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March 10, 1972

Honorable George P. Shultz
Director, Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Shultz:

Reference is made to your request for the views of the Department of Defense on the Enrolled Enactment of S. 860, 92nd Congress, an Act "Relating to the Trust Territory of the Pacific Islands."

S. 860 is intended to promote the economic development of the Trust Territory of the Pacific Islands by authorizing appropriations to increase the existing revolving development fund from \$1 million to \$5 million. S. 860 also contains certain guidelines for lending policies in the administration of the Trust Territory Economic Development Loan Fund.

In view of the interest of the Department of Defense in the Trust Territory of the Pacific Islands as a "strategic area," within the meaning of Articles 82 and 83 of the United Nations Charter, the Department of Defense favors the prompt approval by the President of S. 860.

Sincerely,

(Signed) J. Fred Buzhardt

J. FRED BUZHARDT

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