

T. 24

FEB 13 1968

Hon. William P. Norwood
High Commissioner
Trust Territory of the Pacific Islands
Saipan, Mariana Islands 96950

Dear Mr. Norwood:

We are acutely distressed by the fact that the Congress of Micronesia has voted expense allowances of \$3700 per year per member. This development came to our attention through one of your recent reading files, in which we see Mr. Mangan's anguished letter of January 24 to the head of each House of the Congress. We are glad the bill was not signed, but, we presume that it has gone into effect. Please let us know its status.

The pertinent background documents are in your files, specifically our memorandum to Secretary Udall of September 24, and Secretary Udall's letter to you of September 25. As you know from them, we were very surprised to learn in September that the Congress had been voting its members \$1000 expense allowances for some time. I would think there would be a good question as to the legality of those earlier allowances, and the law on which they were based, but that question seems at this time academic. Nevertheless, as those documents indicate, we recommended to the Secretary, and he agreed, to expand the Secretarial Order to permit the payment of "an expense allowance" from local revenues. As Mr. Mangan's letter noted, Secretary Udall indicated that he would not object to a \$1000 allowance, provided there was suitable accounting and public disclosure.

Mr. Milner and I had agreed, in our discussions in the Trust Territory with Mr. Craley earlier in September, to put this recommendation to the Secretary. You will recall the circumstances in which this matter arose: the Congress had voted itself very generous and loose expense allowances, which looked very like an augmentation of their \$3500 salary, and the bill so providing was before you for approval. We had experienced very great difficulty in obtaining informal Congressional concurrences to the annual salary of \$3500. But the Congress of Micronesia was complaining about this amount, regarding it as penurious, and it was also contemplating, as noted, the addition of considerable added benefits which looked like more salary. Given all of these circumstances, plus the precedent of \$1000 allowances in past years, we concluded that we could not insist upon no allowances at all. Apparently that would have been bitterly resented by the Congress of Micronesia, and apparently the ablest legislators would have decided not to run. We wanted to prevent that.

At the same time, to insert not only a permission to pay an expense allowance (as we did), but also a \$1000 ceiling (which we did not) held hazards. Among other things, we doubted that \$1000 per member could reasonably be justified (given the fact that travel is covered elsewhere, and that almost all other official expenses are covered by per diem -- Mr. Graley will recall that we all experienced difficulty in figuring out just what would be covered by an expense allowance that is not already covered by per diem). So putting in a \$1000 ceiling in the Secretarial order would seem to invite allowances to that figure, even if they could not be justified. Putting in a lesser figure would seem arbitrary, particularly in the face of the \$1000 precedent, and in fact we did not know what figure made sense.

In retrospect it is perfectly obvious that we should have imposed a ceiling, and probably also that we should have defined what may be covered by "an expense allowance". But that bridge was crossed, although there is clearly room for backtracking.

All of this leads to two questions upon which we would appreciate your advice:

1. Was the Congress of Micronesia made aware of the fact that the Secretary was opposed to an expense allowance of over \$1000? Was any advice given to the Congress as to the amount that you thought "desirable and necessary" for an expense allowance? In short, what input did the Executive Branch of your Government have on this question?

2. Before we either recommend amendments to the Secretary, to limit the objects and/or the amounts of expense allowances, or decide that we should not do so, we would like to know your views as to the consequences of such amendments.

We will look forward to hearing from you.

Sincerely yours,

Mrs. Ruth G. Van Cleve

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Director

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