

Congress of Micronesia - February 14, 1975

REMARKS BY REPRESENTATIVE SETIK

**MR. SETIK:** Mr. Speaker and members of the House of Representatives:

This afternoon I want to take the opportunity to speak briefly about revenue and, in this regard, I assure the gentle lady and her colleagues from the Marshall Islands District that I am not talking about revenue sharing. Rather, I want to talk about U.S. revenues, used as grant funds for allocation to Trust Territory projects and on-going programs.

As you know, the Congress of Micronesia's Joint Committee on Program and Budget Planning has the task of reviewing annually the High Commissioner's proposed budget for the Trust Territory. Formerly, it also reviewed five-year plans in connection with the annual grant. Since the committee has received the Micron's proposed budget, we hold hearings either on Saipan or in the Districts and receive district input. After this process, we then make recommendations to add, delete, or change allocations according to the sense of the committee based on District input. We also go through a similar process for any special supplementals proposed under current writings, and, in addition, members of this Joint Committee also testify in support of authorization hearings on new funding levels as they are put forward in the U.S. Congress.

As I said, we make our recommendations and then submit them to the High Commissioner, who then makes the final determinations on the budget. Often, I suspect, these recommendations end up in the wastebasket, although to be fair, many times the administration accepts parts of some of our recommendations.

A particularly good example of what happens at this level is shown by the Joint Committee's recommendation to decrease administrative salaries and overhead at the Headquarters level in the FY 1976 budget by half a million dollars and to spend the money for capital improvement projects. In one instance we reallocated \$200,000 of this Headquarters cut to road construction in one district. The High Commissioner did not accept this recommendation, and the \$200,000 was restored to Headquarters. Ironically, however, when the Micron appeared in Washington April hearings, he supported our budget writings by saying that Micronesia still needed replacement of a basic infrastructure, including the construction of all things--road. All this would be very funny if it were not so pathetic.

Because of such examples, and for other reasons, the Joint Committee on Program and Budget Planning and its members have proposed that a block grant be given to this Congress to then allocate in the ways it sees fit. As was pointed out by Senator Tabua in his speech the other day, this was the practice of the Australian Government with the Trust Territory of Papua-New Guinea. Despite this, and despite support from the High Commissioner on this proposal, the hands of this Congress still remain tied in this as well as other areas.

As a consequence, some of my colleagues in both Houses have expressed their dissatisfaction with Congress of Micronesia participation in the budget process. Senator Tontuch has described it, if I recall correctly, as an "exercise in frustration," partly because budgets are submitted in accordance with the U.S. budget cycle which inevitably does not allow us enough time to give full consideration to the budget as we would like.

Despite all these drawbacks, the committee has conscientiously continued to review and recommend and to support programs and projects, ceiling levels and special supplementals before the U.S. Congress because Micronesians have a vital interest in what happens with these funds, and also because if we are not concerned enough to care about this process, except to criticize it, then I doubt whether we are truly ready for that self-government many of us talk about in fine speeches.



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Therefore, we have continued with our often frustrating work because the committee is trying to work in the best interests of all of the districts of Micronesia, and all its people.

Unfortunately, the budget process does not stop at the Territory-wide level, for after our recommendations are submitted, and the High Commissioner prepares the budget, it is then given to the Department of the Interior for review, where additional changes may be made. After that the budget then goes to the President's Office of Management and Budget, where the practice has been to reduce if possible the total, in order to stay within Presidential fiscal guidelines. Finally, the budget gets to the appropriate committees in the U.S. Congress, and often when we appear before them, the final diversion is quite different than what we originally reviewed or what the Micron recommended. As a result, often the Congress of Micronesia representatives and the High Commissioner present a strong united front in requesting additions and changes to be made in committee. However, actual practice indicates that rarely are these requests granted, as the U.S. Congress is rightly reluctant to change a submission in our case because a Presidential veto would have extremely serious consequences for the Trust Territory, and would result in a lot of time, energy and money being spent to rush through a measure to continue funds for the civil administration of the Trust Territory. After all, as we have pointed out time and time again, the Trust Territory is not simply another agency or branch of the U.S. Government, it is a developing nation, populated by men, women and children who need certain basic human services. Furthermore, Micronesia is a Trust Territory for which the United States Government has special obligations. Therefore, a veto or sudden reduction for Micronesia does not have the same effect as, for example, vetoing a line item in a military appropriation bill. A veto or sharp reduction would have a disastrous effect on all districts and all of our citizens.

My intention in delivering these remarks is not to speak of vetoes, however, or even of the possible effect recent controversy and proposed hearings in Washington, D.C., in connection with the mismanagement of TI funds and programs, but rather to note certain disturbing new trends in the budget process, about which I believe each and every member of this Congress should be aware.

I think I can sum up this new tendency by saying that, formerly, the bone of contention in the budgetary process was usually between this Congress and the High Commissioner's office. Therefore, in a sense, the final outcome was determined at the appropriate level, meaning at the Territory-wide level, where the money was actually to be spent. More recently, and by this I mean in the past two years, it appears that the Department of the Interior is making both initial and final decisions in budgetary matters, which the High Commissioner is obligated to follow and the Congress of Micronesia is powerless to stop. More particularly, this new direction appears to be coming from Ambassador Franklin Williams' Office of Micronesian Status Negotiations and while Territorial Affairs Representatives disclaim this fact, and while OSM is a relatively small, special branch within Interior, it is my considered opinion that most of the crucial matters handled by Territorial Affairs are decided upon by OSM. OSM is the tail wagging the dog, although the dog claims that he wags his tail when he wants to.

I say this for a number of reasons, some of which you will recall, and others I have yet to present.

With regard to the former, I believe you may have heard members of the Joint Committee on Program and Budget Planning, the Presiding Officers of the Fifth Congress of Micronesia, and others strenuously objected to Department of the Interior moves to supply about \$4 million for Marianas power facilities either out of new field trip vessels in the 1975 budget or from certain district projects in the 1976 budget. This change came about not from the Office of the High Commissioner, but through the influence of OSM. Previously, we had also objected to cutting funds for a new field trip vessel, and an expanded airfield facility in Truk District, and reallocating them to an accelerated land cadastre program. This, too, was requested by OSM.

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It is, therefore, obvious to me that our budget is no longer dictated by what it is that we Micronesians, or our High Commissioner feels is needed in these islands, but by the premises, plans, and personal ambitions of certain highly-placed bureaucrats in the Administration in Washington, D.C.

To further illustrate this point, it is necessary to bring in the relationship between the current suspended status negotiations, and the budget process. During the early spring of 1974, members of the Joint Committee on Future Status met with members of the U.S. Negotiating Team to discuss, among other things, funding levels for the period of transition to a new status, and for the period thereafter as specified in the Draft Compact of Association. This meeting was held due to the inability of an earlier meeting to agree on funding levels. The U.S. side proposed certain levels which appeared to be more acceptable, but no definite agreement or commitment was made by our representatives since such levels would have to be agreed upon by this Congress. Contrary to this understanding, the U.S. negotiators then proceeded to act as though these figures were agreed upon. As a consequence, a bill was introduced into the U.S. Congress based on these new ceiling figures which are \$75 million for 1975, \$80 million for 1976, and \$85 million for 1977, including a built-in inflation, or "constant dollar" factor.

All of this is by way of providing background and therefore meaning to what follows. I have recently, unofficially acquired a copy of an undated memorandum to Ambassador Franklin Williams from the Acting Director of Territorial Affairs, Emmett R. Rice. This memorandum indicates that

(1) Senator Henry Jackson has introduced a bill which, instead of raising the ceiling for 1975 and thus providing an additional \$15 million for this fiscal year, authorizes only \$6.65 million for fuel and supplies for power plants and ships, \$1.4 million for the Yap Hospital, and \$105,000 for matching funds for dispensaries. Not included are \$8 million for new field trip ships, \$1 million for Transport debts, \$200,000 for architecture and engineering, and \$150,000 for development planning.

With regard to this matter, it seems clear that these cuts are not a result of OMB's delay, or interference by the Department. However, undoubtedly Senator Jackson is not willing to restore these amounts until he can be convinced in forthcoming oversight hearings next month, that the Trust Territory really needs this money for the stated purposes. While I am sure that each and every one of us realize the need for these items, you can be sure that those members of the Congress who do attend the hearing will amply explain the need for them, especially for such vital items as field trip ships, and development planning.

(2) It is curious to note, because it is consistent with my belief, that a separate \$1.5 million for Mariana's transition on Senator Jackson's desk will not be "a problem," according to the memorandum.

(3) What is perhaps the most galling, the most upsetting of all about this memorandum, is that it indicates that the Interior Department, acting Territorial Affairs, which means OMB, is submitting a bill which would provide the above-mentioned amounts for 1975 and 1976, but which would only provide \$75 million for 1977 and not \$85 million as earlier indicated because, in the SUTA part II, of the "delay in reaching agreement with the Joint Committee on the Future Political Status of Micronesia, FY '77 will drop from Stage II into Stage I." Granted, we have not agreed to these funding levels, but despite that, it is obvious that an increase, not a decrease, is needed—not only for the United States of America to discharge its duties under the Trusteeship Agreement and provide a basic infrastructure and services to our people, but also because of runaway inflation which has hit Micronesia harder than Seattle, Washington, or Milwaukee, Wisconsin, or Miami Beach, Florida.

But that is not the main point in question. The main point is that our funding levels are apparently now being based on how quickly status negotiations proceed in favor of the United States, and not according to the real needs of Micronesia. This memorandum reveals that the mentality prevalent in the Interior Department is that spending levels will be reduced unless the Micronesians come around to the U.S. position. The budget now has become a tool, a political lever to be used to force an agreement, rather than as it properly should be, to provide those basic components of infrastructure necessary for Micronesia to decrease its dependence upon the United States. What is most ironic in this matter is that the delays mentioned in the memorandum resulted from U.S. policies and actions. As a consequence, it appears that we are being "punished" for delays caused by someone else. We are being penalized for not rushing into an agreement on terms dictated by certain representatives of the United States Government.

I bring these matters to your attention because I want it made clear to all of us and to our Micronesian citizens that this Congress has never, and does not now have the final say with regard to the Trust Territory budget, and that political appointees 30,000 miles away in Washington are the ones who determine if an island gets a new dispensary or not, or if a new school is built or not. I want all Micronesians to know that if their capra lies rotting on the outer islands today it is because Washington officials consider land surveys more important for political reasons than dependable field trip vessels for our hard-working citizens.

I want to make it clear that the shortest and most dangerous airfield in Micronesia has not been made longer, because a political appointee made a deal to take away those funds for another purpose.

I want everyone to know that if roads, schools, water facilities, or other projects are not constructed, it is from a calculated decision to defer them because of the personal ambitions of people who have no love for Micronesia, but only their own careers.

The only way such problems can ever be settled is when we can control allocations of grant funds, and when we can generate enough revenues to replace those grant funds. Unfortunately, the very people toward whom we look to assist us in such endeavors are the very people who have designs upon Micronesia different from our own.

I would like to believe that the actions of these people do not actually reflect U.S. policy, and I would also like to believe that if they were removed in a general house cleaning, that attitudes and actions would change, and we could conduct our budgetary, status, and other relations with the U.S. on the basis of mutual respect and friendship, instead of an adversarial or unequal footing.

Unfortunately, Mr. Speaker, recent experiences indicate that the day when we will control these funds, and control our own destiny, seems to be getting farther away--instead of closer.

Despite this, I do not intend to give up, and I urge all of us not to give up. There are our islands, and us and our children will be here long after certain people are long gone.

So let us keep trying to the best of our efforts, despite the fact that the odds are against us. Thank you, Mr. Speaker.

