

4666

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

NOV 14 1960

LEGISLATIVE REFERRAL MEMORANDUM

To: Legislative Liaison Officer
Department of State
Department of Defense
National Security Council

Subject: Interior's proposed draft bill - "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands"

The Bureau would appreciate receiving the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with Budget Circular A-19.

- (X) To permit expeditious handling, it is requested that your reply be made within 30 days.
- () Special circumstances require priority treatment and accordingly your views are requested by

Questions should be referred to Earl Darrbh, code 103, (exten. 3750) or to Ralph Burr, code 103, (exten. 4710), the legislative analyst in this Office.

J.F.C. Hyde, Jr.
for Assistant Director for
Legislative Reference

Enclosures



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

REPRODUCED AT THE NATIONAL ARCHIVES

Dear Mr. Speaker:

There is enclosed a draft bill "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

We recommend that the bill be referred to the appropriate committee for consideration and strongly urge its enactment.

Public Law 90-617 currently authorizes the appropriation of \$50 million for the fiscal years 1970 and 1971, but it makes no provision for funding for the civil government of the Trust Territory beyond fiscal year 1971. Our proposed bill would increase the fiscal year 1971 authorization from \$50 million to \$72 million and would authorize an appropriation of \$80 million for each of fiscal years 1972 through 1975.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Under this agreement the United States is charged with the promotion of political, social, educational and economic development. The Trust Territory was originally under the administration of the Secretary of the Navy but in 1951 administrative responsibility was transferred to the Secretary of the Interior.

Governmental responsibilities are carried out through a territorial government established by order of the Secretary of the Interior. The chief executive of the Trust Territory is appointed by the President with the advice and consent of the United States Senate. The territory has a bicameral legislative body composed of a twelve-member Senate and a House of Representatives with 21 members. The Judiciary is independent of the Executive and Legislative Branches and is headed by a Chief Justice appointed by the Secretary of the Interior.

Over the years, substantial strides have been made in the development of political institutions and the establishment of the territorial legislative body, the Congress of Micronesia in 1964, was a major step in the direction of complete self-government. Educational progress also has been substantial and universal education through the twelfth grade has been established as an attainable goal. Utilization of the areas limited natural resources has lagged until recently although tourism and the utilization of the resources of the surrounding seas present immediate opportunities for gainful employment and income.

In mid-1969 the Secretary of the Interior and the High Commissioner of the Trust Territory appointed a Development Coordinating Committee to analyze the development problems and opportunities in the Trust Territory and to work with the Congress of Micronesia in presenting to the High Commissioner and the Secretary an action-oriented program which would promptly and positively move toward achievement of the objectives of the trusteeship agreement.

The four main goals of the program are: (1) improving of health and education programs and facilities in the Trust Territory; (2) developing a viable money economy in Micronesia, which requires land reform and public works improvements; (3) increasing the ability of Micronesians to communicate with each other and with the rest of the world; and (4) bringing more Micronesians into high-ranking and responsible positions in the Government, including bringing the Congress of Micronesia and the district legislatures directly into the Trust Territory planning and budget process.

The proposed program takes fully into account the following critical considerations:

- The geographical dispersion and isolation of the islands and their peoples.
- The historical base of development since 1951.
- The domestic crises in land tenure.
- Inadequate infrastructure.
- The separation of subsistence and monetary sectors of the economy.
- The shortage of Micronesian capital.
- The level of education.
- The lack of skilled manpower.
- The increasing demand by Micronesians for a stronger voice in the management and future of their society.

Achieving these objectives at current costs will require the investment over the next five years of approximately \$370 million or between \$70 million and \$76 million each year. As in the past, education will account for a heavy portion of the expenditures. Over the five-year period, 1971 through 1975, approximately \$31 million will be required to operate elementary schools serving some 25,000 students. For the same period, about \$21 million will be required for secondary education

operations and another \$20 million for pre-school training and adult, special and higher education programs. Since the school-age population cannot now be accommodated, a major school construction program will have to be continued with particular emphasis on secondary school requirements. School construction is estimated to require approximately \$24 million over the next five years.

The more specific goals of the proposed education program call for pre-school training to be provided annually to approximately 2200 children aged five years by 1975. Virtually none exists now. The program provides for all educable children of elementary age to be in school with the first three grades comparable to that of the United States on an age/grade accomplishment equivalency. The 1975 goal is the accommodation of 80% of all elementary school graduates into the secondary school system. At present only 38% of all eligible 8th grade graduates are enrolled in high school. A major program of vocational training has been instituted and will be expanded to provide Micronesians with the basic skills necessary for life and meaningful employment in their society as well as the modern world.

Public Health represents a critical program which must be adequately supported to diminish the occurrence of preventable disease and to sustain a healthy population. Approximately \$46 million are estimated to be required over the next five years for public health purposes. Most of these funds are for supplies and personnel engaged in medical programs reaching into the villages of the territory. However, these funds will also provide for a major teaching-referral hospital at Ponape, reconstruction of the Yap District hospital, the renovation or reconstruction of sub-district hospitals, and the building of dispensaries serving the smaller communities and outlying islands. These capital requirements approximate \$13 million of the total of \$46 million scheduled for health purposes.

The goal of the health program is to establish a system of comprehensive environmental, dental, mental and preventative health services which will provide a level of public health equal to that of the United States. Achieving this goal will require the construction of a teaching-referral hospital on Ponape by 1973, to be staffed by specialists with the responsibility for upgrading the level of health services throughout the territory. Training of medical personnel will result in an increase of dental personnel from 57 to 90 in 1975 and the establishment of a health-aid training program which will develop adequate manpower to staff 141 dispensaries throughout the territory. The environmental and community health programs are designed to reduce the occurrence of epidemic water-borne, food-borne, and insect-and-rodent-borne diseases throughout the islands. This will include the

development of community and individual water catchments and improved excreta disposal programs on the outer islands to complement the water and sewerage systems planned for the more heavily populated district center areas. It also includes the development of active pre-natal and post-natal clinics and programs aimed at improving child health and attacking venereal diseases, intestinal parasites, filariasis, and leprosy. Also included is a family planning program which is essential to child health and economic development in an area such as the Trust Territory, which has an extremely high birth rate.

One of the highest priority programs identified by the people of Micronesia is that of providing water, sewerage and power systems. Without this base there can be little real improvement in economic and social conditions. The accomplishment of objectives in health, education and economic development are directly related to the adequacy of such systems. As an indication of the urgency of the need, in 1968 less than 23% of the population was served with protected water supplies meeting minimum U.S. Public Health standards. The dumping of raw sewage into relatively closed lagoons created fecal coliform counts as much as 100,000 times the recommended limit. The consequence has been periodic epidemics of such diseases as hepatitis. These systems are anticipated to require an investment of approximately \$47 million from 1971 to 1975.

The Congress of Micronesia is vitally concerned about economic development and cites roads, shipping facilities and airports as high priority items. Construction and improvement of such facilities is vital to education, health, commerce and the simplest operations of government and private enterprise in most areas of the Trust Territory. Transportation and communications are programmed for expenditures of approximately \$53.8 million between fiscal years 1971 and 1975. Most of these funds will be devoted to capital improvement projects such as airports, dock and warehousing facilities, and roads. With the territory's 20 major population centers scattered across 3,000,000 square miles of ocean, such facilities are critical.

A program which is almost as important in its consequences as the health, education and infrastructure programs, is the need to develop a regional land tenure system which will adequately protect the needs of the people of Micronesia and serve as a base for future economic development. This problem needs a vigorous attack -- one which has been started but which will require additional and continuing emphasis if it is to be successful. The public lands of the territory, about 267,000 acres, are inadequately identified. There is little in the way of a system to provide for official identification, registration, or adjudication of conflicting land titles and ownership. Surveys in the past have been minimal and the titles to the few properties which have been surveyed have not been adequately researched and are subject to dispute.

The achievement of the proposed program for the next five years will throw a major burden upon the people of Micronesia. It is proposed that to the maximum extent possible construction will be done with local contractors, using local labor and, wherever possible, using locally available building material. This will provide quality facilities at a lower price, and at the same time provide training, employment, and incomes for young people and those working at a subsistence level. Large projects, however, because of their complexity or magnitude, may continue to require outside contractors. Such outside contractors, however, are required to develop Micronesian skills so that the end result will be the availability of Micronesian capabilities to sustain the forward momentum of the action program.

The proposed bill would authorize amounts slightly in excess of presently programmed spending levels for the Trust Territory for fiscal years 1971 through 1975. This is to take into account the cost effect of pay equalization for Trust Territory Government personnel, as well as increases in building costs. The pay equalization plan will come into effect on January 1, 1971, in the middle of fiscal year 1971, accounting for the sharp increase for fiscal year 1972.

The Bureau of the Budget has advised that the proposed bill is in accord with and a part of the program of the President.

Sincerely yours,

Secretary of the Interior

Hon. John W. McCormack
Speaker of the
House of Representatives
Washington, D. C.

TRUST TERRITORY OF THE PACIFIC ISLANDS
FINANCIAL PROGRAM 1971-1975

(\$ Millions)

	1971	1972	1973	1974	1975	5 year Total
Public Affairs	1.1	1.2	1.3	1.3	1.3	6.2
Judiciary	1.5	.9	.6	.9	.6	4.5
Legal Affairs and Public Safety.....	1.5	1.8	1.9	2.2	2.8	10.2
Preschool Education	-	.3	.4	.5	.7	1.9
Elementary Education	5.0	5.6	6.2	6.7	7.4	30.9
Secondary Education	2.3	3.8	4.3	4.9	5.5	20.8
Adult Special and Higher Education..	2.9	3.2	3.5	3.9	4.4	17.9
School Construction	4.6	5.0	5.0	5.5	3.6	23.7
Public Health	11.0	6.5	10.6	8.8	9.2	46.1
Transportation and Communication ...	10.7	14.1	10.6	9.8	8.6	53.8
Resource Development	4.7	5.8	5.1	5.1	5.2	25.9
Commercial and Industrial Development	1.8	2.2	2.2	2.6	2.3	11.1
Community Development and Services..	.6	.9	.9	.9	.9	4.2
Water, Sewerage, and Power Systems..	12.7	12.2	8.4	6.8	6.6	46.7
Maintenance and Rehabilitation	4.2	5.2	6.1	5.9	5.5	26.9
General Support	5.9	7.1	7.5	7.8	7.7	36.0
TOTAL Program	70.5	75.8	74.6	73.6	72.3	366.8
Micronesia Salary Compatibility ...	<u>1.5</u>	<u>4.2</u>	<u>5.4</u>	<u>6.4</u>	<u>7.7</u>	<u>25.2</u>
	72.0	80.0	80.0	80.0	80.0	392.0

A B I L L

To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "for fiscal year 1969, \$5,000,000 in addition to the sums heretofore appropriated, for fiscal year 1970, \$50,000,000 and for fiscal year 1971, \$50,000,000" and inserting in lieu thereof the following: "for fiscal year 1970, \$50,000,000; for fiscal year 1971, \$72,000,000; for fiscal years 1972, 1973, 1974, and 1975, \$80,000,000."

Discussions with the Department of Health, Education, and Welfare have pointed out that the term "Territories" as used in the Second Morrill Act and the Retirement Act of March 4, 1940, has been administratively interpreted to include Puerto Rico. This fact makes it necessary to revise our substitute bill to clearly include Puerto Rico in the provisions of the Second Morrill Act and the Retirement Act of March 4, 1940. We can make this change by amending sections 3 and 5 of our substitute bill as follows:

"SEC. 3. The Act of August 30, 1890, as amended (26 Stat. 417, 7 U.S.C. 322-326), is further amended--

- (1) by striking the words 'and Territory' wherever they appear and substituting in lieu thereof the words 'Puerto Rico, the Virgin Islands, and Guam';
- (2) by striking the words 'and Territories' wherever they appear and substituting in lieu thereof the words ', Puerto Rico, the Virgin Islands, and Guam';
- (3) by striking the words 'or Territory' wherever they appear and substituting the words ', Puerto Rico, the Virgin Islands, or Guam';
- (4) by striking the words 'or Territories' wherever they appear and substituting in lieu thereof the words 'Puerto Rico, the Virgin Islands, and Guam'; and,
- (5) by striking the words 'or Territorial' where they appear.

Subsection (6) of our substitute bill is deleted because it is not needed because it amends the so-called "separate but equal" provisions of the Second Morrill Act, which recent court decisions under the Constitution (as well as Title IV of the Civil Rights Act of 1954), have made no longer applicable.

RECEIVED

"SEC. 5. The Act of March 4, 1900 (54 Stat. 39, 7 U.S.C. 331)

is amended--

(1) by striking the words 'and Territories' wherever they appear and substituting in lieu thereof the words ', Puerto Rico, the Virgin Islands, and Guam';

(2) by striking the words 'or Territories' wherever they appear and substituting in lieu thereof the words ', Puerto Rico, the Virgin Islands, or Guam'; and

(3) by striking the word 'State' wherever it appears in the third proviso of that Act and substituting in lieu thereof the words 'State, Puerto Rico, the Virgin Islands, or Guam'.

These amendments will solve most of the problems that the Department of Health, Education, and Welfare has with our substitute bill.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

Secretary of the Interior

Hon. Wayne H. Aspinall
Chairman, Committee on
Interior and Insular Affairs
House of Representatives
Washington, D. C. 20515