

Future Micronesian Financial Requirements

Proposed Agenda for Informal Exchange of Views

Saipan, February 1974

I - Discussion of Micronesian economic goals and objectives.

A - Exposition of long-range development goals

1 - Targets for economic growth

a - Concepts of economic self-sufficiency

(1) Degrees of self-sufficiency and extent to which they represent current COM objectives.

(2) Standards of measurement.

(3) Implications in terms of future interdependency with other countries.

(4) International balance of trade and balance of payments implications.

b - Views regarding preferred sectors for concentration of future economic effort.

(1) Tourism

(2) Agriculture

(3) Fisheries

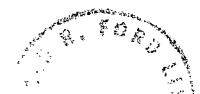
(4) Other (Transportation, Communications, etc.)

2.- Exposition of views regarding the role of future government in the development process.

a.- Relative roles of government and private enterprise in control of major segments of the economy and means of production.

b - Role of government in future economic planning.

(1) Planned growth and free enterprise.



2.

(2) Relative control of central and local governments
over economic growth.

3 - Views regarding optimum rate of economic growth.

a - Desired targets and recognized constraints.

b - Population growth and related policies

c - Investment policy.

(1) Public investment.

(2) Private investment.

(3) Foreign investment.

B - Exposition of views on time tables for economic development

1 - Relationship with timing of Constitutional Convention and
institution of new government.

2 - Relationship with phasing of transition to new political status.

3 - Relationship to termination of Trusteeship.

C - Review of available studies and reports on economic development.

1 - COM studies.

2 - TT Administration reports.

3 - Private research.

II - Development of common statistical base.

A - Current costs of government operations.

1 - Budget data by years (since 1969?).

a - Authorizations and appropriations.

b - Expenditures

c - Most appropriate base year (FY 1973?).

2 - Distribution of expenditures.

a - Proportionate shares of central government and districts.

b - Proportionate shares of executive, legislative and judiciary.



- 3 - Personnel costs
 - a - Current wage policy
 - b - Hiring of expatriates
- 4 - Value of federal services provided
- 5 - Inflationary factors and experience

B - Examination of CIP to date

- 1 - Past levels of funding and expenditures
- 2 - Proportionate shares to central government and districts
- 3 - Areas of previous concentration
 - a - Public Works
 - b - Transportation
 - c - Communication
 - d - Educations
 - e - Health
 - f - Other
- 4 - Contribution of federal programs to CIP type projects
- 5 - Inflationary experience

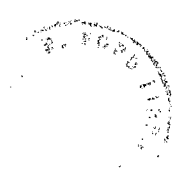
C - Development Loan experience

- 1 - EDLF
- 2 - Resource Development Fund
- 3 - PDLF

III - Discussion of Projected Future Costs of Government Operations

A - COM views on nature and organization of future Government of Micronesia

- 1 - Parliamentary system or separation of powers.
- 2 - Centralization versus decentralization and loose federation.
- 3 - Internal government organization affecting economic programs.
 - a - Planning functions
 - b - Budget control



4.

c - Banking and investment policy

B - Views regarding government operational costs

1 - Assumptions regarding economic growth

a - Population growth

(1) Natural growth

(2) Immigration

(3) In-migration within districts

b - Growth of GNP

2 - Assumptions regarding personnel costs

a - Future wage scale policy

(1) Developed versus developing nation standards

(2) Governmental wage scales and private wage scales

b - Numbers of government personnel

(1) Central government and districts

(2) Micronesian

(3) Expatriate

c - Anticipated rate of improvement in individual skills and efficiency

3 - Future operating costs

a - Regular administration and operations

b - Additional costs associated with management of increased CIP

(1) Cost increases

(2) Phasing of build-up

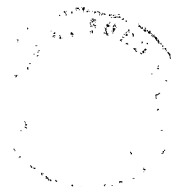
4 - Maintenance costs

a - Regular maintenance

b - Additional maintenance of increased CIP

5 - Operational contributions from federal programs and services

(pre and post Trusteeship termination)



6 - Future policy regarding provision of services by governmental agencies versus private sources.

IV. Discussion of future CIP requirements

A - Exchange of views on sectors for future concentration

1 - Government administration

2 - Transportation

a - Land

b - Sea

c - Air

3 - Communications

4 - Water and sewage

5 - Power and energy

6 - Education

7 - Health

8 - Other

B - JCFS views on priorities to be afforded CIP items and schedules for realization.

1 - Priorities between sectors and categories of projects

2 - Priorities between districts and within districts

3 - Priorities for accomplishment during pre and post Trusteeship termination periods.

4 - Standards for determining priorities

C - JCFS views on design standards

1 - Degrees of sophistication

2 - Environmental factors

D - JCFS views on private versus public financing of certain types of projects.



E - JCFS views regarding financing certain types of projects through loans versus grants.

F - Future contributions to CIP type projects from federal programs

1 - During remainder of Trusteeship

2 - Post -Trusteeship

V - Exchange of views on economic development loan programs and policies.

A - Financing of projects in private sector

B - Financing of quasi-governmental projects

C - Desirable and feasible rates and terms

D - Possible contributions from international institutions and limitations thereon.

E - Possible contributions from foreign countries

F - Role of private and commercial institutions

G - Relative role of central government and districts

VI - Discussion of Projected Income and Resources

A - Views regarding revenues from taxation

1 - Future policy on personal income tax and taxes on business

2 - Projected levels of future tax returns in relation to growth of GNP and population.

3 -

B - Views regarding future domestic savings and investment

1 - Targets for future investment levels

2 - Projected availabilities, including private sources, domestic credit unions and governmental institutions.

3 - Possible investment incentives and constraints.

C - Views regarding future budget policies of new Government of Micronesia

1.- Borrowing



7.

2 - Deficit financing

3 - Price controls

4 - External payments

VII - Discussion of special transitional costs

A - Movement of Capitol of Micronesia

1 - Currency of Chamberlain report

2 - Estimated costs in relation to form, size and organization of new government.

3 - Extent to which governmental assistance may be desired for additional supporting activities

a - Housing

b - Health and education

c - Other

B - Exchange of views on possible ancillary costs and effect thereof on government operations budget

1 - Rehabilitation programs for released personnel

2 - Training programs for retained and new personnel

a - Intern programs

b - Other special training

3 - Scheduling of training efforts and financing.

