

Commission Presses Firm \$\$ Promises

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By Diane Maddex
Daily News Staff Writer

SAIPAN--The founding fathers of the new Marianas government are looking to the U.S. for financial assistance extending to the year 2000 "and perhaps beyond."

In current dollars, this could entail \$167.3 million for the period 1974-81 alone, according to figures prepared for the Marianas Political Status Commission.

The projections are contained in position papers discussed privately during the May 15-to-June 4 round of status talks between the Marianas and the U.S.

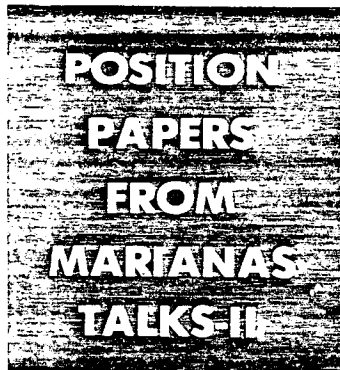
The Marianas has proposed a three-phased program of U.S. economic support during its transition to a new political status, a process it expects to "continue for many years beyond the formal acceptance of a new status agreement."

Letter From Gachong

Dear Mr. Editor:

Times change. Before Mr. Agnew's troubles the phrase read "beware of Greeks bearing gifts."

Gachong



The U.S. side also said it "would not be surprised if the Marianas were well on the road to self-sufficiency" before the phase-out of direct U.S. economic assistance now contemplated by the Marianas.

The position papers, which have been released only to the Mariana Islands District Legislature, disclose that the U.S. delegation said it would be premature to set a level of U.S. aid until the closely related question of land has been reviewed.

'Release' Rapped

An official release on economics and finance that was issued jointly by the two delegations on May 29 came in for a critical private note from Marianas commission chairman Edward DLG. Pangelinan. Addressing himself to Ambassador Franklin Haydn Williams on behalf of a unanimous Marianas delegation, Pangelinan said: "The commitments made by the United States in the area of economic and financial support in this (press) release are *not* as *specific, definite or generous* as the commission believes appropriate.

"The commission intends to press its views on this matter vigorously in the future at every possible occasion until the United States is prepared to

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U.S. Aird Money Till 2000...

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make the financial commitments necessary for the future growth and development of the Marianas."

Pangelinan's comments would seem to indicate that the "joint press release" had been prepared by the U.S. delegation. Evidently choosing to disregard the figures the Marianas had presented to the U.S. side, one sentence in the official release said: "The two

Chairmen stated that it was not possible at this time to provide any reliable estimates regarding the level of annual financial requirements which might be necessary for the new Commonwealth to achieve self-sufficiency."

The commission added, however, "that any benefits from military operations which might reduce the level of required (U.S.) budget support should be provided in some other form in the event military plans are not implemented.... The commission feels that it is essential for the United States to make specific commitments of economic assistance which will not be contingent on the re-establishment of the military in the Marianas."

The Marianas anticipated that required planning activities under Phase I will cost \$4.5 million. The one-year period would be devoted to preparing detailed plans for government reorganization, economic and social development and legal matters such as a constitutional convention. The bulk of the request, \$3.75 million, would be used for land surveys and master planning.

The commission proposed that Phase I funds be granted immediately after the conclusion of successful negotiations for a new political status.

To implement these plans in Phase II, the Marianas asked the U.S. to give its assurance that it will provide a total of \$162.8 million (in current dollars) in

Lamburger Cleared

Inset

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...Seen By Marianians Side

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U.S. side on Tinian: 1,000-man construction force, and here's how much money from it.

needed budget support from 1975 to 1981. This figure, averaging about \$33.25 million a year, was arrived at by subtracting the expected tax revenues from the projected government expenditures for capital improvements, program operations and economic development.

"Even though the tax burden in the Marianas is projected to increase by more than 100 per cent between 1973 and 1981, from 8 per cent to 19 per cent of district income," said the commission, "large government deficits will still exist."

To meet the needs for commercial investment and housing development during Phase II, the commission proposed the creation of a Marianas-owned development corporation to provide equity financing, loans and technical assistance. Such a corporation could attract capital from external sources while "providing safeguards against external domination of the Marianas' economy," says the commission's position paper. It estimated that \$47.7 million (in 1975 dollars) would be required for capital improvement projects through 1980.

Growth Ideas

Other projections for Marianas growth from 1973 to 1981 include:

- A population increase from 14,000 to 24,200
- A rise in district income from \$15 million to \$58.3 million.
- A per capita income increase from \$1,000 to \$2,430.
- An increase in total tax revenue from \$1.2 million to \$11.1 million.

Tinian \$ Told

The commission also estimated that expenditures for capital improvements would go from a current \$2.2 million to a high of \$12.3 million in 1979. Program operations from \$5 million to \$20.5 in 1981 and economic development to highs of \$10 million in 1975 and 1976 (no current figure is given).

The commission stated that it was difficult to project financial requirements beyond Phase II. It proposed that a review of Phase III budget support be made in the fifth year of Phase II, 1979.

In responding to the Marianas position paper, the U.S. said it had examined the experience of Puerto Rico, the Virgin Islands, American Samoa "and also your close neighbor" to the south, Guam. "These 'have now, in a sense, graduated' from the U.S. policy 'of encouraging and assisting these members of the American family to become more and more self-sufficient

while providing needed back-up support and incentives for the generation of local revenues," the U.S. delegation said.

It said that it envisions two forms of annual financial assistance for the Marianas: direct grants and the extension of federal programs and services to the Marianas.

As possible sources of revenue or income under the proposed commonwealth that were not detailed by the Marianas paper, the U.S. suggested the disposal of public lands returned to the district, income from property taken over from the TT government when it transfers out of the Marianas, import duties, income taxes and real estate and property taxes.

The most "dramatic increase in revenues," said the U.S., would come from the military. During the six years predicted for construction of the proposed Tinian base, \$39.8 million is expected to flow into the Marianas economy (not taking into account a multiplier factor of 2½ to 3 used to calculate "the actual impact on the economy of a develop-

society"). A labor force of 1,000 would be required.

After construction of the base, the U.S. projected the impact of military operations at \$15 million a year (again without the multiplier factor). It estimated that the completed base would employ 600 local employees.

An additional \$4 million a year could come from federal tax revenues of base personnel. Besides criticizing the Marianas financial projections for not taking these sources of income into account, the U.S. also questioned the "inordinately high" population increase estimate, the high capital improvement budget, the application of GovGuam pay scales and the Marianas Development Corporation proposal.

The Marianas delegation answered that "controlled immigration into the Marianas will be necessary if we are to attain our economic goal" and that "any substantial salary and wage differential between the Marianas and Guam would result in outmigration to Guam

of most skilled and well trained people in the Marianas."

Who's To Run It?

The commission agreed to further study the capital improvements expenditures, but took a hard line on the economic development proposals.

"We see little possibility for true self-government if we do not participate in and control our economy after the change in our political status," it said. "We are sure that you are aware that Japanese and other outside investors are already showing interest in the Marianas."

"Let us assure you that one of the reasons for this interest is the possibility which some investors see for controlling our economy by making relatively small commitments of capital in the Marianas. The total public and private investment which is required in the future is well within the capabilities of single large companies."

"We do not want the Marianas to be dominated by absentee landlords."

The Subject is

