

Last

DRAFT:JMW:m1 with changes 3/5/75

Planning

4. Policy Approval

Under this heading the report expresses the view that realistic cost estimates - even if restricted to a "basic reliable infrastructure" - will probably "demonstrate a need for a consiserable increase in expenditures" for infrastructure in Micronesia. It goes on to suggest that a major decision will have to be made by the Administration and Congress on whether to make the necessary investment or to reject U.S. responsibilities.

The Administration has already decided to make that investment, as indicated in Secretary Morton's statement of over a year ago referred to earlier. The Congress was asked for its concurrence last fall by making supplemental funds available to meet the first two years of the six year wind-up program developed as a result of the Secretary's decision.

The Administration believes that the full amount for CIP of \$145 million proposed for that program expressed in constant dollars, which is 40% higher than the levels in the preceding six years and \$15 million above the level for CIP recommended from the field, will be adequate to meet U.S. responsibilities so far as the basic infrastructure needs of the Micronesian economy are concerned and will provide an adequate base for future long term programming in the post trusteeship period.



This decision has indeed been reflected in on-going status negotiations, where provisional agreement was reached last April with Micronesian negotiators on the levels indicated. Earlier this month however, and after release of this Senate report, the Congress of Micronesia voted to reject the entire financial arrangement as negotiated earlier of which this CIP program was an integral part, and all of this must now be discussed further with Micronesian negotiators.

