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1. **Type of Material:** Statement of remarks.
2. **Brief Description:** Remarks of Assistant Secretary Harry R. Anderson before Senate Interior subcommittee, May 8, 1968, in connection with S. 3073, to promote the economic development of the Trust Territory of the Pacific Islands.
3. **Relation to President's interests and programs:** In support of Administration program to advance the economic, political and social development of the inhabitants of the Trust Territory.
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7. **For further information contact** Mr. George Milner, Interior Dept. 183-4736
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STATEMENT
OF

HARRY R. ANDERSON, ASSISTANT SECRETARY OF THE INTERIOR FOR PUBLIC LAND MANAGEMENT, AT HEARING BEFORE THE SUBCOMMITTEE ON TERRITORIAL AND INSULAR AFFAIRS OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, UNITED STATES SENATE, SCHEDULED FOR WEDNESDAY, MAY 8, 1968, IN CONNECTION WITH S. 3073, A BILL "TO PROMOTE THE ECONOMIC DEVELOPMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS."

For Release on Delivery

Mr. Chairman and members of the committee:

The Department of the Interior and the Trust Territory of the Pacific Islands welcome the introduction of S. 3073, and urge its favorable consideration by the Congress. We do have some suggested amendments, which are contained in the Department's report on the bill, but these amendments are solely for the purpose of clarification. They do not affect the substance of the bill.

If I may describe them briefly, our first amendment is an effort to make clear what we believe to be the intent of the Congress with respect to the loan fund. It is our understanding that the committee intends, and we would certainly agree, that the \$5 million loan fund shall be in addition to any existing or future authorization for funding the day-to-day requirements of the Trust Territory Government.

Our second amendment is an effort to make clear that no more than 25% of the total amount appropriated is to be devoted to any single project. We fear there may be some ambiguity, in the present language of the bill, as to what total the 25% applies. In carrying out our responsibilities with respect to the administration of the loan fund, we would certainly wish to have as broad an impact upon the economic potential of the territory as possible. Devoting all of our funds to a single project, however desirable that single project might be, would not serve our larger purpose of encouraging economic development throughout the territory. Similarly, the existing language of the bill

can be interpreted perhaps as requiring 90% reserve against guaranteed loans. We do not believe that this was intended and we view such a requirement as unnecessarily tying up funds which might be otherwise put to productive use. Accordingly, we suggest new language which will make clear that the reserves maintained for loan guarantees shall be not less than 25% of the guarantee, but that a 90% guarantee is not required, and further, that guarantees may not exceed 90% of any individual loan.

One of the major problems facing developing areas throughout the world is the acquisition of capital in order to make productive use of whatever manpower and natural resources are available. The Trust Territory faces this difficulty in common with other developing areas. It is our policy to encourage the Micronesians themselves to make use of their resources and their economic opportunities, and we have had a program of assisting trading companies and other Micronesian business-type enterprises. We have also encouraged the formation of cooperatives and credit unions as a source of private capital development. While these efforts have had a measure of success, they simply are not sufficient to permit the people of the Trust Territory to make rapid and maximum use of their economic resources.

The establishment of the Trust Territory economic development loan fund contemplated by S. 3073 will make it possible to provide the capital funds, which are so urgently needed, if true wide-spread economic development is to take place in the territory. We would look for much of the fund to be devoted to Micronesian enterprise, but we do believe that in some cases assistance from the fund should also be available to American entrepreneurs desiring to establish or to participate in projects which will accrue to the economic benefit

of the people of Micronesia. May I say also that we do not look for the whole task to be supported by the proposed loan fund. Private investment by both Americans and Micronesians has taken place in the past and we would expect this to continue in the future without assistance from the fund. We do believe, however, that our total goals cannot be achieved unless the high risk type assistance contemplated by S. 3073 is available. We foresee opportunities for development in agriculture, fishing, construction, wholesale and retail trading services and in activities associated with tourism and travel and air and sea transportation. The people of the Trust Territory themselves are interested in a developing economy. We believe that our obligations to them and to ourselves argue strongly in favor of an assistance program of the kind proposed by S. 3073.