are telling you exactly until final agreement between the Marianas Political Status Commission and so on. Really, for our purposes of legislative history, if we were to adopt that and say we can live with it because I share the chairman's fears that if we change it, it is going to become a cause celebre in that great other body.

This \$1½ million is for planning purposes only, and there is no contemplation on anyone's part that this money could possibly be construed for use for purchasing influence, let us say, for lack of a better term, to influence in any way the people of the northern Marianas to adopt the political status compact during its passage through Congress or to the plebiscite.

Mr. WILSON. That is absolutely correct.

Mr. BURTON. And no moneys will be made available until after the people of the Marianas have acted.

Mr. WILSON. That is correct.

Mr. KETCHUM. Thank you, Mr. Chairman. I do that principally for the purpose of legislative history so there can be no question in anyone's mind.

Mr. BURTON. Congressman Vigorito.

Mr. VIGORITO. Mr. Johnston or Mr. Rice, whoever has the information, \$8 million requests for four ships, is that just the acquisition cost? Am I correct?

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

Mr. VIGORITO. Where does the operating expense of these ships come from? I am assuming they do not operate at a profit. Am I right?

Mr. JOHNSTON. You are right. They do not operate at a profit, but they try to make them operate as close to a break-even point as possible. The ships do carry passengers; they do carry commodities

for merchants from the district centers to the outer islands. And, although we fund their crews through the trust territory budget, they are practically self-supporting once we get them in operation.

Mr. VIGORITO. How close to self-supporting are they? Do you know?

Mr. JOHNSTON. No, sir, I can get exact figures on that and provide them for the record, if you wish.

Mr. VIGORITO. Mr. Chairman, I think the committee ought to know or have that information, to what extent these interisland ships are self-supporting.

[The information referred to follows:]

ITEM REQUESTED TO BE SUBMITTED FOR THE RECORD

During the course of the hearing, Mr. Vigorito requested that the High Commissioner submit for insertion in the record a statement on whether or not the Trust Territory's inter-island ships are self-supporting.

Examination of the records on the operating costs and revenues derived from the ships in the present inter-island fleet clearly indicates that these ships are far from being self-supporting in that operating costs are more than twice the revenues derived from operations. This is not surprising on two counts: (1) ships in the present inter-island fleet are old and not especially suited to providing the required inter-island shipping services, therefore they are unduly expensive to operate; and (2) revenues derived from their operation are restricted by their small cargo carrying capacity and hindered by both their inability to provide fast and frequent service and their unreliability in meeting the slower and less frequent schedules established for their operation. In short, it could hardly be expected that the present fleet of inter-island ships would be self-supporting given their very serious deficiencies.

This is not to say, however, that it is expected that if the present fleet is replaced by ships of the new MS MICRONESIA PRINCESS class, specially designed for Trust Territory inter-island shipping, the new inter-island fleet would immediately be self-supporting. Certainly, the present more than two to one ratio of operating costs to revenues could be expected to come much closer to the break-even point due to more efficient operations. However, it must be recognized that until the private business sector of the Micronesian economy grows well beyond its present state of infancy, thereby generating more revenue producing cargoes, the present cargoes are mostly non-revenue producing shipments of government goods, though some revenues are derived from shipments of copra and retail goods. Given faster ships, more frequent and reliable service, and greater cargo-carrying capacity, there is every reason to expect considerable growth in revenue-producing cargoes and eventual achievement of at least a far more self-supporting, if not a profitable, inter-island shipping service.

Mr. VIGORITO. And one further point on the community college. Another \$8 million for how many students do you ultimately plan?

Mr. JOHNSTON. Well, sir, our current plans are to accommodate 400 to 500 students.

Mr. VIGORITO. This \$8 million is just to construct a campus, not anything to do with the operating expenses of the college?

Mr. JOHNSTON. No, sir, that is the construction cost.

Mr. VIGORITO. Then what is the annual budget for operating cost of this community college, approximately? Anyone have the answer?

Mr. JOHNSTON. About \$1 million.

Mr. VIGORITO. About \$1 million for how many students, now?

Mr. JOHNSTON. Our current desire is between 400 and 500 students. Although the college could conceivably expand in the future and could handle more students that that, with roughly the same plan, that is the goal for the present time.

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

Mr. BURTON. May we proceed on one item that I suspect we may have some agreement? The Chair would seek unanimous consent with reference to S. 326, as follows:

That the bill be reported to the full committee favorably, as is, in the event the administration ascertained that they have this added \$10 million authority, and in the event that they do not feel that that position can be sustained; that the amount of \$65,650,000 be stricken and the requested \$75 million be inserted in lieu thereof.

Either route leaves us with an equivalent result, but it is one way to expedite the approval of this proposal.

And, in the absence of any objection, the unanimous consent request is agreed to. We have all of about 5 minutes and if you will be patient for just a moment?

[Pause.]

Mr. BURTON. The Chair would also entertain a unanimous request with reference to H.R. 5158—that is, that the bill be reported favorably to the full committee with the following change in two places, the change being the trustee is to be selected by the Kili/Bikini Council, but subject to the disapproval of the High Commissioner.

In other words, the sole appointing authority would be the council. However, the commissioner would have the opportunity to review and veto the suggestion. And, if the staff would develop that language in the committee report, if the matter is vetoed we would expect both of the committees of the Congress with jurisdiction to be performed in writing, as to the reasons for the veto.

Congressman, how does that sound? Has our friend left, from Bikini? Well, if there is no objection, then such will be the order.

The Chair will not try to deal with the overall authorizing legislation at this time. Are there any other questions to be asked of these witnesses before we get the statement of the last member?

I want to thank all of you very much. It has been a productive morning and the Chair might note that we may well add some improvement on section 2 in the authorizing bill, for the next 2 years, so it comports a little bit more with the expressions heard this morning.

Thank you all very much, gentlemen.

I might admonish my colleagues that we are on the first of the quorum bells. Please come forward, Mr. Thorpe?

We want to welcome you to the committee. We will include at this point the statement of Mr. Thorpe. Mr. Thorpe, do you reside here in Washington?

Mr. THORPE. Mr. Chairman, my home is in Carlsbad, N. Mex., and I flew back last night. I was home over the weekend. I had some things to take care of and I wrote that statement on the plane, and in a few spots I will correct it. There are only two spots where it is wrong.

Mr. BURTON. In fairness to you, Mr. Thorpe—and I appreciate that you came a long distance, but some of our other witnesses came from even further away—I am not quite sure how to come to grips with your statement.

How often do you come to Washington?

Mr. THORPE. The best way to put it, Mr. Chairman, I have been on this for 22 months, but I spent 1 year in Washington and this last year I have been here in Washington.

AFTERNOON SESSION

Mr. BURTON. The Subcommittee on Territorial and Insular Affairs will reconvene. Without objection, the Chair will insert at the appropriate point in the record, the statement of Congressman Balos, with reference to retaining the language in H.R. 5158, as it relates to the nonliability of the U.S. Government and Trust Territory of the Pacific Islands.

Without objection, it is so ordered.

[The material referred to follows:]

MARCH 24, 1975.

HON. PHILLIP BURTON,

*Chairman, Subcommittee on Territorial and Insular Affairs, House of Representatives,
U.S. Congress, Washington, D.C.*

DEAR MR. CHAIRMAN: During my testimony on behalf of the Bikini people this morning before the Subcommittee on Territorial and Insular Affairs regarding H.R. 5158, you asked why, in our suggested revision of H.R. 5158, we had deleted the final sentence which would provide that: "the governments of the United States and Trust Territory of the Pacific Islands shall not be liable in any cause of action in law or equity arising from the administration or distribution of trust funds."

After consultation with legal counsel, I can advise that the quoted sentence was deleted from our draft bill because we considered a disclaimer of the U.S. and Trust Territory governments' liability superfluous since, under our proposed modification of H.R. 5158, the Kili/Bikini Council would bear sole responsibility for selecting a trustee and agreeing to a trust document. If, however, your Subcommittee feels that inclusion of the disclaimer clause is necessary, we would certainly have no objection to its retention in the bill.

However, we wish to make clear that any disclaimer of the U.S. and Trust Territory governments' liability included in the final version of H.R. 5158 should, in our opinion, be understood to be strictly limited to causes of action arising out of the administration of the trust fund created by the "ex gratia" payment.

Very truly yours,

ATAJI BALOS.

Mr. BURTON. When the meeting recessed, we had our final witness, Mr. Thorpe, from Carlsbad, N. Mex., and because he had traveled a great distance we felt it fairer to him that he be given an opportunity to testify at this time.

Mr. Thorpe?

**STATEMENT OF RICHARD THORPE, THORPE'S RIGGING & MACHINE
CO., CARLSBAD, N. MEX.**

Mr. THORPE. Thank you, Mr. Chairman.

Mr. BURTON. Please identify yourself, Mr. Thorpe, for the record. Give us your address, if you will, please? If you choose, give us any relevant biographical information about yourself that you see fit. Please proceed?

Mr. THORPE. Thank you, Mr. Chairman. I am Richard Thorpe, Carlsbad, N. Mex. The address is 1306 South Country Club Drive, Carlsbad, N. Mex. Mr. Chairman, I am a rigger by trade, and I have a rigging company known as Thorpe's Rigging & Machine Co., an outfit that I operate out of Carlsbad. That is about it.

Mr. BURTON. Please proceed with your testimony, Mr. Thorpe.

Mr. THORPE. Honorable Chairman, Mr. Phil Burton, and members of the committee. Mr. Chairman, I thank you for letting me appear before this committee to bring out some of the facts of the investigation that has exposed mismanagement and corruption by the officials in

Mr. BURTON. I see. Would you be available, for you to have a better opportunity to talk to us than this limited time frame, Mr. Thorpe—my dilemma is that my colleagues will have to leave here within 2 or 3 minutes, and that is hardly fair to you.

Mr. THORPE. No, I want time to read it and I want time to discuss it.

Mr. BURTON. All right, Mr. Thorpe, that being the case, the Subcommittee on Territorial and Insular Affairs is in recess. Mr. Thorpe, if you will leave with the staff how we can talk or communicate with you, you have my assurance that you will be given an opportunity to testify before this subcommittee.

Mr. THORPE. How long will that be?

Mr. BURTON. I would rather that the staff work this out so that it would be at the maximum convenience to yourself.

Mr. THORPE. Yes, because \$300 a throw on airplanes—I came quite far and I cannot quite afford it.

Mr. BURTON. I would rather that you have an opportunity when you will otherwise be in town, either for a Senate meeting or for something else. I have two options to leave you—the 2 minutes are up—to make this offer, and I—

Mr. THORPE. I do not think that that is fair to me. I have been in this thing for 22 months of my time and \$35,000 of my own personal money. Now I want a chance. I do not think any money should be handed to this outfit out there unless it is cleared up. I know that if you will read this report, Mr. Chairman, of the last—the 10th and the 12th—this will sicken you. And, if you are going to hand these people more money—and I am referring to High Commissioner Johnston in that group—it is beyond—

Mr. BURTON. Mr. Thorpe, would you—because you had indicated—given the two options presented, it will be more unfair to you to only give you a minute or two now than it would be to give you an opportunity—

Mr. THORPE. All right, when do you want—just a rough estimate? Would it be a week, or 2 weeks?

Mr. BURTON. It would be more apt to be after the recess, I would think, Mr. Thorpe.

Mr. THORPE. How many days is that?

Mr. BURTON. I do not know. It would be not within 3 weeks, I would think.

Mr. THORPE. All I can say is that there goes another \$1,000.

Mr. BURTON. Mr. Thorpe, we will reconvene the committee at 2 o'clock today. I think that that is probably the best solution I can construct at this moment.

I would like to note that it is the policy of our committee that to the extent individuals and their reputations are an issue, we want to be mindful that people should have an adequate opportunity to respond.

Mr. THORPE. Correct.

Mr. BURTON. Thank you, Mr. Thorpe. The committee is in recess until 2 o'clock this afternoon.

[Whereupon, at 12:15 p.m., the subcommittee recessed to reconvene at 2 p.m., the same day.]

the trust territory. It is a bleak picture that will extend back to 1970 and it rests squarely on the shoulders of High Commissioner Johnston and his staff.

I will start with a section of the staff's report that was prepared at the request of Hon. Henry M. Jackson, chairman of the Permanent Committee on Interior and Insular Affairs.

It refers to the sewage contract and testimony of Mr. Morderesian. The section on page 173 of the report applies to the Attorney General, its law and facts which state that no one can own property or buildings in the trust territory, except Micronesians.

Yet, in the third paragraph on page 173, the Attorney General takes the liberty to buy a building for \$5,000 that was built by Dr. R. Kincaid with Government material furnished gratis, with the understanding it would be surrendered to the Government without further compensation.

This is a clear case of incompetence in office when he had been informed by Mr. Morderesian that it was Government property.

And now I refer to the conversation between the Honorable Chairman, Mr. Johnston, and Senator Olter, of Micronesia. In the hearing of March 10, in which the Senator agreed with the chairman that there is no plan at all and that it is a request for money with no proper planning, just a hodge-podge.

The Senator from Micronesia goes on to state that it is only a shopping list, that is not based on reality and that Micronesia will need help for generations to come.

I would like to touch on the problem of shipping in the Trust Territory. The statement of William H. Penrose is a classic example, of collusion and corruption under High Commissioner Johnston where pressure was applied to force TRANSPAC Shipping out of business. And there is also in the staff's report a copy of a letter from the Attorney General to High Commissioner Johnston, stating that there is a plan to freeze TRANSPAC out of business. In this report it goes on and on with statements that expose the officials that made the rules as the situation warranted.

Mr. BURTON. Without objection, the statement of Mr. Thorpe will be included in full, at this point. I think that that would help expedite your statements, Mr. Thorpe.

[The prepared statement of Mr. Richard Thorpe follows:]

STATEMENT OF RICHARD THORPE, CARLSBAD, N. MEX.

Honorable Chairman Phillip Burton and members of the committee, Mr. Chairman I thank you for letting me appear before this Committee to bring out some of the facts of the investigation that has exposed mismanagement and corruption by the officials in the Trust Territory. It is a bleak picture that will extend back to 1970 and it rests squarely on the shoulders of High Commissioner Johnson and his staff.

I will start with a section of the staff's report that was prepared at the request of Honorable Henry M. Jackson, Chairman of the Permanent Committee on Interior and Insular Affairs. It refers to the sewage contract and testimony of Mr. Morderesian. The section on page 173 of the report applies to the Attorney General, its laws and facts which state that no one can own property or buildings in the Trust Territory. Yet in the third paragraph of page 173, the Attorney General takes the liberty to buy a building for \$5,000 that was built by D. R. Kincaid with Government material furnished gratis, with the understanding it would be surrendered to the Government without further compensation. This is a clear case of incompetence in office when he had been informed by Mr. Morderesian that it was Government property.

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I have pushed this investigation for 22 months with my own personal money because of the pressure I have applied. The Attorney General in the Trust Territory has seen fit to file charges against me in hopes that I might back away. The statement of the Hearing on the 12th of March after questioning Mr. Miyamoto the Chairman stated, it was the clearest case of intimidation I have ever seen, and I have seen it admitted right here in the Council Chamber.

The barges that were obtained from the U.S. Government surplus spells out corruption and mismanagement and their own staff's admission that the barges had not been handled by the surplus disposal nor surveyed by the Board until August the 24, 1973. The sale of the barge, including the execution of the Purchase Agreement, as well as the Bill of Sale had already been completed at this time. They were not put up for spot-bid sale, nor was it ever on the TT books. The statement or answers to the questions by the Chairman of Senator Olter, at the hearings on the 10th of March as to whether he knew of any dishonest acts by High Commissioner Johnson or his staff. His answer was—"My knowledge is very limited in what the issue is about. I only heard it in the hearing the other day." I wonder, Mr. Chairman, if Senator Olter reads the paper as it has been a hot issue in the media both in Hawaii and on Guam. Mr. Olter goes on to say the trouble with the surplus, we pick up, is that most of it cannot be used by the Military so they release it. It is no good, and the more we bring into the Trust Territory, the more we put into the junk yard. As to whether there is a misuse I have no knowledge. Here is another case of money being spent for sea freight while it serves no purpose nor does it help the Micronesian people.

The statement by the CID on the 12th of March on surplus equipment that \$9 million in surplus was missing. This equipment was shipped from Okinawa to the Trust Territory but no one knows where it is. The CID found falsified shipping documents for \$250,000. Contracts on water and sewage lines were never completed, yet the contracts were paid off in full, then settlements made for extra work.

I ask you and this Committee Mr. Chairman not to appropriate any more money until this mess is cleaned up, or the High Commissioner and his staff removed from office. I think the American taxpayers are entitled to a fair shake, as we are carrying about 40 percent of the world's problems and finances on our shoulders. The American People are sick and tired of coverups and corruption.

I ask this Committee to do the same as the Subcommittee under the Honorable Senator Johnson that is to ask for a full investigation on the Trust Territory in every aspect, beginning with the surplus property, shipping and contracts and using money on projects that it was not appropriated for. There should be rules or laws tied to these appropriations that would make the Trust Territory officials answer to the Interior Department and the Interior Department be held responsible to the U.S. Accounting Office or the GAO for every dollar spent.

While I was in Palau in the early part of 1973 a few of the Paluans told me of all the promises the American officials had made. One of these old gents told me, "we have the same water line that we had when the Japanese were here and the same holes are in the roads. The only people that helped us is the U.S. Navy and now most of them are gone".

Also let it be known that there is no intention on my part to interrupt or interfere with the people of Micronesia, but there is a difference between helping and hurting and we are not helping. The greatest asset of Micronesia is the cocoanut. Had this been put into operation with a few cocoanut plants, the copra or the meat, the oil shell and husk could be used in this country. We would be helping

these people to establish an economy and earn some respectability instead of relying solely on U.S. help.

This ends my statement Gentlemen, and I thank you, Mr. Chairman and members of this Committee for your time.

Mr. BURTON. You can now continue to read it, if you choose, or embellish upon it, if you choose.

Mr. THORPE. I would like to finish it, if I may?

Mr. BURTON. All right.

Mr. THORPE. I have pushed this investigation for 22 months with my own personal money. Because of the pressure I have applied, the attorney general in the trust territory has seen fit to file charges against me in hopes that I might back away. The statement of the hearing on the 12th of March, after questioning Mr. Miyamoto, the chairman stated, it was the clearest case of intimidation I have ever seen, and I have seen it admitted right here in the council chamber.

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The statement by the CID—

Mr. BURTON. What is the "CID"?

Mr. THORPE. The Army investigating—they testified—it is not in this book, yet, but the section will be inserted—

Mr. BURTON. Mr. Thorpe, I will have to say this. We will recess the meeting until the end of this vote, and that should be in about 8 minutes, because we have to go back again and vote. So you can remain in the witness chair, if you choose, or wait in any other way you choose and the Chair will be back within 10 minutes.

Mr. THORPE. Thank you.

Mr. BURTON. The committee will stand in recess while we vote.

[A brief recess was taken.]

Mr. BURTON. The subcommittee will reconvene. Mr. Thorpe, you may continue.

Mr. THORPE. The statement by the CID on the 12th of March on surplus equipment that \$9 million in surplus was missing, this equip-

ment was shipped from Okinawa to the trust territory, but no one knows where it is.

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This ends my statement, gentlemen, and I thank you, Mr. Chairman, and members of this committee, for your time.

Mr. BURTON. Thank you, Mr. Thorpe. You make reference on page 4 to the CID, on the 12th of March, making the statement that \$9 million in surplus equipment is missing. The 12th of March of what year?

Mr. THORPE. I am sorry. That is just a couple of weeks ago, 1975, the hearing before Senator Johnson.

Mr. BURTON. So that statement was made in that hearing? Is that correct?

Mr. THORPE. Yes. The Navy testified.

Mr. BURTON. That is all right. We can look at that testimony, then. Are there any questions by any members of the committee?

Mr. WON PAT. I have one. Thank you, Mr. Chairman. I think I have heard Mr. Thorpe before. He appeared in one of the hearings earlier. Also, Mr. Thorpe had seen me in my office regarding some of his complaints.

He is familiar with some of the claims now that are apparent anomaly in the administration. Undoubtedly, in my mind, that regardless of what administrator, we must find some anomaly, some

sort of mismanagement, something of that sort. But we have to pinpoint some of those things, so that we can know exactly where to correct it.

Mr. THORPE. Here it is, right in this report, Mr. Won Pat.

Mr. WON PAT. I have not read the report.

Mr. THORPE. If you will read the report, it tells you of no records kept for the contracts; it tells you of gold shipped from Okinawa by Quigley and Quigley is already charged with falsifying documents. This goes on and on in this report, if you read it.

Mr. WON PAT. Mr. Thorpe, I think this is the report made by the Committee on the Senate side, the investigating committee. I am sure that they will take the necessary appropriate steps. Thank you, Mr. Chairman.

Mr. BURTON. You are welcome, Mr. Won Pat.

I would like to thank you, Mr. Thorpe, for coming here. As you know, we do believe that our processes must be accessible to the American citizens who, after all, pay for this Government of ours. So I did think it desirable that you be given an opportunity, having traveled this distance, to make this statement.

It does go without saying that the fact that we heard the statement should not be inferred in any respect that we have been able to independently determine the facts, nor that this opportunity afforded you be construed as concurring in any conclusions contained in the statement.

But I do appreciate you taking the time to come to us. I have recommended to our members that they read the Senate report. My staff will be in consultation with the Senate in that respect, so thank you very much.

Mr. THORPE. Mr. Chairman, may I recommend that your committee try to get hold of this transcript before any money is appropriated, and read the transcript of the facts, where there are letters and documents—they have these letters and documents.

Mr. BURTON. What transcript is that?

Mr. THORPE. That is from the 10th and the 12th. I have this to correct and—

Mr. BURTON. That is a transcript before the Senate Committee?

Mr. THORPE. On March 10 and March 12 of this year. The record will so note.

Mr. BURTON. Thank you very much, Mr. Thorpe.

Mr. THORPE. You are welcome.

Mr. BURTON. Mr. Johnston, could you come up for a moment, please?

Could you tell me, what is your understanding—first, it is not our intention to proceed any further with the statement of the preceding witness, but could you tell us what your understanding is of the status of the structuring of the decision of the people of the northern Marianas?

Mr. JOHNSTON. The steps which have been taken so far, Mr. Chairman?

Mr. BURTON. How much indigenous involvement is there going to be? And, before we answer that, I would like your assurance here and now with respect to the following:

That is, I would like your assurance that you in no way, by any reasonable test, will interfere on either side of the issue that will be

presented to the people of the northern Marianas, to the end that their judgment will be as free and unfettered as is possible, in such a plebiscite?

Mr. JOHNSTON. You have my absolute and unqualified assurance of that, Mr. Chairman.

Mr. BURTON. I would like to further have your assurance that those who are subject to your direct control and influence, with reference to the trust territories, in no manner attempt to impose in any way on any subordinates, any point of view with reference to the outcome of that plebiscite?

Mr. JOHNSTON. You certainly have my assurance of that, also, Mr. Chairman. Many of the members on my staff are, of course, citizens of the Marianas and they will be free to express themselves. But there certainly will be no official involvement of the executive branch of our Government.

Mr. BURTON. There will be no reward, nor will there be any reprisals to any person currently working for the trust territory government, as a result of any opinion, the expressed position they will take with reference to the plebiscite? Is that correct?

Mr. JOHNSTON. That is correct, sir. I think it is a very wise decision that our administration has never participated in the status talks, to any degree whatsoever. Our position is to administer the trust territory, and the status negotiations are something we do provide technical assistance to either side, if somebody needs facilities to have something printed, or needs free time on the air, but it is completely impartial, without any attempt whatsoever to influence anyone's thinking on either side of the issue.

Mr. BURTON. Now it is the intention of this subcommittee to respect this expression of the free will and judgment of the people of the northern Marianas, and I did not want to lose this opportunity to make it clear that we will take the dimmest possible view of any effort to impose your will, the will of the trust territory hierarchy, on the people of the northern Marianas.

We are going to audit and monitor this matter very carefully. I have no reason to believe that you will not abide by that which you stated, but I did not want to let this occasion go by without getting that explicit assurance on the record.

Mr. JOHNSTON. I am very happy that you did, Mr. Chairman. I think it is very important that that assurance be put on the record.

Mr. BURTON. Who is the ultimate authority to determine the eligibility for voting?

Mr. JOHNSTON. That has not completely—I wish Mr. Wilson were here to testify to that, because—

Mr. BURTON. What, if any, rule do you have in effect in that estimate? More particularly, let me note that I had a discussion with some of the representatives of the northern Marianas who were interested in constructing some kind of a voter eligibility roll.

And, one of the thoughts advanced was that rather than requiring a preregistration throughout the northern Marianas, with the possible exception of Saipan, that there not be a registration requirement—perhaps there would not be a registration requirement for those who have reached a certain age level, and so forth all to the end that, even including Saipan, there be the minimum number of obstacles to the maximum participation in this judgment.

But I was not sure what, if any, role you would play in that respect.

Mr. JOHNSTON. Mr. Chairman, frankly I am not completely sure, myself. It is one of the subjects that I intend to discuss in some depth with Ambassador Williams' staff and Mr. Rice, during the next few days while I am still here in Washington.

There has been some talk of creating a separate commission to supervise the voting on this particular issue, and to set up the rules of voting and registering and so on, rather than doing it through the normal process that would be used for electing, say, members of the District Legislature or a Congressman to the Congress of Micronesia.

This is still in the final planning stages, and as to exactly what our role will be in carrying it out, I am not absolutely sure at this point.

Mr. BURTON. Well it is our hope that these decisions, in a most essential and maximum way, be indigenous and not imposed, and that the processes for participation in terms of those people who are of the Northern Marianas, be such to reduce in any way that can be anticipated, any impediment to participating in the process.

That is not the equivalent of saying, obviously, that someone from another district who has moved in 3 months ago and started work for the trust territory necessarily is of the Northern Marianas, for this purpose.

It is not uncommon here on the mainland that in smaller communities you can—as in all of the smaller islands other than Saipan—there is no requirement for preregistration because everybody knows everybody.

That is similarly true, I would suspect, with at least the older population, even on Saipan—older in terms of age, that is. Also, as I understand it, to the extent requested, you at least will make available services for training whatever languages it would appear would help make this process most meaningful? Is that correct?

Mr. JOHNSTON. Yes, sir, the covenant has already been translated into the two languages spoken, in addition to English in the Marianas, Carolinian, and Chamorro.

Mr. BURTON. I might want to say one other thing. We are not sure when we will proceed in this subcommittee, with the covenant. Our yardstick will be that which least disturbs the free expression of the people of the northern Marianas.

If we do proceed, there is some risk that we may be criticized for anticipating their will, or tilting the result. But, if we do not proceed, there is similarly some possibility that some may say that we are not proceeding because we intend to ignore the express will of the people on the northern Marianas.

And, although I cannot speak for all of my colleagues on the floor, I believe I can safely state that this subcommittee and this committee is going to abide, in all respects, by the express will of the people of the northern Marianas.

So, our failure to act could not fairly be construed as one of rejecting their will. Our failure to act, if we do not act, will only be so that we could not be accused of trying to improperly in any way influence the expression of that free will. I volunteer that to you for whatever value it may be to you if this question does come up.

We would like to note in the audience the presence of the distinguished Governor of American Samoa, Governor Ruth, a former colleague of ours. Governor, we are delighted to have you here. We

are watching with interest your assumption of this new responsibility, and look forward to working closely with you to the end that no later than July 4, 1976, maybe we will have an elected Governor down there. I do not know if you will be eligible or not, Earl, but we are looking forward to your leadership in that direction.

Is there anything that you would like to say to the committee at this time?

Mr. RUTH. Not really, Mr. Chairman. I appreciate your recognition and I will be doing my best.

Mr. BURTON. Is that a new tie?

Mr. RUTH. I did borrow this tie.

Mr. BURTON. You did? I do not see—do any of the administration people have anything that they want to say, that they have not had an opportunity to say? Anything? Do our friends and colleagues from Micronesia have anything on their minds that they have not had an opportunity to express?

We are going to recess the hearing. We will mark up the authorization bill here in a bit. I think this is going to be a very interesting period of time for the people of the Pacific and I hope that our committee can play some constructive role in their effort to carve out their own destiny.

With that, we will recess the subcommittee.

[Whereupon, at 3:05 p.m., the subcommittee adjourned, subject to the call of the Chair.]







