



THE SENATE  
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

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November 15, 1979


Mrs. Ruth Van Cleve  
Director, Office of Territorial Affairs  
U.S. Department of Interior  
Washington, D.C.

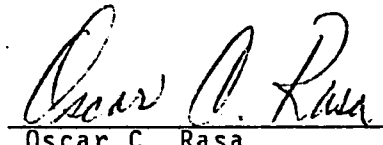
Dear Mrs. Van Cleve:

Pursuant to your request, we have submitted our written comments on the Interagency Territorial Policy Review to Mr. Fukutome, the U.S. Comptroller for Guam and the Northern Mariana Islands on November 16, 1979.

We trust that our comments and concerns will be reflected on your report to the President and that some positive action will be forthcoming with respect to our major concerns.

Thank you for your cooperation and assistance.

  
Lorenzo I. Guerrero  
President of the Senate

  
Oscar C. Rasa  
Speaker of the House

*Recd OTH  
1/19/79*

The Honorable James A. Joseph  
June 25, 1979  
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Question No. 1 addresses the issue of national security objectives. Under the Covenant, lands are committed for contingent use of the U.S. for defense purposes. Such lands represent an invaluable sacrifice on our part, foregoing the economic advancement and well being of the Commonwealth in the interest of national security. The lands reserved at the option by the U.S. for a five-year period was not meant to be left idled for the next three and one half years of the option period. It was the declared intent and agreement by the status negotiators that the U.S. exercises the lease option as soon as practicable, and not wait until the end of the option period (1983) to do so.

While we recognize the national security interest of the U.S. and the vital role that our lands will play, we believe that we are delaying economic development by letting the lands idle or not having the opportunity to start investing the expected funds from the lease payments. The Presidential Task Force should be appraised of this potential economic setback. The NMI has close to six and one half years under P.L. 94-241 to develop itself toward economic self-sufficiency. It must therefore do what it could within this time to come up with unique and innovative economic development approaches to obtain such goal. But with a multitude of U.S. laws and regulations inhibiting our progress, it is impossible to do too much.

U.S. laws and particularly those preventing the territories from moving forward must be revised. This process is provided for in the Covenant via the U.S./Marianas Joint Commission of Federal Laws, but such commission has not been established. The Task Force should consider as its priority the establishment of the Joint Commission on Federal Laws.

#### Question 2

To start with, the U.S. must be completely committed to the territories both in terms of financial assistance and technical expertise if it expects to develop the territories to the level of the Japanese era or a respectable degree of self-sufficiency. We see too many programs as handouts which discourages our people from maximizing their talents and resources to achieve an independent and self-sufficient status, economically. While we lack major commercial resources, we possess sufficient resource which when exploited would at least provide basic

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economic needs for the islands. The primary aim of the U.S. should be to assist the territories exploit their resources, first for their own use, and only afterward should the territories be thinking in terms of export. The NMI cannot even support itself with its fishery and agricultural products. We are misleading ourselves if we continue to think that a "pot of gold" can be had via our exporting produce. We see a serious lack of interest on the part of private U.S. investors in developing our economy. It is a shame that the U.S. continue to be passive about development of our islands by foreign nationals. One begins to question whether or not U.S. companies are seriously interested in actually investing on our islands at all. While our resources are scarce, and our population is small, given proper assistance from the U.S., the NMI should be able to be less dependent on U.S. handouts by developing its resources even if just to feed its population. Our great distances from suppliers and markets make it difficult to compete economically with other nations in exports not to mention the fact that we do not have that much exports to speak of. This is more the reason to think small at this time. Production should be geared for local consumption first.

### Question 3

I strongly believe that it will be to the best interest of the territories if financial aids are planned out over several years with full commitment rather than on a piece-meal basis. In the case of the NMI, the U.S. has a legal commitment under the Covenant to provide NMI with the necessary funds for practically all aspects. The entire financial commitment over several years should be made available to NMI for its administration and with full flexibility to manage such funds in accordance with its development plans. I cannot help but feel that the U.S. continues to "spoon-feed" the NMI in this aspect. We are somewhat dismayed at the U.S. paternalistic and colonial attitude toward NMI when it comes to internal self-government. My feeling is that if we make mistake, it is our own and we should correct it. The U.S. interferes too much when it comes to financial and fiscal responsibilities. I feel that the spirit of the Covenant and the concept of full internal self government have been breached by the U.S.

I do not believe that the annual budgetary appearances in front of the U.S. Congress accomplishes any more than a good gesture. We feel that Covenant funds are already justified by the Agreement itself. Non-Covenant funding requests should be the only requests that the U.S. Congress should be addressing.

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Question 4

A special type of grant application procedure must be developed for the territories. None now exists and this is the reason for the confusion and abuse. I feel that the U.S. law providing for consolidation grants is excellent for the territories, but the grant forms must be simplified. The purpose of the federal grants is to effectively assist the territories, and territories cannot function practically if they continue to be treated like beggars in their efforts to justify grants or in their efforts to implement programs.

Question 5


The Office of Territories should be divorced from the principal Department of Interior. We have seen over several decades the ineffectiveness of the Department in accomplishing its mission in the Territories. The Office of Territories should be given complete responsibility as a liaison office between the territories and the U.S. Congress. Also branch offices should be located in the Territories in order to be effective. Such creation of local offices will prevent potential problems during post-trusteeship period for the U.S. trust islands. I feel that there are far too many federal agencies calling the shots in the territories, particularly with respect to Micronesia and NMI.

Question 6

Yes, federal presence is needed but as I mentioned earlier, its function should be principally liaison. When it comes to monitoring of federal grants, i.e. auditing, program evaluation, such services should be extended only upon official requests so as to minimize the resentment that most territories have against U.S. government agencies who in most cases seem to be deliberately giving us the impression that their primary mission to the territories is to find people to throw in jail.

I hope the comments herein are useful and that they are seriously considered by the Task Force.

Sincerely yours,

  
Lorenzo I. Guerrero  
President of the Senate



THE SENATE  
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
P.O. Box 129  
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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  
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ICE PRESIDENT  
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DOOR LEADER  
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AGUIGUAN 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

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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.

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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.

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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 <b>GUERRERO, Lorenzo I.</b> Northern Marianas Commonwealth Legislature		DEPARTMENT OF THE INTERIOR EXECUTIVE SECRETARIAT <b>ACTION SLIP</b>		<b>54207</b>	
DATE 6/25		RCVP 7/2		TO Joseph	
ACTION Assigned To:		TA		DUE DATE	
PREPARE FOR SIGNATURE OF		REMARKS		INFORMATION cc: US US/Green SOL PBA IG US/Heller ES/Myer	
FOR DIRECT REPLY		STAFFING		XXX	
<input checked="" type="checkbox"/> FOR APPROPRIATE ACTION		FINAL ACTION		7/2	
RETURN SLIP TO ES WHEN COMPLETED		ES-511F		2540 EXTENSION	

AIR:

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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. Heller if she wants to do so. 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.

her

r

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RVC 7/13

al

*OK mid who wants  
routine ack. to be  
drafted & typed for  
all committees. 7/14*

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