



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

MAY - 3 1967

Dear Mr. Schultze:

Enrolled bill S. 303, "To amend the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes," is pending before the President for approval.

We recommend that the bill be approved.

The present law authorizes the appropriation of \$17,500,000 annually for the government of the Trust Territory of the Pacific Islands. The bill amends the present law by authorizing the appropriation of \$25,000,000 for fiscal year 1967, and \$35,000,000 for each of fiscal years 1968 and 1969. The appropriation authorization for succeeding years is repealed, and additional authorization for those years will need to be obtained.

The authorizations for fiscal years 1967, 1968, and 1969, are the amounts recommended by this Department. The money is urgently needed to meet the most pressing needs of the Trust Territory for the immediate future.

While we would have preferred more than a 3-year authorization, the bill will permit some progress toward achievement of the program we have in mind.

The bill provides that the funds appropriated for Peace Corps activities in the Trust Territory will not be charged against our appropriation authorization. This is consistent with present law.

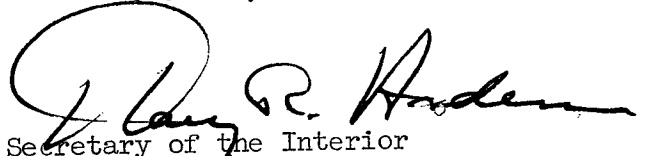
The bill also changes the present law by requiring future appointments to the office of High Commissioner to be made by the President by and with the advise and consent of the Senate. We recommended to Congress the deletion of this language in order to leave the appointment power as it is today, in the Secretary of the Interior by delegation from the President.

Approval of this bill is urgently needed. Measured against total needs for physical plant and against the territory's rapidly expanding population, the past capital improvement program has been inadequate. An

increased appropriation authorization is needed at this time to meet the need for physical facilities throughout the Islands. Comparable needs exist in the operating program. They cannot be met at the current level of funding, which is insufficient to increase education, health, and other social and economic activities to acceptable levels.

This Administration has committed itself to promote the political, economic, and social development of the people of the Trust Territory. If we are to carry out this commitment, adequate appropriation authorizations are required promptly. We have, during the twenty years that we have administered the area, made progress toward the achievement of acceptable levels of development, but we have much further to go. We need authority to expend more Federal money in the Trust Territory than we have spent in the past. Our responsibilities to the Micronesians and their need for assistance in helping themselves permit no alternative.

Sincerely yours,



Assistant Secretary of the Interior

Hon. Charles L. Schultze  
Director, Bureau of the Budget  
Washington, D. C.