

SEP 24 1968

Memorandum

To: The Secretary
Through: Assistant Secretary, Public Land Management
From: Director, Office of Territories
Subject: Compensation and per diem for members of the Congress of Micronesia

During our recent travels within the Trust Territory, from which we have just returned, Mr. Milner and I were frequently confronted by a problem of very great magnitude concerning compensation and per diem for members of the Congress of Micronesia. Micronesian political leaders raised the question with us in almost every District and we also discussed it thoroughly on Saipan with pertinent members of the Executive Branch. The problem should be resolved enough in advance of October 5 of this year, the filing date for running for the Congress, to permit information to be disseminated from Saipan to interested candidates. I think this can be done, and I urgently recommend that you sign the attached letter which will accomplish what I believe to be the necessary and desirable results. Time is very much of the essence. As a practical matter, if we fail to come to terms with this issue in timely fashion, and along somewhat the lines herein recommended, a significant number of current members of the Congress of Micronesia (the estimates range upward to more than 50% of the current membership) will refrain from running for the Congress. They will refrain from running simply because, they say, they cannot afford to do so.

The problem is this: On July 26 you signed, on the basis of our strong recommendations, Amendment Number 4 to Secretarial Order 2882 concerning the Congress of Micronesia. That Amendment provided, in pertinent part, for an annual salary for members of \$3500; and for per diem for each member, at standard Trust Territory rates, while on official legislative business, except when the member is in Saipan. The latter exception was based upon the expectation, both in the Trust Territory Government and our Office here, that members would spend most of the year in Saipan (just as U. S. Congressmen do in Washington), and that per diem would thus not be necessary there because they'd be "at home". Under Amendment No. 4, however, they could and probably would receive per diem for much of the time that they are in their home districts, on the theory (as Amendment No. 4 provides) that they are on "official legislative business" there.

When Amendment No. 4 reached Saipan, two principal results followed. First, it became rather clear to observers of the Congress that members did not expect to be in Saipan for many days other than those in which the Congress is actually in session. (That is, 45 days each year, plus 15 in January of each odd-numbered year.) While on Saipan, thus, they would not be "at home", but would instead be required to make whatever transient arrangements (including housing at the local hotels) they choose. That members of the Congress would, in those circumstances, need per diem, seemed clear. But further, while I may be unreasonably suspicious as to potentials for abuse, I personally became concerned by the possibility that members might, while at home in their home districts some 300 plus days each year, allege that they were at all times "on official legislative business" there and thus collect per diem, maybe for no more than thinking a floating legislative thought for a moment each day.

A second result of Amendment 4 was passage by each house of the Congress of Micronesia of legislation (S. B. 145) which provides generous and very loose additional benefits to each member of the Congress. The bill has not been approved by the High Commissioner and, I was assured, will not be approved. In pertinent part, it provides (in section 2) for "an official expense allowance" of \$2000 per annum for each member, payable either biweekly or monthly. The bill contains no meaningful limitation or definition of official expenses; does not restrict payment of the \$2000 in any noticeable manner; could and doubtless would result in payment of the \$2000 without any showing as to "expenses"; and contains no provision for disclosure. That such \$2000 would actually, in most cases, result simply in an augmentation of the \$3500 annual salary seems to me clear. Further, the bill provides (in section 3) for a \$1200 "office space" allowance, in the event that the Executive Branch of the Trust Territory Government is unable to provide, gratuitously to each member, "suitable office space in public buildings at the place designated by the member of the Congress concerned in the administrative district from which he comes". Presumably the member would be empowered, under the language in question, to determine "suitability", and if dissatisfied, he could draw up to \$1200 for office rental. In my view, S. B. 145 is extremely unacceptable, given these two provisions.

At the same time, however, we learned for the first time that from its first session in 1945 through the present, members of the Congress have, from local revenues available for their appropriation, paid themselves an expense allowance of \$1000 per year. During the first year we learned that this amount was drawn down by each member only when he presented evidence of genuine expenses. The sum was accounted for carefully, and evidence of the amounts drawn for particular purposes by a particular member of the Congress was available for inspection. During later years, we were informed, this careful accounting technique seems to have been abandoned. Each was merely paid \$1000 for expenses.

(Doubtless we in the Office of Territories had constructive notice of this \$1000 expense allowance, and its manner of payment, but we did not in fact have actual knowledge of it until recent days.)

In light of all of the foregoing, and our discussions with representatives of the Trust Territory Government, particularly Legislative Counsel Udai and Commissioner Dralay, I recommend the following:

(1) That the Secretarial Order be modified so as to permit payment of per diem to members while they are serving in regular or special session or are on official legislative business—the exception being that per diem may not be paid to members for a regular or special session when such session is held on their island of residence;

(2) That the Order be further amended to make clear that per diem cannot be paid to a member while in his home district, unless he is there conducting official legislative business at the behest of the duly constituted leadership of the Congress of Micronesia; and

(3) That by letter you approve of a continuation of the current \$1000 expense allowance, so long as it is obtained by a member only for genuine "expenses" (of the sort, for example, for which Federal employees may be reimbursed beyond their per diem), so long as it is fully accounted for, and so long as the objects and amounts for which the expense allowance is used are publicly disclosed.

All of the foregoing will be appropriated by the Congress of Micronesia from funds available to it.

The attached letter for your signature accomplishes the above results. Time will probably not permit a formal amendment to the Secretarial Order before October 5. Moreover, we have in process now a revision and consolidation of all Trust Territory Secretarial Orders, and we will, if you sign the attached letter, be committed to including in that revision language to reflect (1) and (2) above. The letter will be sufficient for immediate purposes. Within the next few days or weeks, we will follow up with the new order, which will embody these changes, along with others still under consideration.

(Sgd.) Mrs. Ruth J. Van Cleave

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Enclosures

VanCleave:cmw
9/25/68