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We agree that financial questions are subordinate to other questions to be decided. It was for this very reason that we have not come to these meetings to describe a specific form of financial relationship or to offer or promise specific amounts of future levels of U. S. budgetary support. Such <sup>specifics</sup> could not possibly have been arrived at in Washington in the absence of a mutual understanding between us as to the nature of a future association, and without your views on what you might seek and expect in terms of a future financial relationship.

It might be useful to keep in mind the present scale of U. S. funding. The current level demonstrates the present willingness of the U. S. Congress to appropriate funds to Micronesia. It is the only tangible indicator we have concerning the level of support that might be anticipated in the future. Even this figure is of course subject to the annual budget process and to Congressional review. I can, however, speak for the Executive Branch, and it would be the intent of the latter to assure that in the future, the U. S. financial obligations that it assumes under any future relationship would be met.

During the past fiscal year, the budget for the Trust Territory as appropriated by the U. S. Congress to the Department of the Interior, was approximately \$60 million. Local revenues of the Congress of Micronesia provided further available resources of <sup>over</sup> \$1 million, and a similar amount was available for appropriation by the six district legislatures.

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In addition, some \$7.4 million was provided by a number of U. S. agencies for specific purposes and programs, such as Peace Corps, Community Action programs, U. S. Department of Agriculture food programs, HEW programs in education, and OEO Legal Services.

The operations of other Federal agencies, in addition to direct appropriations and grants, have contributed to Micronesia's economy. The U. S. Post Office, for example, spent a net amount of \$1.8 million in Micronesia in FY 1971, providing postal services in the islands. The Coast Guard expended \$1 million, and the Weather Service nearly \$500,000, in providing their services, at least some of which directly benefitted Micronesia.

In addition to the above there are a number of expenditures which are difficult to calculate but may be significant. These expenditures of the Department of Defense, for example, are difficult to put a dollar figure on, but include excess materiel programs, the transfer and loan of ships and other craft, Civic Action Teams, and search and rescue and medical evacuation operations. In addition, the economy of Micronesia is served by Kwajalein's Micronesian payroll--over \$2.5 million annually--as well as sales and income taxes of over \$2 million/as a result of operations there.

Another example might be the activities of the Office of Emergency Preparedness, which has been able to provide rapid assistance in times of emergency and tragedy in Micronesia.

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