



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

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April 26, 1963

Dear Mr. Aspinall:

This is in response to your request for the views of the Department of the Interior on H.R. 3198, a bill "To promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes."

We recommend enactment of the bill with the amendments suggested below.

H.R. 3198 is identical to H.R. 13396 of the 87th Congress, a bill drafted by the Department of the Interior and introduced at the request of the Department. There has been no substantial change in the circumstances which prompted the Department to propose the legislation last year.

Section 1 of the bill authorizes the head of any executive branch agency to extend to the Trust Territory, on request, with or without reimbursement, technical and other assistance under a program administered by that agency. The value of the nonreimbursable assistance is limited to \$150,000 each year. The section does not apply to grant-in-aid programs.

This will eliminate existing bars to the utilization by the Trust Territory of facilities and competence within the Federal Government. As long as the government of the Trust Territory is faced with the task of executing, with limited funds, a sizable and difficult development program, which will be observed internationally, it is most desirable, indeed vital, to make readily available to the Trust Territory the tremendous reservoir of scientific and technical expertise that exists in the Federal Government. It is not possible at this time to state precisely all the areas in which technical assistance may be required, but there is a need for technical assistance in the areas of agriculture, education, finance and taxation, area development and long-range planning, medical facilities, and utilities. We expect that this technical and other assistance will run the gamut from a few experts in any given field to assist the government of the Trust Territory in an advisory or supervisory capacity, to a full staff to run the particular program for the Trust Territory for a limited time. The variation, of course, is one of degree.

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Section 2 of the bill extends to the Trust Territory of the Pacific Islands the benefits of section 301 of the Tariff Act of 1930, as amended, (68 Stat. 1136, 1139; 19 U.S.C. 1301a). That section provides that articles may be admitted free of duty into the United States from any of its insular possessions, except Puerto Rico, if the articles are the growth or product of any such possession or of the United States and do not contain foreign materials to the value of more than 50 per cent of their total value. Section 2 of the bill provides that the Trust Territory of the Pacific Islands will be treated as if it were an "insular possession" for the purposes of section 301.

In the Trusteeship Agreement, the United States as the Administering Authority has obligated itself to encourage the economic development of the area, in addition to encouraging its political and social development. From this viewpoint, the relationship between the United States and the Trust Territory is similar to the one existing between the United States and its possessions. We believe the tariff treatment accorded the possessions of the United States should be extended to the Trust Territory of the Pacific Islands in order to encourage its economic development.

At the present time this section would affect mainly the Trust Territory's handicraft industry, which could be developed to provide a secondary source of cash income throughout the Territory.

The bill contains an exception to the effect the fish or fish products processed in the Trust Territory from fish landed there under conditions which would preclude such landings in ports of the United States would not be accorded duty-free entry. The condition contemplated is the landing of fish from foreign flag catcher vessels. The bill further provides that the exception would not apply to American flag vessels or to Trust Territory vessels manned by crews, two-thirds of which are citizens of the United States or of the Trust Territory. The effect of this provision would be to encourage local fishery and cannery businesses operated by citizens of the Trust Territory and of the United States, and to discourage effectively cannery operations based on fish caught by foreign fishing fleets operating in competition with American fisheries, and particularly Micronesian fishermen.

In 1948, the United States obtained a waiver from the General Agreement on Tariffs and Trade to permit us to accord preferential duty treatment to products of the Trust Territory. In the event that the underlying economic factors affecting production and trade in the Trust Territory should change so that this preferential treatment results, or threatens to result, in substantial injury to the competitive trade of any contracting party, the waiver could, by its terms, be reviewed and modified by the President.

Enactment of section 3 of the bill would permit certain natives of the Trust Territory, as described in the bill, to travel freely to and from the United States, and to live and work here for the purpose of acquiring useful skills or attending school. It would have the effect of eliminating the application to them of quota provisions, the excluding provisions, and removal provisions, among others, of the Immigration and Nationality Act. Section 3 would not, however, extend to the natives of the Trust Territory the privilege of counting residency in the Trust Territory toward the residency requirement for naturalization, as is the case with noncitizen nationals coming to the United States from "outlying possessions" as that term is defined in the Immigration and Nationality Act. It would have the effect, though, of waiving the quota and visa requirements with respect to the class of Micronesians described in the bill, and any such persons entering the United States and residing here would be considered to have been lawfully admitted for permanent residence for the purpose of petitioning for naturalization. Under the provisions of the Trusteeship Agreement, the United States assumed certain duties and responsibilities with respect to the Trust Territory of the Pacific Islands and its peoples. We believe that this section should be enacted in order that the United States may fully and properly discharge those duties and responsibilities.

For the past eleven years the government of the Trust Territory, under the general supervision of this Department, has worked with the individual peoples of the Trust Territory on a regional basis with a view toward introducing and developing the concept of one territory or political entity, and welding the several cultures with their respective languages and customs into a cohesive group willing to take an interest in "territorial" affairs rather than limiting their perspective to their own district or community.

We believe that these people must be made more aware of, and better able to cope with, the outside world. We think it is impossible today, even if it were desirable, to isolate these people and thereby "protect" them from the complexities of modern living. Heretofore, because the problems of development were basically internal and because it was evident that the people of the Trust Territory were not ready to cope adequately with the world of the twentieth century, if it were to intrude too soon, the access of even United States citizens to the Trust Territory was carefully restricted, and the access of the natives to the United States was similarly restricted. However, circumstances now dictate a relaxation of those restrictions as the next step in the development of the area, if we are to successfully meet our responsibilities in the Trust Territory.

One of the duties imposed by the Trusteeship Agreement is to promote the progressive development towards self-government or independence of the natives of the area. Ultimately, the peoples of the Trust Territory will choose their own destiny. We must provide them with the standards and values which will enable them to choose wisely.

Today, the natives of the Trust Territory, because of their geographical location, are able to visit with relative ease a number of countries in the mid and far-east. While some of these countries have forms of government compatible with the concepts of the free world, many of them do not. We believe that the United States should therefore encourage the citizens of the Trust Territory to visit, study, live, and work in the United States. They cannot learn enough about America and our way of life from the stateside staff and technicians who are sent into the Trust Territory to assist them.

We intend to attract American investment to provide the commerce and the facilities which the citizens of the Trust Territory cannot provide for themselves because of a lack of capital, but which is essential if the standard of living is to be raised. The people of the Trust Territory will participate fully in this development by furnishing their skills and labor in lieu of capital. However, extensive training in various skills will be a prerequisite to any such participation. This training will in many instances need to be acquired in the United States, or an area over which the United States exercises jurisdiction, either as an industrial trainee program sponsored by an American company engaged in an enterprise in the Trust Territory, or as general training not related to specific operations in the Trust Territory. This would be difficult to accomplish as long as the provisions of the Immigration and Nationality Act are applicable to Micronesians.

The accelerated developmental program in the Trust Territory places great emphasis on education. Primary and secondary educational needs can be met in the Trust Territory by the institution of a proper program, but for some time, the need for higher education will have to be met by making educational facilities outside the Trust Territory readily available and easily accessible. Section 3 would facilitate this, also. It would remove the requirement for obtaining a student visa and the attendant restrictions presently applicable to Trust Territory students, thus permitting any Trust Territory student to attend the school of his choice, if he is otherwise qualified, with a minimum of difficulty. It would also permit students lacking adequate funds greater freedom in seeking gainful employment for the purpose of financing their education.

For all of these reasons the enactment of section 3 is important. Further, if we, as the administering Nation, open the Trust Territory to Americans, in the interest of comity we should likewise open the United States to the citizens of the Trust Territory. We do not believe that this will create problems of any magnitude. The population of the Trust Territory is approximately 80,000 men, women and children. As a practical matter, by reason of education, financial status, and social customs, it is not likely that any great number of these persons would come to the United States. However, it is desirable that the young people, the intellectual and social leaders, and those others who will play a major role in making the final determination as to the status of the Trust Territory be given this opportunity.

It should be emphasized that this proposal does not confer American nationality upon the citizens of the Trust Territory and in no wise serves to annex the Trust Territory, nor does it obligate the Congress in any way to treat the Trust Territory differently in the future than at present.

Section 4 of the bill relates to the licensing of radio operators on ships registered in the United States by the Federal Communications Commission. Legislation was recently passed which authorized the Federal Communications Commission to license nationals as well as citizens as radio operators on United States vessels. Section 4 provides that the natives of the Trust Territory could be similarly licensed. Thus, with proper training, they could serve as radio operators on most American ships likely to operate in the Trust Territory, as for example, in connection with the fishing industry, which we hope will be established, or in inter-island shipping.

Section 5 of the bill abolishes the revolving fund established in 1956, and continued to the present time by subsequent annual appropriation acts, for loans to locally-owned private trading companies in the Trust Territory of the Pacific Islands, and contributes the assets of that fund--cash and outstanding loans--as a grant to the government of the Trust Territory for the purpose of a development fund within the Trust Territory. Both the government of the Trust Territory and this Department recognize the need for a development fund, preferably administered by a separate agency of the local government with clearly defined goals, for the purpose of making developmental loans or guaranteeing such loans. The Trust Territory Government could finance developmental projects in those cases where either the novelty or high risk involved tend to discourage private investors from undertaking such projects, but where it is determined that such projects would serve a useful purpose in the development of the territory.

If section 5 is enacted, it is anticipated that the grant would contribute to the initial development program. Additional funding would be provided by such means and in such amounts as would be determined to be appropriate after the program was commenced and sufficient data accumulated to provide a proper basis for such determination.

Of the \$500,000 originally transferred to the fund, \$167,000 was transferred to the general fund of the Treasury, together with \$33,000 of accumulated interest. These transfers were made as the result of recommendations by the House Committee on Appropriations in connection with appropriations for fiscal year 1960, that the Trust Territory return to the Treasury any funds not needed for the purpose of making loans.

As of June 30, 1962, the balance in the revolving fund was \$355,586 which included accumulated interest. The balance consisted of \$200,437 in cash, and loans receivable in the amount of \$155,149.

Since the introduction of the proposed legislation in the 87th and 88th Congresses, there have been further inter-departmental discussions which have brought to light the need for the following amendments:

1. On page 3, line 20, change "native" to "citizen". Make the same change on page 3, line 24, and on page 4, lines 5, 7 and 8. On page 4, line 9, after "born" insert "or naturalized". On page 4, line 9, after "birth" insert "or naturalization".

The purpose of these amendments is to extend the benefits of section 3, which generally permits the free ingress and egress to and from the United States without regard to the Immigration and Naturalization Act, to citizens rather than natives of the Trust Territory. This is desirable because the Code of the Trust Territory of the Pacific Islands provides for the acquisition of Trust Territory citizenship both by birth and by naturalization. There are presently in the Trust Territory citizens who are not ethnically natives of the Trust Territory; there are also natives who are not citizens. We believe that all citizens of the Trust Territory should be treated equally and that the exclusion of certain noncitizen natives from the benefits of this section is proper.

2. On page 4, lines 11 and 12, delete "and if he is not a citizen or national of a foreign country,".

This deletion does not make any substantive change and is only pertinent if the foregoing amendment is adopted. The deletion would merely take into account the fact that under the Trust Territory law it is not possible for a citizen of the Trust Territory to be a citizen or national of a foreign country.

In connection with amendments numbered 1 and 2, there is enclosed for the information of the Committee, excerpts from the Code of the Trust Territory of the Pacific Islands relative to nationality and naturalization.

3. On page 3, lines 17 and 18, change "292" to "293". The bill adds a new section to the Act of June 27, 1952, and inasmuch as there is already a section 292, the new section should be numbered 293.
4. On page 4, line 23, change "natives" to "citizens". The reason is the same as the reason offered for amendment numbered 1.
5. We understand that the Department of Justice will recommend an amendment to the bill that is designed to control the entry into the United States of Trust Territory citizens who might be regarded as subversive or security risks. We do not regard the danger as a real one, but we do not object to the amendment.
6. On page 1, line 7, and continuing to page 2, line 10, change subsection (b) to read as follows:

"(b) The head of any department, corporation, or other agency of the executive branch of the Government may, upon the request of the Secretary of the Interior, extend to the Trust Territory of the Pacific Islands, with or without reimbursement, scientific, technical, and other assistance under any program administered by such agency, or extend to the Trust Territory any Federal program administered by such agency, if the assistance or program will promote the welfare of the Trust Territory, notwithstanding any provision of law under which the Trust Territory may otherwise be ineligible for the assistance or program: Provided, That the Secretary of the Interior shall not request assistance pursuant to this subsection that involves, in the aggregate, an estimated nonreimbursable cost in any one fiscal year in excess of \$150,000: Provided further, That the cost of any program extended to the Trust Territory under this subsection shall be reimbursable out of appropriations authorized and made for the government of the Trust Territory pursuant to section 2 of this Act, as amended. The provisions of this subsection shall not apply to financial assistance under a grant-in-aid program."

The language of the bill as printed applies only to scientific, technical, and other assistance in the administration of a program of the government of the Trust Territory. The amendment expands the language to permit a Federal agency to extend its own program to the geographic area of the Trust Territory and to administer it as a Federal program. This would be an alternative to providing technical assistance to the government of the Trust Territory in the administration of the Territory's program.

The authority provided by the amendment is subject to two important limitations: (1) the Federal program can be extended to the Trust Territory only on request of the Secretary of the Interior, and (2) the cost of the Federal program must be paid out of the limited funds authorized and appropriated for the government of the Trust Territory. The current limitation on the authorization is \$17,500,000, and the appropriation request for fiscal year 1964 is \$15,000,000.

This amendment will give the Department a choice, which will be governed by the circumstances prevailing at the time, between channeling a particular activity through a territorial program or through a Federal program.

The enactment of this bill is vital to the development of the Trust Territory and has the unqualified support of the Department of the Interior. There are other matters which relate wholly or in part to the Trust Territory and which will require congressional action, but it is our present intention that these items be treated separately. One of these items relates to the matter of judicial appeals from the Trust Territory to a Federal court.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program, and that enactment of H.R. 3198 would be in accord with the program of the President.

Sincerely yours,


Assistant Secretary of the Interior

Hon. Wayne N. Aspinall
Chairman, Committee on
Interior and Insular Affairs
House of Representatives
Washington 25, D. C.

Enclosure

Code of the Trust Territory

Sec. 660. Nationality. For the purposes of these Regulations, all persons heretofore or hereafter born in the Trust Territory shall be deemed to be citizens of the Trust Territory, except

- (a) persons, born in the Trust Territory prior to the effective date of this Chapter, who at birth or otherwise have acquired another nationality;
- (b) persons, born in the Trust Territory on or after the effective date of this Chapter, who at birth shall acquire another nationality; and
- (c) persons, born in the Trust Territory whose principal, actual dwelling place in fact has not been in the Trust Territory or Guam at any time between July 18, 1947, and the effective date of this Chapter.

Provided, that a child born outside the Trust Territory of parents who are citizens of the Trust Territory shall be considered a citizen of the Trust Territory if he becomes a permanent resident of the Trust Territory while under the age of 21 years.

Sec. 668. Naturalization. The High Commissioner may grant Trust Territory citizenship to persons who are 18 years of age or over, of good moral character, as certified by the District Administrator and two leading citizens of the community in which they intend to reside, and have not acquired, or who renounce, previous citizenship, and renounce allegiance to any and all foreign powers and rulers, and:

- (a) who have been permanent residents of and legally domiciled continuously in the islands, now known as the Trust Territory of the Pacific Islands since July 18, 1947, or
- (b) who have been permanent residents of and legally domiciled continuously in the Trust Territory for at least five years immediately prior to application and have either:
 - (1) been born of parents one of whom was a citizen of, and maintained his principal residence in the Trust Territory at the time of the birth, or

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- (2) been born of parents one of whom has been granted Trust Territory citizenship under this Section.
- (c) persons naturalized under this section shall be subject to cancellation of their naturalization for cause upon application by the High Commissioner to, and hearing before, the High Court of the Trust Territory.