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NC 08934

TOR1240219Z FEB 76

"WHEREAS, IT SEEMS BY COINCIDENCE THAT THESE TWO SENATORS HAVE SEVERAL THINGS IN COMMON, THEREFORE THEY SHOULD BE BAPTIZED THE MILI-TOBI SENATORS; AND

*BG/Pd
status/
Mariana*

"WHEREAS, THE HONORABLE ROMAN TMETUOHL, A SENATOR FROM PALAU HAS ENTRANCED SENATORS AND SPECTATORS ALIKE WITH HIS MANY THOUGHTFUL, ABSTAINING VOTES, AND HIS EFFORTS TO REDUCE HIS SALARY AND THOSE OF HIS COLLEAGUES, WAS BORN ON FEBRUARY 11; AND

"WHEREAS, BESPECTACLED SENATOR WILFRED KENDALL FROM THE MARSHALLS IS REKNOWNED FOR HIS INTERCULTURAL ADOPTION OF AN ADDICTION TO MASTICATING ASTRINGENT ARECA CATECU SEEDS BEFORE, DURING, AND AFTER SESSIONS OF CONGRESS; NOW THEREFORE,

"BE IT RESOLVED THAT THE SENATE OF THE SIXTH CONGRESS, SECOND REGULAR SESSION, 1976, CONGRATULATES THEIR MILI-TOBI COLLEAGUES ON THEIR BIRTHDAYS."

SENATOR MANGEFEL WISHED THAT CERTIFIED COPIES OF HIS SENATE RESOLUTION "BE TRANSMITTED TO THE AFOREMENTIONED SENATORS WHOSE JURISDICTIONS INCLUDE AND WHOSE NEW NAMESAKES ARE MILI AND TOBI.

(SUMMARY: COM'S SIXTH WEEK)

SAIPAN, FEB. 23 (COM)---EARLY LAST YEAR, THE CHAIRMAN AND CO-CHAIRMAN OF THE CONGRESS'S SPECIAL COMMITTEE ON MARIANAS TRANSITION PRESENTED TO THE CONGRESS A REPORT CONTAINING THE VASIC AGREEMENTS REACHED ON VARIOUS ISSUES IN ITS MEETINGS WITH THE MARIANAS AD HOC COMMITTEE. THE REPORT, ACCORDING TO CONGRESSMAN RAYMOND SETIK AND

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P 232912Z FEB 76 2N21 ZDS

FM HICOMTERPACIS SAIPAN MARIANAS ISLANDS

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RUHNSAA/COMNAVMARIANAS GUAM MARIANAS ISLANDS

RUHNSAA/CINCPACREP GUAM/TTP1 GUAM MARIANAS ISLANDS

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RUHGHGA/INTELLIGENCE CENTER PACIFIC (IPAC)

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RUEVAAA/CNO WASHINGTON DC

RHHMBRA/CINCPACFLT MAKALAPA HI

RU-VAAA/CINCPACAF HICKAM AFB HI

RUHGA/COMCPAC CAMP H M SMITH HI

RHAPSRA/COMSUBPAC PEARL HARBOR HI

RULSSAA/NAVFACENGCOMC ALEXANDRIA VA

RUHAGA/COGD FOURTEEN HONOLULU HI

RHHMRBD/PACNAVFACENGCOM PEARL HARBOR HI

RUHUSLC/SAMTEC VANDENBERG AFB CA

RUWHAF/FODNA-LGA KIRTLAND AFB NM

RHAISDA/CDRUSAGO MAKIMINATO JAPAN/TTP1-LNO//

RUCGGDA/CDRBMSSCOM HUNTSVILLE AL//BYD SO-RO//

RUHJAAA/COMCOGARD MARSEC GUAM MARIANAS ISLANDS

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SECTION 23 OF 24

SENATOR JOHN McCORMACK, CHAIRMAN AND CO-CHAIRMAN---

RESPECTIVELY, CONTAINS RECOMMENDATIONS WHICH WOULD SERVE AS

GUIDELINES FOR A "FRIENDLY AND EQUITABLE RELATIONSHIP"

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BETWEEN THE TT AND MARIANAS GOVERNMENTS. THIS REPORT, IF APPROVED BY THE CONGRESS OF MICRONESIA AND THE MARIANAS DISTRICT LEGISLATURE, WOULD GO INTO EFFECT FROM THE TIME THE MARIANAS IS SEPARATED ADMINISTRATIVELY; OR UNTIL THE TT HEADQUARTERS IS RELOCATED TO ANOTHER DISTRICT AND/OR UNTIL THE MARIANAS CONSTITUTIONAL GOVERNMENT IS ESTABLISHED.

THE TWO COMMITTEES AGREED THAT UNTIL THE MICRONESIAN CAPITAL IS RELOCATED, USE OF LAND BY THE TT GOVERNMENT WOULD CONTINUE WITH RESIDUAL RIGHTS TO THOSE LANDS RESTING IN THE MARIANAS GOVERNMENT. ANY DISPUTE WILL BE SETTLED BETWEEN THE HIGH COMMISSIONER AND RESIDENT COMMISSIONER OF THE MARIANAS.

BOTH SIDES SUPPORTED THE CONGRESS OF MICRONESIA REQUEST FOR FUNDS FROM THE U.S. CONGRESS TO BUILD A NEW CAPITAL IN ANOTHER DISTRICT OR OUTSIDE THE MARIANAS.

IT WAS AGREED THAT DURING SEPARATE ADMINISTRATION, THE PRESENT HEADQUARTERS AREA WOULD BE CALLED "TRUST TERRITORY CAPITAL DISTRICT" AND BE UNDER TT GOVERNMENT CONTROL. AREAS OUTSIDE THIS LIMITED AREA WOULD BE UNDER MARIANAS GOVERNMENT CONTROL. DURING THIS TIME, ANY MARIANAS MINIMUM WAGE WILL NOT APPLY TO TT GOVERNMENT EMPLOYEES WITHIN THE TT CAPITAL DISTRICT AREA. A JOINT MARIANAS-TT GOVERNMENT COMMISSION WILL BE ESTABLISHED TO HANDLE CRIMINAL AND CIVIL LAW AFFECTING THE TWO AREAS.

THE TWO COMMITTEES AGREED THAT ALL FUNDS APPROPRIATED BY THE CONGRESS FOR FISCAL YEAR 1976 (ENDING MARCH 31, 1976), EARMARKED FOR THE MARIANAS WOULD BE TRANSFERRED TO THE MARIANAS GOVERNMENT. IT WAS ALSO AGREED THAT ALL REVENUES FROM THE MARIANAS TO THE CONGRESS' GENERAL FUND WOULD STOP AS OF MARCH 31, 1976.

THE COMMITTEES AGREED THAT GRANT FUNDS FROM THE U.S. FOR THE MARIANAS FOR FISCAL YEARS 1976 AND 1977 WOULD ALSO BE TURNED OVER TO THE MARIANAS.

DURING SEPARATE ADMINISTRATION, NO DISTRICT, INCLUDING THE MARIANAS, WILL IMPOSE ANY EXPORT OR IMPORT TAXES ON GOODS SHIPPED BETWEEN DISTRICTS. JOB PROTECTION WILL CONTINUE AND NO TT OR MARIANAS GOVERNMENT EMPLOYEE SHALL BE DISCRIMINATED AGAINST ON THE BASIS OF SEPARATE ADMINISTRATION. IT WAS AGREED, THE COMMITTEES AGREE THAT SOCIAL SECURITY FUNDS WILL

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TOR:240233Z FEB 76

BE DIVIDED AT A LATER DATE BY EXPERTS. CONTROL AND MANAGEMENT OF THE CENTRAL REPAIR SHOP ON SAIPAN WOULD BE TRANSFERRED TO THE MARIANAS, BUT IT WOULD CONTINUE TO SERVE THE OTHER DISTRICTS ON A FIRST-COME FIRST-SERVE, REIMBURSABLE BASIS, IT WAS AGREED.

IT WAS AGREED THAT THE MARIANAS GOVERNMENT COULD TAX ANYONE IN THE MARIANAS, INCLUDING THE EXECUTIVE AND JUDICIAL BRANCHES OF THE TT GOVERNMENT, THE CONGRESS OF MICRONESIA AND ITS NON-MARIANAS STAFF WOULD BE EXEMPTED FROM SUCH A TAX, THE TT GOVERNMENT COULD IMPOSE AN INCOME TAX ON ALL PERSONS WHO WORK FOR IT IN THE MARIANAS IN THE SAME MANNER AS IT TAXES THOSE WHO WORK FOR IT IN OTHER DISTRICTS.

THERE WERE TWO AREAS IN WHICH THE COMMITTEES DID NOT REACH AGREEMENT: DIVISION OF ECONOMIC DEVELOPMENT LOAN FUND AND THE IMPORT TAXES IN THE MARIANAS. ACCORDING TO SETIK AND MANGEFEL BOTH MATTERS WOULD REQUIRE MORE STUDY AND DISCUSSION.

SETIK SAID THE RECOMMENDATIONS SHALL BE ADOPTED BY A RESOLUTION OF THE CONGRESS "IN THE SPIRIT OF COOPERATION" BETWEEN THE GOVERNMENTS. HE NOTED THAT THE AGREEMENTS MAY BE INCLUDED IN A DEPARTMENTAL ORDER OF THE SECRETARY OF THE INTERIOR WHICH WOULD SET UP THE SEPARATE ADMINISTRATION FOR THE NEW MARIANAS GOVERNMENT.

SENATOR MANGEFEL, IN BRIEF REMARKS PRESENTING THE MARIANAS TRANSITION REPORT, SAID HE WAS UNHAPPY TO HAVE HAD THE "UNFORTUNATE FORTUNE... TO PRESENT TO THE SENATE" SUCH A REPORT. HE SAID HIS "UNHAPPINESS" LIES NOT IN WHAT IS CONTAINED IN THE REPORT AND ITS RECOMMENDATIONS, BUT RATHER "WHAT THE REPORT SIGNIFIES--THE VIEW THE MARIANAS DISTRICT WILL NO LONGER BE A PART OF MICRONESIA."

"UNHAPPILY, MR. PRESIDENT, THAT IS HAPPILY ALL I HAVE TO SAY," MANGEFEL CONCLUDED.

LAST WEEK, THE HOUSE OF REPRESENTATIVES DEBATED AT LENGTH ON THE ISSUE OF WHERE CONGRESS SHOULD LOCATE THE PERMANENT SEAT OF MICRONESIA'S FUTURE GOVERNMENT. THE MEASURE, A CONJUNCTION OF THE HOUSE AND SENATE, WAS READING IN THE HOUSE WITH RECOMMENDATIONS THAT THE PALAU DISTRICT AS BEING THE "BEST SUITABLE" SITE FOR THE CAPITAL.

THERE WERE MEMBERS WHO SUPPORTED THE INTENT OF THE MEASURE; OTHERS FEEL PALAU DISTRICT, BACKED BY A CONJUNCTION

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TOR:242233Z FEB 76

RESOLUTION ASKING CONGRESS TO GIVE IT "FIRST CONSIDERATION" ON THE ISSUE OUGHT TO BE THE PERMANENT SITE FOR THE CAPITAL; STILL OTHERS SAY THE CAPITAL ISSUE SHOULD NOT BE USED AS A CENTRAL POINT FOR MICRONESIAN UNITY.

PALAU'S CONGRESSMAN KUNIWO NAKAMURA PROPOSED AN AMENDMENT WHICH WOULD POSTPONE FINAL ACTION ON THE MEASURE AND CREATE AN IMPARTIAL GROUP TO PERFORM A NEW STUDY AND MAKE RECOMMENDATIONS FOR THE LOCATION OF THE FUTURE CAPITAL.

IN REMARKS BEFORE THE HOUSE EARLIER LAST WEEK, NAKAMURA REPEATED THE OFFER MADE BY HIS DISTRICT OF FREE LAND AND AGAIN CALLED ATTENTION TO PALAU'S PROXIMITY TO ASIA AND OTHER PACIFIC ISLAND NATIONS. HE POINTED OUT THAT THE GOVERNMENT OF JAPAN, DURING ITS RULE IN MICRONESIA, WAS QUICK TO RECOGNIZE PALAU'S STRATEGIC POSITION AT THE DOORWAY TO ASIA AND ITS INHERENT POTENTIAL IN DEVELOPING POLITICAL, ECONOMIC AND SOCIAL CONNECTIONS WITH OTHER NATIONS IN THE AREA. HE SAID THE PONAPE STUDY MADE FIVE YEARS AGO IS "OBSOLETE."

THE HOUSE MEMBERS ARGUED BACK AND FORTH REGARDING THE MERITS AND DEMERITS OF POSTPONING ACTION OR MAKING A DECISION IN THIS SESSION ONCE AND FOR ALL AND ASKED WHAT GUARANTEE THERE WAS THAT THE DISTRICT FINALLY CHOSEN WOULD NOT LEAVE THE FUTURE ISLAND NATION OF MICRONESIA.

THE NAKAMURA AMENDMENT DID NOT PASS. HOWEVER, HE TOLD REPORTERS HE PLANS TO OFFER THE SAME AMENDMENT IF THE MEASURE COMES UP FOR SECOND AND FINAL READING.

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SECTION 94 OF 94

REPRESENTATIVE KALIS TO REFUND PEI OF TALK SAID IN BRIEF
REMARKS THAT IT WAS "UNFAIR" FOR CONGRESS TO MAKE, IN HIS WORDS,
"A POLITICAL DECISION" REGARDING THE NEW CAPITAL, HE SAID HIS
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CHOICE OF TRUK FOR THE CAPITAL SITE HAS NOT CHANGED; BUT THAT HIS CHOICE IS "OVERSHADOWED" BY THE POSSIBILITY THAT PASSAGE OF THE MEASURE WOULD "MOST CERTAINLY HAVE NEGATIVE EFFECTS ON OUR UNITY." HE POINTED OUT THAT HE DID NOT WANT TO HAVE ANY PART OF THE PROCEEDINGS LEADING UP TO THE APPROVAL OF THE COVENANT, THEREFORE, HIS FEELINGS ABOUT THE ISSUE ON THE CAPITAL SITE IS SIMILAR TO THE MEASURE ON THE COVENANT.

THE HOUSE, FOLLOWING A LENGTHY DISCUSSION, DECIDED TO PASS ON FINAL READING A MEASURE TO FINANCE DISTRICT HOUSING AUTHORITIES. AND SINCE THE MEASURE CAME FROM THE SENATE, IT HAD TO BE RETURNED FOR THEIR CONCURRENCE. IF THE SENATE DOES NOT APPROVE OF IT, THE MEASURE WILL BE SENT TO A SPECIAL CONFERENCE COMMITTEE CONSISTING OF MEMBERS FROM BOTH HOUSES TO IRON OUT THEIR DIFFERENCES. SOME MEMBERS SAY THE CONGRESS HAS LIMITED FUNDS TO FINANCE THE PROGRAM AND IN VIEW OF HAVING GIVEN THE DISTRICT MORE REVENUES, THIS PROGRAM OUGHT TO BE ABSORBED BY THE DISTRICT LEGISLATURES. OTHERS SAY THERE WASN'T ENOUGH TIME TO OFFICIALLY INFORM THE DISTRICT LEGISLATURES OF THIS DECISION.

IN THE SENATE, A MEASURE WHICH WOULD RAISE TAXES AND REVENUES TO MEET THE GROWING DEMANDS FOR EXPENDITURES WAS DISAPPROVED BY A VOTE OF FIVE TO FOUR.

SENATOR BAILEY OLTER, CHAIRMAN OF THE WAYS AND MEANS COMMITTEE WHICH STUDIED THE MEASURE RECOMMENDED PASSAGE. IT POINTED OUT THAT "IF ANY GOVERNMENT IS RESPONSIBLE FOR RUNNING ITS OWN AFFAIRS, IT SHOULD LEVY ITS OWN TAX. IT'S ABOUT TIME THE DISTRICTS SHOULD START LEVYING THEIR OWN TAXES AND COLLECT THEM BECAUSE 'WE CANNOT KEEP ON FINANCING AT THE DISTRICT LEVEL FOREVER'." THE AMOUNT TO BE LEVIED SHOULD BE THE PREROGATIVE OF THE RESPECTIVE LEGISLATURES.

THE COMMITTEE'S RECOMMENDATION RAN INTO OPPOSITION DURING DEBATES.

SENATOR AMBILOS IENSI SAID THAT WHILE HE SUPPORTED THE MEASURE "IN PRINCIPLE" HE DID NOT AGREE WITH THE SECTION WHICH PERMITS DISTRICT LEGISLATURES TO LEVY ADDITIONAL TAXES UNDER EXISTING LAWS. HE NOTED THAT IF THE TAX ON BUSINESSES IS INCREASED, IT WILL "KILL" MANY OF THE SMALL BUSINESSES NOW OPERATING. HE SAID THIS COULD AFFECT THE TOTAL REVENUE THAT COMES TO THE CONGRESS BECAUSE IT ALSO TAXES BUSINESSES.

PALAU'S SENATOR LAMARUS SAID INDICATED THAT THE MARSHALLS MAY BE IN A DIFFICULT POSITION SINCE A SECRETARIAL ORDER HAS

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RECENTLY PROHIBITED THE MARSHALLS NITIJELA FROM TAXING MILITARY ACTIVITIES ON KWAJALEIN. AFTER THE DEBATE THE SENATORS VOTED TO DISAPPROVE THE MEASURE.

FINALLY, SENATOR OLYMPIO T. BORJA LAST WEEK URGED THE CONGRESS TO APPROVE A MEASURE WHICH WOULD DECLARE IT A POLICY OF THE TT GOVERNMENT TO "ENCOURAGE FOREIGN INVESTMENT IN MICRONESIA."

IN BRIEF REMARKS BEFORE THE SENATE, BORJA POINTED OUT THAT THE MEASURE "IS DESIGNED TO ATTRACT THE KIND OF OUTSIDE INVESTMENT MICRONESIA WILL NEED TO PUT INTO EFFECT" ITS SOON-TO-BE REALIZED COMPREHANSIVE DEVELOPMENT PLAN.

THE PLAN IS NOW BEING DRAWN UP BY EXPERTS FROM THE UNITED NATIONS DEVELOPMENT PROGRAM, AND ACCORDING TO EACH DISTRICT'S NEEDS,

THE MEASURE WOULD "LIMIT PROSPECTIVE APPLICANTS FOR INVESTMENT TO ONLY THOSE BUSINESSES WITH AN INITIAL CAPITALIZATION OF NOT LESS THAN ONE MILLION DOLLARS." HE POINTED OUT THAT "NO POTENTIAL FOREIGN INVESTOR WHO PROPOSES TO SET UP AN ENTERPRISE THAT WILL NOT BRING CONSIDERABLE BENEFITS TO THE MICRONESIAN ECONOMY WILL EVEN BE CONSIDERED UNDER THE PROVISIONS" OF THE MEASURE.

ACCORDING TO SENATOR BORJA, THE MEASURE WOULD DIRECT THE DEPARTMENT OF RESOURCES AND DEVELOPMENT TO "GIVE HIGHEST PRIORITY TO PROJECTS THAT PROMISE TO HAVE THE GREATEST RATE OF RETURN TO THE ECONOMY OF THE PARTICULAR DISTRICT INVOLVED, AND TO MICRONESIA AS A WHOLE."

BORJA SAID HE AGREES WITH PRESIDENT NAKAYAMA'S EARLIER STATEMENT THAT MICRONESIA SHOULD CREATE "AN ATTRACTIVE ATMOSPHERE FOR FOREIGN INVESTMENT WHICH INVOLVES SUBSTANTIAL PARTICIPATION BY, AND BENEFIT TO, MICRONESIANS, AS WELL AS BENEFIT TO OUT NON-MICRONESIAN PARTNERS."

THE SENATOR SAID IT IS VERY IMPORTANT THAT MICRONESIA ENCOURAGES "SUCH INVESTMENT WHICH IS BEYOND THE CAPABILITIES OF MICRONESIAN RESOURCES OR GRANT FUNDS, NOT ONLY FOR THE SAKE OF OUR ECONOMY, BUT FOR THE SAKE OF THE VIABILITY" OF MICRONESIA'S FUTURE GOVERNMENT.

"SUCH AN APPROACH WILL PROVIDE THE NECESSARY STEPS TO GREATLY ASSIST THE FUTURE GOVERNMENT, . . . TO BE SELF-SUPPORTING; A GOAL WHICH IS BOTH NECESSARY AND DESIRABLE," BORJA CONCLUDED. MEETINGS OF BOTH THE SENATE AND THE HOUSE OF REPRESENTATIVES

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HAVE GOTTEN LONGER SINCE LAST WEEK. MORE ACTION ON VITAL MEASURES' IS EXPECTED AS THE SESSION GETS INTO ITS FINAL WEEK OF THE CURRENT 50-DAY MEETING.

A REVIEW OF THE CONGRESS'S WEEK OF ACTION WILL BE FORTHCOMING NEXT WEEK, FOLLOWING ADJOURNMENT OF BOTH HOUSES, MONDAY, MARCH 1.

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