

OLR (Mr. Schafer)

May 5, 1966

Resources and Civil Works Division
(R. H. Austin)

Proposed draft legislation on the Trust Territory of the
Pacific Islands

Interior, by letter dated March 29, has requested clearance of a bill which would amend the present Trust Territory legislation to (1) delete the existing annual authorization limitation of \$17.5 million and to replace it with a \$172 million capital improvement authorization and unlimited authorization for operating expenses; and (2) to transfer title to certain vessels to the Government of the Trust Territory.

De facto clearance of this legislation has occurred already incident to resolution of a question about Peace Corps involvement in the Trust Territory. The Peace Corps involvement is now assured, with a public announcement held this morning, May 6, made by Mr. Vaughan, Secretary Udall and Ambassador Goldberg. The President had signed a letter to Vaughan on the Peace Corps proposal, which mentioned his intention to transmit omnibus legislation on the Trust Territory. Mr. Udall, purportedly through inadvertence, has announced the clearance of this legislation and promised its transmittal tomorrow, May 7, to the Congress. We are told by Mrs. Van Cleave that in her haste to get to this morning's press conference that she had only a brief time to discuss the status of the legislation with Secretary Udall and that he had apparently confused her list of things he could say with the list of things he should not say.

Replacement of the \$17.5 million annual limitation is to be by (1) a \$172 million capital authorization, and (2) a provision which authorizes unlimited expenditures for operations but which would require notification to the substantive Committee 10 days after presentation of annual appropriation estimates to the Congress. We are in favor of a substantial increase in Government effort in the Trust Territory and believe the basic approach of the legislation to be sound. We would object strongly, however, to the 10-day notification provision. This 10-day period is a gimmick, thought up in Interior to provide something for everyone, i.e., no annual limitation but with token involvement on the part of the substantive Committees. The 10-day notice is not needed for constructive purposes since any member of the Interior and Insular Affairs Committees could get a copy of budget justifications submitted annually.

We would have no objection to transfer of the vessels to ownership of the Government of the Trust Territory since this is being done to allow operation of the vessels by Micronesians rather than U.S. nationals, a laudable purpose in light of our general insistence of maximum self-reliance in the Territory.

Reports have been requested of Justice, State, Defense, HEW, National Security Council, and Peace Corps. Justice has no interest. NSC has not sent us a formal report but has endorsed the proposal through conversation

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(Frank Johnson) and through correspondence relating to the Peace Corps involvement in the Trust Territory (mentioned below). State is enthusiastic about a major increase in effort in the Trust Territory and recommends Presidential involvement. Defense has not submitted a report but advises they are in favor of such legislation. HEW has not submitted a report and does not, so far as we can determine, have a very substantial interest in the legislation.

The Peace Corps report suggests that the Interior transmittal letter contain a record of the resolution of a legal problem pertaining to a planned Peace Corps program in the Territory. The issue briefly is that 48 U.S.C. 1681 and 1684 require Federal agencies providing services in the Territory to be reimbursed when such value is over \$150 thousand. Normally the question could be resolved on the side of cautious action, by including specific authority in the proposed bill. Peace Corps claimed that it could not wait for specific legislation and has proceeded this week on the substance of an opinion which states that the intent of sections 1681 and 1684 is to allow Federal agencies to proceed with reimbursement rather than to prohibit them to act without reimbursement. Peace Corps would like to have this resolution ratified in the Interior Speaker letter. NSC (Johnson) is against it. Mrs. Van Cleve of Interior is now indifferent.

We recommend that the Interior proposal be revised to exclude the 10-day notification provision but that unlimited annual operating authority and a \$172 million capital improvement authority be retained. We see no reason to oppose the vessel title transfer. We believe that the Interior Speaker letter should not reflect the current resolution of the Peace Corps question since it would serve more to raise the issue than ratify a solution.

We have reviewed the priceout of the Interior proposal on the capital improvements total, which would be expressed in law, and the annual operating amounts, which are presented as backup, and find that they are reasonable. We understand that Mr. Hughes has told Interior to be prepared to suggest alternate annual limitation figures if a request for them should be made. We would suggest not including this in the letter but that we make it clear we will expect them to clear any annual authorization amounts with the Bureau before they are presented to the Committee.

Recommendation

be cleared

We recommend that Interior's proposed bill be cleared without reference to a 10-day notice period, and that Interior be requested to resubmit the basic proposal in suitable format for a Presidential transmittal.

A clearance letter is attached.

Attachment

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