



TRUST TERRITORY OF THE PACIFIC ISLANDS
OFFICE OF THE HIGH COMMISSIONER
SAIPAN, MARIANA ISLANDS 96950

CABLE ADDRESS
HICOTT SAIPAN

November 14, 1979

The Honorable James A. Joseph
Under Secretary
Department of the Interior
Washington, D.C. 20240

Dear Mr. Joseph:

Attached are the comments of the Trust Territory Government on the Interagency Policy Review on the territories and the Trust Territory, as requested by you in your letter of October 31, 1979.

Our comments consist of excerpts taken from my comments as well as from the comments submitted to me by the Deputy High Commissioner, the Administrators of Community Services, Administrative Services and Developmental Services, and by the Director of Planning and Statistics. This was done to provide an overall view of the opinions and judgments of the staff, particularly in those cases concerning which there were differences of opinion. In all cases, the comments which are presented first are mine.

I did not attempt to secure the comments of the Presidents, Governors and legislative leaders of the Trust Territory Governments because the limits of time made it impossible to transmit the Review and secure responses on a timely basis. If it is desired, I will transmit copies to them, requesting their comments for possible subsequent inclusion as a supplement or appendix to the Review, or in any way you may suggest.

Sincerely yours,


Adrian P. Winkel
High Commissioner

Attachments

*Recd OTA
11/19/79*



THE SENATE
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
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COMMENTS ON THE QUESTIONS AND RECOMMENDATIONS
POSED BY THE INTERAGENCY POLICY REVIEW OF
U.S. TERRITORIES AND THE TRUST TERRITORY

RESIDENT
Lorenzo I. Guerrero

VICE PRESIDENT
Pedro P. Tenorio

MAJORITY LEADER
Benjamin T. Mangiona

MINORITY LEADER
Herman R. Guerrero

GUAMAN
Julian S. Calvo
Joseph S. Inos
Benjamin T. Mangiona

SAN JUAN AND ISLANDS NORTH
Herman R. Guerrero
Lorenzo I. Guerrero
Pedro P. Tenorio

SAN JUAN AND AGUIGUAN
Serafin M. Dela Cruz
Hilario F. Diaz
John U. Hofschneider

QUESTION NO. 1

At the outset, we would like to express our satisfaction of the fact that the revised version of the Interagency Policy Review of U.S. Territories did, in fact, acknowledge and accommodate many of our concerns raised by our previous concerns.

This revised version of the report has taken cognizance of the fact that the status of the Northern Marianas is somewhat unique as compared to the other territories discussed, and has treated such status accordingly.

However, there are still many principle concerns of ours which need to be re-emphasized at this time with the expectation that they will be acknowledged and responded to.

As a general position we agree with the report that the Northern Marianas has no desire, at the present time, to modify our formal relationship with the U.S. Moreover, we are striving to make that relationship work. Such

endeavor is mentioned in the report, however, a high degree of priority should be given to the cooperation of the U.S. to make the relationship work more efficiently.

For instance, the report refers to the fact that the Northern Marianas provides basing alternatives and supports the defense security of Guam, and also mentions the Five-year option to lease land on Tinian for military activities.

We wish to stress the fact that the agreed rental value of property to be leased by the U.S. was a major factor and inducement to enter into the political relationship with the U.S.

We have not received any indication from the U.S. that the lease option will be exercised at all. The five-year option will expire in 1983.

In view of the defense strategy in the Pacific area, as stated in the report, it appears that the option will be exercised. However, at this time, it is a mere speculation.

We should receive some assurances from the U.S. as to their future plans with respect to this lease option in order that we may plan accordingly.

With respect to policy question number six and the options listed thereunder, we select option A as being the most realistic for the Northern Marianas. The Northern Marianas Commonwealth Legislature recently adopted a resolution expressing the desire stated in option A.

The resolution contradicts the statement made in option C that there is no desire on the part of the Northern Marianas to change its current Washington Representative status.

Option B is totally unrealistic and unacceptable. Guam and the Northern Marianas are two separate entities and are also culturally, economically, and socially different. The people of the Northern Marianas are utterly opposed to such a proposal.

Although option D correctly states that the people of the Northern Marianas will not become U.S. citizens until the termination of the Trusteeship Agreement, we believe that our selection of Option A is imperative at this time in order to seek delegate status for our Washington Representative in the U.S. House of Representative at least by the time of the Trusteeship Agreement termination.

American Samoa has been promised such a status in 1980 and they are U.S. nationals whereas we will be U.S. citizens, and are, at the present time de facto U.S. citizens.

We are pleased to note that the revised report, unlike the previous one, has a section 9 dealing with the commission on the application of federal laws to the territories and specifically refers to our soon-to-be appointed commission.

We totally agree with the report's awareness of the fact that the impact of federal laws upon the territories and more specifically upon the Commonwealth of the Northern Mariana Islands is not always the product of careful consideration.

Indeed, we have been the victims of several federal laws which have been applied to us. In our endeavor to achieve a harmonious relationship with the U.S. the obstacles we have encountered in the form of federal constraints have been our most serious setback.

We have had arbitrary directives by federal regulatory agencies advising us that the Northern Marianas are subject to their jurisdictions.

Our economic goals do not appear to be too optimistic when we see the impractical application of mountains of federal regulations falling upon us.

Indeed, most of the regulations trying to be forced upon us were never originally contemplated to include us within their jurisdictions.

The Covenant's provision creating the advisory commission on federal laws is, in our opinion, one of the top priorities for our government.

We have impatiently waited for more than two years and still with no results, however, we hope that the words in the report, "will shortly be appointed," can be interpreted literally and that the President of the U.S. will appoint the commission forthwith:

We view this commission as being our possible savior from the burdensome application of federal regulations being applied to us in a highly inconsiderate manner.

QUESTION NO. 2

The question of economic development recognizes in the report the federal constraints as being a major obstacle.

For the sake of brevity, our comments and desires expressed in the latter question concerning the importance and immediacy of the Commission On Federal Laws should also reflect the major position of our aspirations concerning the question of economic development as proposed in the report.

In addition, we are pleased to note that this report has eliminated erroneous assumptions contained in the previous report concerning various aspects of our economic development.

For instance, the report acknowledges our potential for expansion of the tourist industry.

Our revenues from tourism has gradually increased and this industry should be assisted and encouraged by the U.S.

Our transshipment potential was also acknowledged along with that of Guam as well as the necessity to improve our infrastructure in order to meet the aspirations of the population and to encourage private investment.

Our potential for the development of new forms of energy should be encouraged by expanding the present assistance and expertise provided us by the U.S.

The suggestion of a federal agency for the territories which would undertake an analysis of federal constraints to economic development is unnecessary as applied to the Northern Marianas, if the commission mentioned earlier is appointed quickly.

QUESTION NO. 3.

Although we can most appreciate the concern of the U.S. regarding the methods of providing federal financial aid to the territories, from our point of view the Ad Hoc subsidies should continue until the infrastructure to meet our current and future needs is in place. If the U.S. could not achieve this goal for 35 years how are we to be expected to generate the capital to accomplish such a task.

For instance, the Ad Hoc appropriation of 9 million dollars intended to pay for the construction of the Saipan Power Plant, currently nearing completion, should not be eliminated as suggested

by the Interior Department.

The Power Plant is a vital element of our infrastructure and as such, should be viewed as an economic necessity in order to develop our potential for economic development.

Regarding the proposed options, option 3 would be our choice due to its incentive to increase self-government and eliminating the necessity to coordinate the many federal categorical programs to which we are presently entitled to.

We take issue with the statement made in the report that the Internal Revenue Code provides for an equitable system for raising tax revenues in the territories. Indeed, President Carter has even called it a disgrace.

In any event, the Northern Marianas has enacted a local tax law consistent with the local territorial income tax, as authorized by the Covenant. This tax is easy to understand, prepare for, and administer, in addition to being equitable. It is also expected to generate three times as much revenue as the Internal Revenue Code would.

Our collection of taxes has also been very effective with only a small percentage being outstanding.

Therefore, we believe option 3 to be the most feasible in that it would grant the territories autonomy over their income tax system while technical assistance would be provided by the federal government.

QUESTION NO. 4.

The comprehensive multi-year planning suggested by the task force could create a heavy bureaucracy for administration.

Since we have to deal with Region IX for our grants there should be a representative located in the Northern Marianas with full authority for Region IX programs. This would eliminate the burden of communicating with San Francisco's Office.

The administration should be decentralized, perhaps, even a new region established closer to the territories.

The application grants should be simplified for the territories thereby eliminating the need for skilled personnel to implement the applications for grants.

Perhaps the grants should be held in reserve for a period of about five years from which the territories could draw on.

Of the two options proposed we find the first option to be the most desirable, however, before such option is adopted, we would like to offer modifications at that time.

QUESTION NO. 5.

At the present time, the Interior Department is our liaison for dealing with Washington. However, we have been in direct contact with most federal agencies without the assistance of the Interior Department and have, in most cases, been successful in so far as receiving responses and other considerations that we seek.

None of the options presented in their present form would satisfy our expectations. Therefore, it is our desire to maintain the direct relationship we now have with many federal agencies and to be assisted in our endeavor to seek and develop other relationship with other federal agencies. Perhaps this could best be accomplished by a form of directive from the President to all federal agencies to extend their cooperation and assistance to us when it is so requested

by the Northern Marianas Government.

In addition, we should still be able to maintain a working relationship with the Interior Department, perhaps to provide assistance when we encounter an agency that is unresponsive to our requests.

In any event, the status quo is proving to be fairly effective and it may be premature to consider changing it at this time.

Perhaps, when the status talks, guaranteed to us under the Covenant occur, it may be appropriate to discuss this topic further.

QUESTION NO. 6.

The issue presented by this question is whether or not there is need for a federal presence beyond that provided for by the comptroller.

We can appreciate the vital role exercised by the federal comptroller, especially their new activities of providing technical assistance in the area of financial management.

Option number 2 would seem to be the most appropriate one for the Northern Marianas. Coordination between the Northern Marianas and the federal government is most necessary, especially in the area of communication. If such an office were established here providing communications from our government to the federal government, it would indeed, lessen the chaos that sometimes exist in receiving or sending messages to Washington.

We agree that it would give the Northern Marianas greater credibility in the funding process and should facilitate federal responses.

However, if such an office were to be established, their responsibilities would need to be delineated so as not to unduly

intefere with our affairs.

Although, we also like option 3, we agree that the necessary mechanism to provide the technical assistance would be lacking.

Therefore, we would like to suggest, perhaps a merging of option 2 and 3.

This would be the most feasible solution. In the meantime, the U.S. comptroller should continue and expand the technical assistance offered by his office to the Northern Marianas.

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IDENTIFICATION GUERRERO, Lorenzo I. Northern Marianas Commonwealth Legislature		DEPARTMENT OF THE INTERIOR EXECUTIVE SECRETARIAT ACTION SLIP		54207	
DATE 8/25	BY 7/2	TO Joseph	SUBJECT US 5/25 ltr to Gov/Camacho requesting answers on territories. Transmitting my comments		
ACTION Assigned To:		TA	DUE DATE 	XXX	INFORMATION cc: US US/Green SOL PBA IG
PREPARE FOR SIGNATURE OF			REMARKS US/Heller ES/Myer		
FOR DIRECT REPLY					
<input checked="" type="checkbox"/> FOR APPROPRIATE ACTION			STAFFING <i>Armstrong 7/2</i>		
FINAL ACTION			ES-7-1-1 Armstrong 7/2 2540 EXTENSION		
RETURN SLIP TO ES WHEN COMPLETED					

FAIR

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Mr. Downs

I don't know where this has
 been. It reached me late
 this afternoon. Anyway, it
 ought to be ack -- ask E.
 Keller if she wants to ~~ack~~^{sign it}.
 If not, I'll sign. So pl do
 an ack., and also treat the
 contents of this as you are
 the others, for the precis
 that Barbara has asked for.
 ETC 7/13

her

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*OK said she would
 return ack to be
 mailed & signed for
 all copies. 7/13*

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