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INFO OCT-01 TO-11 EA-09 PM-04 PA-02 L-03 /035 W  
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P 240940Z FEB 76  
FM HICOMTERPACIS SAIPAN MARIANAS ISLANDS  
TO ALDISTADS TERPACIS  
TT LNO GUAM MARIANAS ISLANDS  
TT LNO KWAJALEIN MARSHALL ISLANDS  
COMNAVMARIANAS GUAM MARIANAS ISLANDS  
CINCPACREP GUAM/TTPI GUAM MARIANAS ISLANDS  
CINCPAC HONOLULU HI  
INTELLIGENCE CENTER PACIFIC (IPAC)  
NAVINSERVO GUAM MARIANAS ISLANDS  
COMTWELVE SAN FRANCISCO CA  
RUEHC /SECSTATE WASHINGTON DC  
SECDEF WASHINGTON DC  
JCS WASHINGTON DC  
CNO WASHINGTON DC  
CINCPACFLT MAKALAPA HI  
CINCPACAF HICKAM AFB HI  
CGEMFPAC CAMP H M SMITH HI  
COMCBPAC PEARL HARBOR HI  
NAVFACENGCOMHQ ALEXANDRIA VA  
CCGDFOURTEEN HONOLULU HI

*1. House Postpones  
Capital Bill*  
*2. Congress Leaders  
Are Concerned  
About False  
News Reports*

PACNAVFACENGCOM PEARL HARBOR HI  
SAMTEC VANDENBERG AFB CA  
FCDNA-LGA KIRTLAND AFB NM  
CDRUSAGO MAKIMINATO JAPAN//TTPI-LNO//  
AMEMB CANBERRA ACT AS  
RUPHKO /AMEMB TOKYO JA  
CDRBMDS COM HUNTSVILLE AL//MBD SC-RO//  
COMCOGARD MARSEC GUAM

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SECTION 01 OF 02  
COMTWELVE PASS INFO FOR AMB WILLIAMS

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SECSTATE PASS TO DEPT INT/SEC INTERIOR/DOIA OSN  
AMEMBASSY CANBERRA FOR PAC. ISL. MONTHLY  
(HOUSE POSTPONES CAPITAL BILL)

SAIPAN, FEB. 24 (MNS)---THE HOUSE OF REPRESENTATIVES  
OF THE CONGRESS OF MICRONESIA RECESSED ABRUPTLY TUESDAY  
DURING DISCUSSION ON A BILL WHICH WOULD DESIGNATE PONAPE  
DISTRICT AS THE SITE OF THE FUTURE MICRONESIAN CAPITAL  
(SR 6-277) WHEN THEY WERE CONFRONTED WITH A SURPRISING

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AMENDMENT PROPOSED BY PALAU REP. KUNIWO NAKAMURA.

NAKAMURA'S FIRST PROPOSED AMENDMENTS WOULD ESTABLISH  
A "COMMISSION ON THE PERMANENT CAPITAL OF MICRONESIA" AND  
FARMARK \$20,000 TO CARRY OUT THE FUNCTIONS OF THE COMMISSION.  
HIS AMENDMENT ASKS THAT THE COMMISSION CONSIST OF SIX  
MEMBERS, TWO FROM THE CONGRESS, TWO FROM THE JUDICIAL  
BRANCH AND TWO FROM THE EXECUTIVE BRANCH OF THE TRUST  
TERRITORY GOVERNMENT.

IN INTRODUCING HIS AMENDMENT, NAKAMURA EMPHASIZED  
THAT HIS PROPOSED AMENDMENT IS NOT DESIGNED TO PUT  
MICRONESIA'S FUTURE CAPITAL IN PALAU DISTRICT BUT IS  
MERELY TO "ACCOMMODATE" THE VARIOUS REQUESTS SUBMITTED  
BY PALAU, TRUK, YAP AND PONAPE. "THERE IS NO URGENCY IN  
PASSING THE BILL," NAKAMURA SAID.

NAKAMURA'S COLLEAGUE FROM PALAU, ISIDORO RUDIMCH,  
SAID THE AMENDMENT WOULD CORRECT SOME CONCERNS OF THE  
MEMBERS. THEY ARE: ONE, THE INFORMATION CONTAINED IN THE  
JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING REPORT MADE  
IN 1971 ON VARIOUS SITES FOR THE CAPITAL ARE "OBSOLETE";  
SECOND, THE BILL COMPLETELY IGNORES THE VARIOUS DISTRICTS

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ASKING TO HOST THE CAPITAL; AND THIRD, THE APPROPRIATIONS  
UNDER THE BILL DOES NOT HAVE A "SPECIFIED PURPOSE."

NAKAMURA'S AMENDMENT MET IMMEDIATE OPPOSITION FROM  
SOME MEMBERS. APPROPRIATIONS CHAIRMAN RAYMOND SETIK SAID  
THE AMENDMENT WOULD CHANGE THE ORIGINAL INTENTION OF THE

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BILL. FLOOR LEADER LUKE TMAN SAID THE AMENDMENT WAS "NOT GERMANE TO THE BILL."

AT THIS POINT, REP. NAKAMURA WITHDRAW HIS PROPOSED AMENDMENT AND OFFERED A NEW ONE. THE NEW AMENDMENT WOULD EXCLUDE PALAU DISTRICT FROM BEING CONSIDERED AS A POSSIBLE SITE FOR THE FUTURE CAPITAL OF MICRONESIA BUT WOULD APPROPRIATE \$50,000 TO PERFORM FEASIBILITY STUDIES AND MASTER PLANS NECESSARY FOR THE PERMANENT CAPITAL OF PALAU DISTRICT.

REP. RESID MOSES OF PONAPE, UNTIL CALLING THE AMENDMENT "SUBSTANTIAL" MOVED TO RECESS UNTIL WEDNESDAY (FEB. 25) SO THE MEMBERS CAN HAVE TIME TO STUDY THE BILL. THE MOTION WAS CARRIED AND THE HOUSE RECESSED.

EARLIER, THE HOUSE PASSED AND SENT TWO BILLS TO THE HIGH COMMISSIONER FOR HIS ACTION. BOTH BILLS DEAL WITH APPROPRIATION MEASURES FOR THE SENATE AND HOUSE; \$378,612

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FOR THE SENATE (HB 6-358) AND \$782,600 FOR THE HOUSE, (HB 6-357). THE LATTER BILL PROMPTED PROLONG DEBATE.

SEVERAL MEMBERS OPPOSED THE DELETION OF FUNDS FROM CERTAIN JOINT COMMITTEES. OTHERS CLAIMED THE AMOUNT APPROPRIATED FOR OTHER COMMITTEES ARE SUBSTANTIAL AND THAT THE WORK OF CERTAIN COMMITTEES CAN BE ACCOMPLISHED WITH LESS MONEY. STILL OTHERS, CONTENDED THAT THE DELETION CERTAIN FUNDS FROM SEVERAL JOINT COMMITTEES IS JUSTIFIED.

REP. SASAU HARUO OBJECTED TO THE CONFERENCE COMMITTEE'S REPORT, WHICH DID NOT INCLUDE FUNDS FOR THE JOINT COMMITTEE ON RESOURCES AND DEVELOPMENT. CALLING THE JUDGEMENT OF THE COMMITTEE "DISCRIMINATORY", HARUO SAID IF FUNDS ARE TO BE DELETED, THE CONGRESS MIGHT AS WELL "ABOLISH" THE COMMITTEE.

IN RESPONSE TO HARUO'S COMMENTS, REP. KUNIWO NAKAMURA SAID THE BUDGET OFFICER OF THE CONGRESS HAD INFORMED THE MEMBERS THAT IF THE MARIANAS IS SEPARATED, THE CONGRESS WILL BE "BANKRUPT." SAYING THAT THE CONGRESS IS PRESENTLY OPERATING IN A DEFICIT, NAKAMURA SAID, "WE

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MUST BEGIN TO TIGHTEN OUR BELTS NOW. WE MUST CUT FUNDS IN EVERY AREA WE CAN."

HE ALSO READ A PORTION OF THE COMMITTEE'S REPORT ON THE REASON FOR NOT INCLUDING FUNDS FOR THE COMMITTEE WHICH STATES IN PART: "...THE WORK OF THIS COMMITTEE MUST NOT CONTINUE UNTIL THE U.N. DEVELOPMENT PLAN IS COMPLETED. THERE IS NO NEED TO TRAVEL TO VARIOUS COUNTRIES WHEN EXPERTS FAMILIAR WITH THOSE COUNTRIES AND THEIR ECONOMIES WILL BE IN MICRONESIA TO WORK WITH THE PERSONNEL FROM THE UNITED NATIONS DEVELOPMENT PROGRAM."

REP. POLYCARR BASILIUS, CHAIRMAN OF THE JOINT COMMITTEE ON ADMINISTRATIVE APPOINTMENTS, OBJECTED TO THE \$3,000 GIVEN TO HIS COMMITTEES. THE COMMITTEE CUT DOWN THE FUNDS FOR THE JCAA BECAUSE THEY BELIEVE MOST OF THE NOMINATIONS SHOULD BE SUBMITTED DURING EITHER THE REGULAR OR SPECIAL SESSION. THE FUNDS GIVEN TO THE JCAA CAN BE USED IN EMERGENCY SITUATIONS WHEN THE COMMITTEE MAY BE REQUIRED TO MEET. THE CONFERENCE COMMITTEE STATED IN ITS REPORT.

THE BILL THEN PASSED BY A VOTE OF 12-6. VOTING

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AGAINST THE MEASURE WERE: REPS. NAKAMURA, RUDIMCH, AND BASILIUS OF PALAU; LAMBERT AAFIN AND SASAUO HARUO OF TRUK; AND EDGAR EDWARDS OF PONAPE.

ALSO PASSED AND SENT BACK TO THE SENATE WITH HOUSE AMENDMENTS WAS A BILL TO REQUIRE THE HIGH COMMISSIONER TO SUBMIT TO THE CONGRESS WITHIN FOUR YEARS, THE NAME OF EVERY INCUMBENT WHOSE APPOINTMENT WAS MADE PRIOR TO THE EFFECTIVE DATE OF THE ADVICE AND CONSENT LAW FOR RECONFIRMATION AND TO REQUIRE RECONFIRMATION OF ALL ADVICE AND CONSENT APPOINTEES AT FOUR YEAR INTERVALS, (SR 6-109).

THE SENATORS ALSO PASSED AND SENT TO THE HIGH COMMISSIONER A BILL WHICH WOULD DEFINE THE MANNER BY WHICH A NOMINATION, MADE UNDER THE PROVISIONS OF THE ADVICE AND CONSENT LAW, SHALL BE DEEMED TO BE REJECTED

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BY THE CONGRESS OF MICRONESIA, (SB 6-123).  
TWO OTHER MEASURES WERE APPROVED AND SENT TO THE  
LOWER HOUSE FOR FURTHER CONSIDERATIONS. THEY WOULD:  
PROVIDE A MINIMUM WAGE AND MAXIMUM HOURS OF WORK FOR  
WORKERS EMPLOYED IN THE TRUST TERRITORY (SB 6-168);

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ACTION INT-05

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P 240940Z FEB 76  
FM HICOMTERPACIS SAIPAN MARIANAS ISLANDS  
TO ALDISTADS TERPACIS  
TT LNO GUAM MARIANAS ISLANDS  
TT LNO KWAJALEIN MARSHALL ISLANDS  
COMNAVMARIANAS GUAM MARIANAS ISLANDS  
CINCPACREP GUAM/TTPI GUAM MARIANAS ISLANDS  
CINCPAC HONOLULU HI  
INTELLIGENCE CENTER PACIFIC (IPAC)  
NAVINSERVO GUAM MARIANAS ISLANDS  
COMTWELVE SAN FRANCISCO CA  
RUEHC /SECSTATE WASHINGTON DC  
SECDEF WASHINGTON DC  
JCS WASHINGTON DC  
CNO WASHINGTON DC  
CINCPACFLT MAKALAPA HI  
CINCPACAF HICKAM AFB HI  
CGFMFPAC CAMP H M SMITH HI  
COMCBPAC PEARL HARBOR HI  
NAVFACENGCOMHQ ALEXANDRIA VA  
CCGDFOURTEEN HONOLULU HI

PACNAVFACENGCOM PEARL HARBOR HI  
SAMTEC VANDENBERG AFB CA  
FCDNA-LGA KIRTLAND AFB NM  
CDRUSAGO MAKIMTNATO JAPAN//TTPI-LNO//  
AMEMB CANBERRA ACT AU  
RUEHKO /AMEMP TOKYO JA  
CDRBMDS COM HUNTSVILLE AL//MBD SC-RD//  
COMCOGARD MARSEC GUAM

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FINAL SECTION OF 02  
AND APPROPRIATE \$95,000 TO REPAIR THE M.S. RAN ANNIM,

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(SR 6-360).

ACTION WAS POSTPONED ON A BILL WHICH WOULD INCREASE THE TAX ON WAGES AND SALARIES FROM TWO PERCENT TO SIX PERCENT. ACCORDING TO THE WAYS AND MEANS COMMITTEE CHAIRED BY PONAPE SEN. BAILEY OLTER, THE TAX BILL, IF SIGNED INTO LAW, WOULD RAISE ABOUT \$2,600,000 IN ADDITIONAL REVENUE EACH YEAR. THE COMMITTEE STATED THAT WHAT IS NEEDED NOW IS A TAX MEASURE THAT CAN BE IMPOSED

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IN THE "INTERIM." THEREFORE, AN ENTIRELY NEW TAX SYSTEM IS NEEDED AND SUCH A TAX SYSTEM WILL BE A PART OF THE DEVELOPMENT PLAN BEING PREPARED BY THE JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING.

REFERRING TO A STATEMENT MADE BY THE WAYS AND MEANS COMMITTEE WHICH STATED THE TAX PROPOSED IN THE BILL IS THE BEST "SHORT-TERM" SOLUTION TO MICRONESIA'S CRITICAL PROBLEMS OF INSUFFICIENT REVENUES, MARIANAS SENATOR OLYMPIO T. BORJA COMMENTED THAT THE "SHORT-TERM" APPROACH TO SUCH A CRITICAL PROBLEM CAUSED HIM TO BE ON THE OPPOSITION SIDE.

THE SENATOR ADDED THAT IT WOULD BE BETTER FOR THE CONGRESS TO CONSIDER MERITS OF SUCH AN IMPORTANT MATTER IN THE LONG RUN RATHER IMPOSE ON THE PEOPLE SUCH A TAX JUST FOR A SHORT TERM. SEN. BORJA ALSO OFFERED HIS OPINION THAT A TASK FORCE SHOULD BE ESTABLISHED TO DO A THOROUGH STUDY ON SUCH AN UNPOPULAR ISSUE AND COME UP WITH A MUCH BETTER SOLUTION PRIOR TO ENACTION OF SUCH A MEASURE.

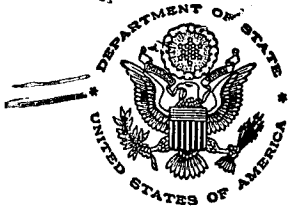
OTHER SENATORS ALSO VOICED THEIR WORRIES OVER THE

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IMPACT THIS BILL COULD HAVE ON THE VARIOUS EMPLOYEES IN THE MICRONESIAN COMMUNITIES IF IT BECOMES LAWS. OTHERS EVEN HINTED THAT SUCH A TAX MEASURE MIGHT NOT BE TOO POPULAR AMONG MANY WORKING SECTORS AT THIS TIME.

IN AN UNSUCCESSFUL ATTEMPT TO PROLONG THE MOVE TO

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DEFER ACTION ON THE BILL, YAP SENATOR JOHN A. MANGFEL STATED FIRMLY, "THERE IS NO SUCH THING AS A BETTER TAX STRUCTURE." MANGFEL INDICATED THAT THERE ARE THOSE WHO ARE AGAINST WHATEVER TAX STRUCTURE ANY LEGISLATURE COMES UP WITH. MANGFEL CONCLUDED, "WE MIGHT AS WELL START WITH SOMETHING AND IMPROVE IT AS WE GO ALONG."

THE FOLLOWING FOUR JOINT RESOLUTIONS WERE ADOPTED BY THE SENATE: SJR 6-76, REQUESTING THE U.S. GOVERNMENT TO PROVIDE A PROGRAM TO TRAIN MICRONESIANS IN PATROLING AND DEFENDING THE TT TERRITORIAL WATERS AGAINST THE INCREASING VIOLATIONS BY FOREIGN VESSELS; SJR 6-91, SD1, REQUESTING THE U.S. CONGRESS TO AMEND THE MICRONESIAN CLAIMS ACT OF 1971, AS AMENDED, SO THAT THE WAR DAMAGE CLAIMANTS MAY EXECUTE RELEASE OF LIABILITY TO THE UNITED STATES AND JAPAN ONLY UPON FULL PAYMENT OF MERITORIOUS

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CLAIM; SJR 6-100; AUTHORIZING THE CO-CHAIRMEN OF THE JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING TO REPRESENT THE CONGRESS OF MICRONESIA REGARDING HOUSING PROGRAMS BEFORE OFFICIALS OF THE U.S. GOVERNMENT, AND FURTHER AUTHORIZING THEM TO COMMIT THE GENERAL FUND OF THE CONGRESS OF MICRONESIA TO GUARANTEE FOR COST OVERRUNS AND FOR MAINTENANCE CONDITIONS REQUIRED FOR FEDERALLY FUNDED HOUSES, AND (HJR 6-124), ESTABLISHING A JOINT COMMITTEE ON MICRONESIAN CLAIMS,

A SENATE RESOLUTION CONGRATULATING SENATORS WILFRED KENDALL AND ROMAN TMETUHL (SR 6-9) WAS ALSO ADOPTED. (CONGRESS LEADERS ARE CONCERNED ABOUT FALSE NEWS REPORTS)

SAIPAN, FEB. 24 (COM)---THE LEADERS OF THE CONGRESS OF MICRONESIA EXPRESSED SERIOUS CONCERN TODAY REGARDING FALSE NEWS REPORTS PUBLISHED IN THE MARIANAS VARIETY FEBRUARY 20 WHICH CLAIMED THEY HAD DECIDED TO ASK THE HIGH COMMISSIONER TO REMOVE PALAUAN DEPARTMENT DIRECTORS FROM THEIR JOBS.

BECAUSE OF SERIOUSNESS OF THE CHARGES, SENATE PRESIDENT TOSIYO NAKAYAMA AND HOUSE SPEAKER BETHWEL HENRY ISSUED A

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JOINT STATEMENT. THEY SAID THE MARIANAS VARIETY'S STORY WAS NOT TRUE.

"FIRST, AT THE TIME THE STORY APPEARED, WE HAD NEVER EVEN SEEN A SIGNED COPY OF THE LETTER ALLEGEDLY SENT TO THE PALAU LEGISLATURE, AND UNTIL THIS DOCUMENT IS REVIEWED BY US WE HAVE NO STATEMENT OR POSITION REGARDING IT.

"WE ARE OF COURSE CONCERNED ABOUT THE VARIOUS RUMORS AND REPORTED ACTIONS OF PALAUANS WHO DESIRE PALAU TO WITHDRAW FROM MICRONESIA, AND MOST CERTAINLY SUCH AN ATTITUDE WOULD RESULT IN A POSSIBLE CONFLICT OF INTEREST IN SOME INSTANCES.

"BUT TO SAY THAT THE LEADERSHIP OF THE CONGRESS HAS MADE A DECISION TO REQUEST REMOVAL OF DEPARTMENT HEADS WHO ARE PALAUANS IS FALSE. NO SUCH DECISION HAS BEEN MADE, AND AT A LEADERSHIP MEETING LAST WEEK, THE SUBJECT WAS NEVER EVEN MENTIONED."

THE CONGRESS LEADERS SAID THEY WERE "EXTREMELY DISTURBED TO SEE A CASE OF IRRESPONSIBLE JOURNALISM" IN WHAT THEY CONSIDERED TO BE A "RESPONSIBLE NEWSPAPER," THE MARIANAS VARIETY.

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NAKAYAMA AND HENRY'S STATEMENT SAID NO REPRESENTATIVE OF THE PAPERS HAD THE COURTESY TO CONTACT THEM TO VERIFY THE ALLEGATIONS IN THE UNTRUE REPORT. "SUCH FALSE AND MISLEADING STORIES ARE DEPLORABLE, INFLAMMATORY IN NATURE, AND CALL INTO QUESTION THE INTEGRITY OF THE WRITER AND THE EDITOR WHO ALLOWED IT TO BE PRINTED." THE CONGRESS LEADERS POINTED OUT THAT NO NAMES WERE GIVEN AS THE SOURCE OF THE FALSE REPORT.

"WE ASSURE THE PEOPLE OF ALL THE DISTRICTS THAT THIS CONGRESS, AS IN THE PAST, WILL CONTINUE TO MAKE DECISIONS BASED ON FACTS, AND NOT ON FANTASY, OR THE FIGMENT OF SOME UNPROFESSIONAL WRITER'S IMAGINATION OR PREJUDICE," THE JOINT STATEMENT CONCLUDED.

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