Forum File

May 29, 1974

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POSITION PAPER OF THE MARIANAS POLITICAL STATUS COMMISSION REGARDING PHASE II FINANCIAL SUPPORT

The Commission appreciates the thoughtful and constructive response of the U. S. Delegation on May 28 to the Commission's Phase II paper dated May 15, 1974. This position paper contains the Commission's further thoughts on this most important subject.

General Observations

First, the Commission is reassured by the U. S. Delegation's statement regarding its economic goals in the Marianas. We, too, recognize the ambiguities inherent in such terms as "self-sufficiency" and "standards of living". The Commission recognizes also that, by certain international standards, the Marianas would be considered to be a developed country. Let us be perfectly clear: the members of the Commission are <u>not</u> seeking guaranteed prosperity or a preferred status for the people of the Marianas. What we are seeking is that minimum level of economic support by the United States which will enable our people to develop fully their own resources--personal as well as physical--and to have the same opportunity over the years to reach the standard of living

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enjoyed on the average by the other communities in the American political family.

Second, the Commission is persuaded that some recognition must be given to the other financial resources which will be available to the new Marianas government. We agree that the Commonwealth will derive some income from the construction of the Tinian base during Phase II, from tax rebates, and from public lands. But our principal concerns here arise from the uncertainties of timing, various legal questions which must be more carefully examined, and the inevitable difficulty in estimating the extent of income from these sources. Reasonable men can obviously differ in advancing such estimates--and only time and experience will tell us who made the more accurate forecast. Under these circumstances, and especially during the first multi-year period of direct U. S. financial support, the Commission feels impelled to be on the conservative side in estimating revenues from these sources.

Third, the Commission agrees that Federal programs and services are important. Their availability is uncertain, as we have said before, especially in the pre-termination years which are included in Phase II. Moreover, many of these programs provide services directly to the people rather than to the government, so that the full value of all Federal programs cannot be treated as though it is part of the Marianas government budget. The Commission intends to be as energetic

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and resourceful in taking advantage of Federal programs as possible, and we appreciate the U. S. Delegation's assurances that Federal agencies in Washington will be looking for ways to help the Marianas. We look forward to the study of this general subject which is scheduled as part of the Phase I planning effort.

Specific Comments

The Commission appreciates the favorable response of the U. S. Delegation to many of the points made in the Commission~~'s paper of May 15.~~ We have these specific comments on your current proposal.

1. We are glad that the U. S. Delegation will recommend that the initial start-up commitment be for seven years rather than five. The Commission believes that this will be very helpful to the new Marianas government.

2. The Commission is pleased that the U. S. Delegation now indicates that its figures will be in terms of constant dollars based on the value of the 1975 dollar.

3. The Commission welcomes your statement that the U. S. Delegation will investigate the re-allocation of allocated funds as between different categories and the possible carry-over of funds from one year until the next. This authority would permit needed flexibility.

4. The Commission does not attach great significance to whether Phase II starts in FY 1977 or FY 1978. We suggest

that our slightly different views on this issue will probably be easily resolved within the next several months.

5. With respect to support for government operations, the Commission is prepared to agree to a figure of $8.0 million a year. We are prepared to reduce our earlier figure of $10.0 million a year in order to take account of the other sources of revenues which the U. S. Delegation emphasizes will be available to the Marianas.

6. With respect to funds for economic development, the Commission is prepared to agree to the U. S. Delegation's proposal of $1.5 million a year. The Commission accepts the condition that $500,000 of this amount will be used annually for seven years for small loans to farmers and fishermen and agricultural and marine cooperatives.

Capital Improvements

As a result of the progress we have made regarding Phase II financial support, the only real difference between us is the question of funds for capital improvements. The Commission continues to believe that the Marianas require $4.5 million a year from the United States for this purpose rather than the $3.0 million proposed by the U. S. Delegation. You have heard most of our reasons for this position, but we will try to summarize them again.

First, the Commission wishes to emphasize that this is an area where its members have great experience and specific expertise. Some of the Commission's members helped develop the figures contained in TTPI documents relied upon by the U. S. Delegation. Other of the Commission's members are personally aware of the budgetary restraints which have dictated capital improvements expenditures in the TTPI during the last decade. Still other Commission members are keenly aware of the inadequate expenditures made in their communities during this same period. In this area, therefore, the Commission is the best judge of its needs, just as the reverse was true in the area of U. S. military requirements.

Second, the Commission appreciates the fact that the U. S. offer of $3.0 million is higher than the annual average of $2.5 million spent and projected by the TTPI during the years from 1970 to 1980. What we are trying to say is that this average of $2.5 million was and is seriously short of our real needs. The outer islands, like Rota, have been virtually ignored in terms of capital expenditures for the last decade. The infrastructure on Saipan must be substantially upgraded--and promptly--if the economic development projected for this island is to become a reality. Power, water, harbors, and roads are also indispensable for the agricultural development of the islands, thus providing that diversity of economic base and variety of employment opportunities which have been stressed by both parties in these negotiations.

Third, the Commission is even more convinced of the need for $4.5 million a year because of the United States' decision not to relocate the village of San Jose on Tinian. The Commission's figure was developed before the new plans for Tinian were announced. It took into account the earlier, public commitment by the United States that approximately $13.0 million was going to be spent by the United States in constructing a new village of San Jose. This is no longer the case. It will now be the primary responsibility of the new Marianas government to ensure that the people on Tinian have roads, utilities, and other public services adequate to their needs. This is obviously a matter of real concern as well to the United States, since no one wants to see a "shanty-town" of local Marianas citizens right next to newly constructed residences and facilities for military personnel, their dependents, and others associated with the Tinian base. The Commission is confident that U. S. military authorities will find many constructive ways to help the people of Tinian. But what we need now is a guarantee that funds needed for capital improvements on Tinian will be included as part of Phase II support. Recognition of this need by the U. S. Delegation will go a long way toward reassuring the people of Tinian that their interests have been fully protected --by both the United States and this Commission--and that they should support the decision of this Commission in agreeing to U. S. military land requirements.

Conclusion

In summary, the Commission's position is that it requires Phase II financial support of $14.0 million a year --only $1.5 million more than the U. S. figure of $12.5 million. This represents a significant compromise by the Commission. The difference of $1.5 million represents the Commission's conviction that more extensive capital improvements in the Marianas are required than would be possible under the terms of the U. S. offer.

Another alternative, which is equally acceptable to the Commission, involves the current programming of a power plant facility for Saipan in FY 1977 in the amount of $4.5 million. If the Commission can be assured that this facility will be financed by the TTPI during Phase I, then the Commission would accept a capital improvements figure of $4.0 million a year during Phase II--or a total level of $13.5 million a year for Phase II financial support. This result could be reached in one of two ways; either Phase II can begin in FY 1978, which we believe is more realistic, or the power plant facility can be advanced to FY 1976 rather than FY 1977.

The Commission hopes that the U. S. Delegation will consider this proposal carefully and will recommend its acceptance by the U. S. Government.