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STATEMENT OF REPRESENTATIVE RAYMOND SETIK AND SENATOR BAILEY OLTER,
CO-CHAIRMEN, JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING, CONGRESS
OF MICRONESIA, BEFORE THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS, MARCH 24, 1975

Mr. Chairman,

It is indeed an honor and a pleasure for us to appear before your Committee at these hearings concerning the ceilings for Micronesia for Fiscal Years 1975, 1976 and 1977. There are several areas that we would like to discuss with you concerning Government funding in Micronesia. They are: The Fiscal Year 1975 supplemental authorization request; the Fiscal Years 1976 and 1977 authorization requests; a special request for an authorization for the Community College of Micronesia; and our needs for future years.

Supplemental Request for Fiscal Year 1975

Whether the items requested as supplemental for Fiscal Year 1975 properly belong in a supplemental request or not is something that was decided in Washington. I can, however, speak to the need for these items. As I understand it, Mr. Chairman, your proposal is to authorize \$5,650,000 for fuel and supplies, the Yap Hospital and dispensary matching funds. We certainly support all of these projects, but would also like you to give favorable consideration to the other items in our supplemental request. The major item is \$8,055,000 for four ships. When considering these ships, we urge you to consider that almost fifty percent of Micronesia's total population lives on islands 50 to 500 miles from the district centers. However, the vast majority of funds spent in Micronesia have been used for the district center

populations. Water and sewer systems, airports, roads, hospitals and docks have all been for the district centers. The outer islands may have gotten a few dispensaries and elementary schools, but that is about it. These ships are the only major item that has been requested for the people of the outer islands in the past 10 years.

Without these ships, the people who live in the outer islands are cut off from the outside world. They can not sell their produce or purchase needed commodities. These ships are their lifeline. The only visible part of both the United States and Micronesian governments for these people are the field trip ships. The views of these people regarding the government, naturally, are directly related to the regularity and quality of the field trip service. These ships are from ten to forty years old, and replacement parts for many of them are not available. The facilities on board do not even meet the minimum standards of sanitation. We have had as many as four of these ships out of service at one time. The situation severely restricts the regularity of field trip service to the people. It also makes emergency service questionable, thereby endangering the very lives of these people. This is especially true since the Defense Department has terminated the sea/air rescue program for Micronesia. These ships are no longer capable of providing even the most minimal standards of service to 50,000 of our people. I am sure that the High Commissioner will provide you with more details on the condition of our present fleet of ships. These ships, Mr. Chairman, are clearly our first priority for the Fiscal Year 1975 supplemental. We sincerely hope that they will not be delayed further.

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The second item concerns \$150,000--\$120,000 of which is for an economic development plan for Micronesia. I will discuss this plan more fully in the last part of my statement, but for now I would like to mention that this is a joint project for the Congress of Micronesia and the Administration. An additional \$70,000 was appropriated for this project by the Congress of Micronesia.

Fiscal Years 1976 and 1977 Authorization Requests

We do not completely support the Department of the Interior's request for Fiscal Year 1976 of \$80,000,000, for this does not include a needed \$1,778,000 for statutory pay increases. Therefore, we are requesting an authorization of \$81,778,000 for Fiscal Year 1976 and would like to request that you make appropriate amendments to the authorizing legislation. Maybe we should explain how this situation came about. The United States has made a proposal for funding Micronesia's government during the transition period. This proposal by the Office of Micronesian Status Negotiations has never been accepted by the Congress of Micronesia nor any of its Committees. However, the funding levels in this proposal are being used as the basis for this ceiling legislation. The figure in that proposal, in constant 1975 dollars for Fiscal Year 1976, is \$80,000,000--\$55,000,000 for operations and \$25,000,000 for Capital Improvements Projects. While the constant dollar concept may be workable, it is certainly causing us trouble in Fiscal Year 1976. The High Commissioner and the Department of the Interior informed us that our statutory pay increases would not need to be included in the \$80,000,000 for Fiscal Year 1976, but would be included as part of an adjustment for price

increases. Our budget was prepared on that basis. The Office of Management and Budget, however, evidently decided that those pay increases should indeed have been included in our regular budget, thereby reducing the level of government services which can be provided. We would like to ask you to increase our authorization to include the cost of these pay increases. If these costs are not included it will result in a large number of Micronesians being put out of work at a time when we can least afford to do that.

Other than this problem, we completely support the Department of the Interior's request for Fiscal Year 1976. These funds will be used for ongoing operating programs and basic capital improvement projects such as classrooms; roads; airfields; agricultural and marine resources facilities; water, sewer and power projects; and hospital improvements. All of these facilities are badly needed and will help to establish the infrastructure for economic development. However, the management of these projects can certainly be improved over past years' performances.

Considering Fiscal Year 1977, Mr. Chairman, an even more serious problem has arisen. As we stated earlier, the Department of the Interior agreed to support ceiling legislation for Micronesia for Fiscal Year 1977 of \$84,000,000. As you can see, their present request has been reduced to \$79,000,000. The reason, as stated in a memorandum from Mr. Emmett Rice to Ambassador Franklin Williams, is "due to delay in reaching agreement with the Joint Committee on Future Political Status of Micronesia...." We do not know what is really behind this decision but it does concern us. It seems to us that there is no logical

financial relationship between the speed of these negotiations and the level of our funding. This proposed reduction of \$5,000,000 in Fiscal Year 1977 will not come from our operations budget, but will come from our capital improvement budget. We do not know yet which particular capital improvement project will be deleted from our budget. The need for these things is clear. We would like to see our level of funding related to the real needs of Micronesia for essential projects rather than to the speed at which we negotiate our future status. Therefore, we ask that you amend this legislation to increase our ceiling for Fiscal Year 1977 to \$84,000,000. This figure is related to Micronesia's need and ability to spend the funds, rather than any political considerations.

Community College of Micronesia

On February 5, 1975, we wrote to you, Mr. Chairman, concerning Micronesia's need to construct a new campus for our Community College. The total cost of this project will be \$8,225,248. At the present time, Micronesia has only one institution of higher learning, the Community College of Micronesia. This institution has great potential to become an important part of our developing nation. At the present time, the college is housed in temporary quarters which are literally about to collapse. These structures are congested, unsanitary, hot and totally unsuitable for dormitory purposes. If new facilities are not provided, this institution will not be able to continue to operate and certainly will never become a real institution of higher learning. At present, the Community College is little more than a teacher training center. This project is not included in our authorization

proposal for Fiscal Year 1976 or any other year that we know of. It is certainly, however, of very high priority to the Congress of Micronesia. It is one of those projects that can easily be deferred year after year because the amount of money involved is so large. It seems almost impossible for us to be able to eliminate more than \$8,000,000 of other programs to accommodate this project. For example, in Fiscal Year 1976 we are planning for the following major Capital Improvement Projects:

Classrooms	\$1,968,000
Hospitals	\$1,664,000
Roads	\$4,880,000
Docks and Ports	\$2,792,000
Airfields	\$3,254,000
Marine Resources	\$1,876,000
Water Systems	\$2,163,000
Power Systems	\$1,543,000

So, we could eliminate all funds for classrooms, hospitals, and roads, to get the college. On the other hand, we could eliminate all of our funds for power, water and marine resources and still not have nearly enough for this project. I just want to point out the types of choices which would have to be made to fund this large a project. So much has to be given up to get it.

That does not mean that an institution of higher learning is not of great importance to Micronesia. We respect the United States' promise under the terms of the Trusteeship Agreement to promote education in Micronesia. We are not asking for an elaborate university system. We would, however, like to have one viable institution of higher learning in Micronesia before a change in status. What we really need is an institution that will train Micronesians to run our country. We want to train people in those areas where we must presently

employ expatriates, at a cost we cannot afford. We want to train people to run our industries and government.

Now, seventy percent of our post secondary students must obtain their education outside of Micronesia. This approach is very expensive and means that only a small percentage of our students can pursue their education beyond the high school level. One thing that a developing nation needs more than anything else is trained people to move the country forward. As you know, a free society is in part based on having well-educated and informed people. The Community College of Micronesia would not only provide Micronesia with an institution of higher learning, but more important, it would be a good investment in building a free and stable society in Micronesia.

Our Needs for the Future

Your letter to us concerning these hearings stressed your concern with how we felt about our needs for the future. Quite frankly, this is the first time that anyone from the United States Government has asked us this question. We are often asked what we want to do with the limited funds that are available to us. We are not asked what we need to prepare Micronesia for economic self-sufficiency. Most Micronesians have a general idea what they want. We want good school systems; a good health care system; availability of water, sewers and power in the population centers; good roads, docks, and airports; frequent and regular field trip service. On the other hand, we want an economy that will give all Micronesians a decent standard of living and enable us to raise enough revenue to support our government.

To have this type of development in agriculture, marine resources and tourism, we need outside capital. As to the details of these needs in terms of specific projects and dollar cost, we do not have that information at this time. However, the Congress of Micronesia has taken definite steps to insure that such information will be available by next year. The Congress of Micronesia recently passed a bill to create a development plan for Micronesia.

As we stated earlier, our goal is self-sufficiency. When we will reach that level of development is unknown and we cannot even make a good guess. It depends on many things. One of the most important, at this point, is continuing United States financial support. We hope to be able to give you details on exactly what we will need when our development plan is created. Without continuing United States financial support, however, economic development will indeed be slow. With it, in sufficient amounts, our infrastructure can be put in place, and our infant industries can be developed, which will create more revenue, more jobs, a higher standard of living for our people and finally, economic self-sufficiency. That Mr. Chairman, is our goal. With your help, we hope it can soon be a reality.