

June 11, 1975

LCardwell/NRD

Alert re Hearing on Monday, June 16, on H.R. 5450, New Federal Aid to Guam

Mr. James Mitchell

Interior Department staff called this morning to alert us to a hearing just scheduled by the House Interior Subcommittee on Territorial Affairs (Chr. Phillip Burton, D, Calif.) on H.R. 5450 (copy attached).

H.R. 5450 would authorize:

- a) \$56 M annually of Federal aid, not more than 50% of which could be in the form of loans (balance in grants), starting in FY 1976 and continuing into the indefinite future all to help finance construction of educational, water and sewer facilities on Guam. After 1976, the \$56 M amount would be adjusted to reflect changes from 1976 prices.
- b) The Secretary of the Interior to guarantee notes or other obligations issued by the Government of Guam for the purpose of financing "the total community development of Guam." The amount of such obligations so guaranteed could not exceed the amount appropriated to the Secretary under a) for loans and the amount available for loans would be reduced by the amount of any such guarantees.

The attached file provides essential background information on the question of possible new Federal aid for Guam and other related subjects.

I have indicated to Interior staff that at staff level our views are as follows:

1. If possible, the Monday hearing should be cancelled.
2. If the hearing is held, the Department should strongly oppose H.R. 5450 because the amounts of Federal assistance it would authorize are far in

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excess of any justification we have ever seen or can conceive of for an island population (including U.S. military and dependents but excluding current refugees) of about 100 K people.

Deputy Assistant Secretary Stanley Doremus has indicated Department staff are attempting to get the Monday hearing cancelled but says they are doubtful they can make that happen. The Committee staff reportedly have said they don't care whether or not an Interior witness appears at the hearing. Stan Doremus says that the Committee may only be holding the hearing as a favor for Guam's non-voting delegate, Mr. Won Pat (D), so that he can get credit for that much action when Guam's Governor Ricardo Bordallo (D) arrives in Washington early next week.

In the meantime, Interior staff are preparing a report which would strongly oppose enactment of H.R. 5450 but leave open the possibility of new Federal aid in the future.

We have alerted NSC staff (J. Taylor) about the hearing and the likely position on H.R. 5450. They were aware Governor Bordallo was coming to Washington and are recommending a meeting with the President for him. The purpose of the meeting would be to express thanks for Guam's hosting Vietnam refugees but not to engage in substantive discussions.

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cc:
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Mr. Crabill
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