

NEW SETUP PLANNED FOR U.S. TERRITORIES

Carter, Noting Lagging Economies
of Some Islands, Announces
Change in Administration

By SETH S. KING

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WASHINGTON, Feb. 14 — President Carter today announced a new administrative framework for this country's island territories to spur political and economic development there.

In a message to Congress, the President said his action was especially prompted by growing concern over the lagging economies of Guam and the Virgin Islands. These two territories are now close to insolvency despite considerable Federal assistance, Mr. Carter declared.

He asked Congressional support for rearranging Federal authority over the Pacific territories of Guam, American Samoa and the Northern Mariana Islands as well as the American Virgin Islands group in the Atlantic.

"The need for technical assistance and training and the lack of local venture capital are not the only factors inhibiting private sector growth in the territories," Mr. Carter asserted.

"In many of the islands, meaningful economic growth — as well as a decent standard of living — will be an unattainable dream unless elementary facilities are constructed," he said.

New Office Is Planned

Mr. Carter said that the "policy attention" given the territories and the technical assistance provided them needed "substantial upgrading." He said that the Secretary of the Interior, whose department has had primary responsibility for the territories, would be given more clearly defined control over the operations of all the other Federal agencies involved in governing them.

He said he would create within the Interior Department a new office of territorial liaison and assistance to be headed by a new Assistant Secretary of the Interior for Territorial and International Affairs.

The United States will continue its policy of encouraging self-determination for the territories, the President said.

"All options for political development should be open to the people of the insular territories," he declared, "as long as their choices are implemented when economically feasible and in a manner that does not compromise the national security of the United States."

Mr. Carter said he wanted to encourage the people of Guam and the Virgin Islands to continue the constitution-drafting process now under way and eventually replace Federal laws under which their local governments now function.

In his budget for the coming fiscal year, the President has proposed spending \$224.3 million to aid and administer the territories, a sum that is almost \$71 million less than is currently appropriated.

But these funds would include substantial Federal support for several "essential" capital projects, Mr. Carter said.

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He proposed several changes in Federal grant programs for the territories that would include aiding territorial governors in planning for grant applications and waiving requirements of matching expenditures on some programs.