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Dear Mr. Chairman:

Thank you for your letter of April 4, 1963, in which you requested the views of this Department 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.

The Department of State considers this proposed legislation to be consistent with, and a logical extension of, the forward-looking policy of your committee toward the trusteeship of the United States in the Pacific Islands. This Department has of course been responsible for reporting to the United Nations the many tangible achievements of the United States on behalf of the inhabitants of the Trust Territory.

Although the Department of the Interior is more competent to comment on the provisions of the proposed legislation in detail, this Department wishes to point to the favorable international impact that would be occasioned by adoption of the measures provided for in the proposed legislation. The provisions of the Bill, if enacted, would further evidence the ability and desire of the United States to continue the very high standards that have always characterized American aspirations for the welfare of its dependant peoples.

Adoption of the proposed legislation would aid the people of the Trust Territory to help themselves in several important ways. In the first place, a key provision of the Bill would, upon the request of the Secretary of the Interior, make more readily available to the Trust Territory scientific, technical, and other assistance from the agencies of the executive branch of the Federal Government. In view of the challenges of education and economic development facing the Trust Territory, the Secretary of the Interior should have the opportunity this provision affords to ask for scientific and technical experts as needed from every agency of the United States Government that, without interference with its primary role, can provide such assistance to the Government of the Trust Territory. Thus, there could be opened to the Territory the large reservoir of talent existing in the United States Government.

The Honorable  
Wayne N. Aspinall, Chairman,  
Committee on Interior and Insular Affairs,  
House of Representatives.

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A second provision of this Bill would exempt the handicraft products of the people of the islands from tariffs of the United States. The present handicraft industry, whose further development would contribute to the diversification of the economy of the islands, is still in its infancy and, in consequence, is at a serious disadvantage in competing with other producers of similar items. It is certainly logical for the Government of the United States to remove its own barriers to the development of the Territory's economy.

A third provision of the Bill would enable the citizens of the Trust Territory to travel more easily to, and reside more freely within, the United States and would provide thereby an important psychological impetus toward an expanding feeling of community between the citizens of the Territory and those of the United States. Under existing laws and regulations, inhabitants of the Trust Territories who wish to visit the United States temporarily are exempted from the visa and passport requirements and are admitted by the Immigration and Naturalization Service if they meet the qualitative tests of the immigration laws. Natives of the Trust Territories who wish to enter the United States as immigrants are as a rule chargeable to the quota for the Pacific Islands of 100 and have also to meet the qualitative requirements of the law. Those who are married to, or children of, United States citizens are entitled to nonquota status, as are those who fall within one of the other appropriate nonquota classifications of the law. During the last fiscal year, 1,728 non-immigrant visas were issued to or revalidated for nationals of Trust Territories and 116 immigrant visas were issued to aliens chargeable to the quota for the Trust Territories. Of the 116 immigrant visas, 83 were quota immigrant visas and 33 nonquota immigrant visas.

The final provision of the Bill abolishes a revolving fund that was created in 1956 to provide loans to locally-owned private trading companies in the Trust Territory. The total remaining assets of the fund would be contributed to the Government of the Trust Territory, for the purpose of making development loans or guaranteeing such loans. A development fund of this nature is thoroughly in accord with the desire of the United States to encourage and accelerate economic growth in the Trust Territory.

The Congress has already demonstrated its deep interest in the people of the Trust Territory. The Congress has recognized the increasing complexity of our role in the administration of the islands and in particular the formidable challenge of building a modern educational system and an economic program to accord with the accelerating requirements of the Territory. The Congress has supported this ambitious program by very substantially increasing its ceiling on appropriations.

19-424160

If adopted, H.R. 3193 will be a further significant milestone along the road of enhanced economic and social development of the Trust Territory. By increasing the opportunities for the inhabitants of Micronesia to expand their personal contacts with the people of the United States, this Bill would enable these citizens to make an increasingly vigorous contribution to the welfare and security of the free world.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,

Frederick G. Dutton  
Assistant Secretary