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PROVISIONAL VERBATIM RECORD OF THE THIRTEEN HUNDRED AND SEVENTH MEETING

Held at Headquarters, New York,
on Friday, 9 June 1967, at 10.30 a.m.

President:

Mrs. ANDERSON

(United States of America)

1. Examination of conditions in the Trust Territory of the Pacific Islands: annual report of the Administering Authority (continued)
2. Report of the United Nations Visiting Mission to the Trust Territory of the Pacific Islands 1967 (continued)

EXAMINATION OF CONDITIONS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS: ANNUAL REPORT OF THE ADMINISTERING AUTHORITY (T/1661; T/L.1121) (continued)

REPORT OF THE UNITED NATIONS VISITING MISSION TO THE TRUST TERRITORY OF THE PACIFIC ISLANDS 1967 (T/1658 and Add.1) (continued)

At the invitation of the President, Mr. Norwood, Special Representative for the Trust Territory of the Pacific Islands, and Mr. Salli, Adviser to the Special Representative, took places at the Council table.

The PRESIDENT: Before we begin, I should like to welcome several official guests from Washington, D.C. We are pleased to have with us today three members of the Congress of the United States: Congressman Roy A. Taylor of North Carolina, who is the Chairman of the Subcommittee on National Parks and Recreation and also a member of the Territory and Insular Affairs Committee; Congressman Hugh Terry, who is also a member of the Committee on Territory and Insular Affairs; and the third Congressman, who will be here shortly, is Congressman Roger C.B. Morton of Maryland, who is the ranking Minority member of the Subcommittee on Territory and Insular Affairs. Congressman Morton will be accompanied by his wife.

We are also pleased that Mrs. Ruth Van Cleave, the Director of the Office of Territories from the Department of the Interior of the United States Government is here this morning as a visitor. You may recall that Mrs. Van Cleave and Congressman Taylor, and I believe also Congressman Morton, were here as visitors last year. Your Vice President had the pleasure and honour of visiting the Territory in the company of a Congressional delegation in November of 1965, of which Congressman Taylor and Mr. Craley, who at that time was Congressman from Pennsylvania, and Mrs. Van Cleave, were all members. Congressman Taylor was the Chairman of the Congressional delegation on that visit to the Trust Territory, and thus has a particular interest in our proceedings.

We shall now proceed with the questions concerning the Trust Territory.

Mr. GASCHIGNARD (France) (interpretation from French): May I be allowed to welcome Mr. Norwood, the High Commissioner for Micronesia, and also his assistants and those who accompany him, particularly Mr. Salii, who made a statement yesterday which was of great interest to us.

I should also like to thank our President, as well as Mr. Posnett, for their kind words concerning Mr. Pierre Basdevant, who was a member of the Visiting Mission. I shall transmit their good wishes to Mr. Basdevant, who I know regrets being unable to be with us today. I know that the knowledge he acquired of Micronesia would have enabled him to play a more effective role in our debates today than I.

Before putting the usual questions, I should like to draw the attention of the Secretary of the Council to the fact that the report of the Visiting Mission has not yet been translated into French. I know that certain circumstances have delayed that translation; however, the copy I have bears the date 15 May, and I regret that a French translation has not yet been circulated.

I should now like to put some questions to the United States delegation. The first is as follows:

The Visiting Mission states in its report that the Micronesian Congress asks the United States Government to set up a commission in order to ascertain the views of the population and to study the possibilities available for the future. Does the United States Administration intend to take action on that wish expressed by the Micronesian Congress?

Mr. McHENRY (United States of America): The resolution adopted by the Congress of Micronesia, asking the President of the United States to appoint a commission to look into this question, is one which is actively under study. One would expect that some action will be taken on it in the very near future.

At the same time, I think the Council is aware that the United States Government has made it clear that the question of the future of the Trust Territory is constantly under review; the United States Government is very much aware of the fact that the time is rapidly approaching when a determination will be made by the people of Micronesia as to what their political future will be.

Mr. GASCHIGNARD (France) (interpretation from French): The Special Representative told us yesterday -- at, I think, page 28 of the text which was distributed to us -- that a programme is under way to train young Micronesians so that they can occupy managerial or leading posts in the Government; and it was decided to have Micronesian functionaries participate in "cabinet" meetings. Could the Special Representative perhaps tell us what those "cabinet" meetings are? Who participates in them, and what is their function?

Furthermore, if I may expand that question somewhat, does the administering Power -- the Government of the United States -- intend to go further and follow up the suggestions of the Visiting Mission regarding the setting up of such ministerial "cabinets" in Micronesia?

Mr. NORWOOD (Special Representative): The "cabinet" meetings to which my report referred are composed usually of the Assistant Commissioners; and I might explain that our administrative organization in the Trust Territory is composed of, in addition to myself as High Commissioner, the Deputy High Commissioner, the Attorney General, the Assistant Commissioner for Community Services, the Assistant Commissioner for Resources and Development, the Assistant Commissioner for Public Affairs and the Assistant Commissioner for Administration. Under these Assistant Commissioners are the principal operating departments. As I mentioned yesterday, in view of the importance of the health programmes and programmes in education, we are contemplating elevating the Director of Health to a cabinet-level rank, which will probably add one more Assistant Commissioner or one more key administrative assistant to the cabinet level.

The Cabinet meetings to which my report referred yesterday are held sometimes weekly, sometimes every other week, depending upon the business at hand, and very frequently we invite department heads, or such representatives as members of the Nathan economic study team, who have been in the area counselling with us. Dr. Bowden, the head of the Nathan team, for instance, regularly attended our cabinet meetings during the past year.

The meetings are usually to review financial matters, the budget, administrative problems, problems involving jurisdiction between departments; they are for reviewing policy or getting agreement on major changes in policy or programme emphasis, and for reviewing problems we may have in communications. Very frequently, of course, we have District Administrators at Headquarters who may have come up for counselling or consultation, and we usually invite them into the Cabinet meetings also.

This new development involving the attendance of Micronesian staff members is partly in response to the observations made in the report of the Visiting Mission. I think that by coincidence we had also concluded that the very able Micronesian staff members could contribute and should be contributing to our discussions in the decision-making process, and for that reason we have now inaugurated this new policy of bringing them into the meetings.

Mr. GASCHIGNARD (France) (interpretation from French): I should like to recall that I also asked the United States delegation whether they planned to go still further and to take action on the suggestion made by the visiting mission to set up a ministerial cabinet in the Territory itself.

Mr. NORWOOD (Special Representative): The organization of the Administration is currently under review. I have already indicated some contemplated action with respect to the Health Department. There is some feeling that the administrative table of organization is somewhat over-stratified. In other words, there is some feeling that perhaps certain departments of department heads responsible for very important areas of activity -- for example, the Chief of Engineering and Construction -- might very well qualify for a cabinet-level post in the Administration. That position now falls under the Assistant Commissioner for Administration.

We are looking at all of these operating and administrative relationships to determine to what extent it would be practical and useful to formalize this organization. We also have recently been reviewing the code of the Trust Territory to re-examine the extent to which the code itself spells out certain departmental functions. We are looking at the code to determine whether, in the area of education, for example, the requirements of the code are consistent with contemporary needs as far as administering the education programmes are concerned.

So in answer to the question of the representative of France, I would say that we have not yet really determined to what extent the cabinet organization should be formalized, but we are reviewing the administrative relationships, as between the present position of Assistant Commissioner and various department heads, to determine whether we have an effective, evenly balanced distribution of administrative responsibility.

Mr. GASCHIGNARD (France) (interpretation from French): We read in the report of the visiting mission that the Congress of Micronesia is empowered only to make recommendations regarding the use of the funds granted by the Congress of the United States. Could the United States delegation or the Special Representative tell us whether the Administering Authority is planning any reform which would make it possible for the Congress of Micronesia to give its views and to make decisions not only on the use of funds of local origin, as is at present the case, but also regarding the utilization and allocation of financial resources derived from the considerable subsidy provided by the Government of the United States?

Mr. NORWOOD (Special Representative): The comments in the report of the Visiting Mission with respect to budgeting and participation by the Congress of Micronesia in the budget-formulation process were perceptive and noted one of the most important problem areas in the relationships presently existing between the Executive Branch and the Legislative Branch of the Trust Territory Government. We should have more effective participation by the Congress of Micronesia in formulating and evaluating our financial requirements, and more participation by members of the Congress of Micronesia in reviewing the various programmes that require a distribution of available funds and form the basis for our proposals which we must carry to the various members of the United States Congress for their review.

(Mr. Norwood, Special Representative)

As it stands now, the opportunity for the Congress of Micronesia to participate is extremely limited.... For example, we are already well into our 1969 budget cycle. When we return to Micronesia, to headquarters on Saipan, a few weeks from now, the 1969 budget will have been preliminarily put together by our Department of Budget and Finance. This tentative budget will be based on requests that have come in from the various districts in relation to the amount of funds available. This will then be presented to the Congress of Micronesia or to the appropriate committees of the Congress of Micronesia for review and amendment if they find that there are inequities in the proposed distribution of funds. Following that review, the budget will then go forward through the usual process for review in Washington.

Under the Code, if the Congress of Micronesia takes exceptions, or if the recommendations of the Congress of Micronesia cannot be accommodated or if it is felt that for various reasons they cannot be incorporated in the administrative budget, then they are also to be forwarded to the Secretary of the Interior for his review and determination of whether the budget proposal should be amended to incorporate them.

Now it is possible, and I personally feel we should give serious consideration to this, to work with interim committees early in the year to extend and deepen the participation of the representatives of the Congress in the budget preparation process. I think this can be done in consultations between the leadership of the Congress and representatives of the administration. One of the problems is, of course, that the formal session of the Congress of Micronesia occurs just about the beginning of the fiscal year, by which time our budget for that year has already been pretty well established. If the time comes when it is decided that perhaps the formal session of the Congress might be shifted to some time earlier or later in the year it might be more effective in relation to participation in the preparation of the budget. In the meantime, I think more effective participation can be achieved through consultation with the Finance Committees of the House and Senate or other appropriate bodies which the Congress of Micronesia may select. I suggest that perhaps Mr. Salii, who may be familiar with the subject, may like to comment on it from the point of view of a member of the Congress, if you would care to have him do so.

The PRESIDENT: Would Mr. Salii care to comment on this question?

Mr. SALII (Adviser to the Special Representative): If the representative of France would like me to, I would be perfectly willing to comment on this question.

The PRESIDENT: The representative of France would like Mr. Salii to comment further so I recognize Mr. Salii.

Mr. SALII (Adviser to the Special Representative): From the point of view of the Congress, in the past two sessions it has generally been felt that the Congress did not have adequate time to go into the budget proposal submitted by the Administration for review by the Congress. The Congress, as members of the Council are well aware, is limited right now to a thirty-day regular session each year, although in the past two years we have had to go into several days of special sessions at the call of the High Commissioner to give the Congress more time to evaluate and review the budget.

At the last session, the Congress requested two things. One was to extend the length of the regular session to something like forty-five days; the other was to have two regular sessions a year, one in September and the other in March, with one of the two sessions devoted for the most part to a review of the budget submitted by the High Commissioner. It was the feeling of the Congress that if our recommendations, our evaluations were to be helpful and meaningful, then the Congress, depending on what it thinks should be the current considerations and programmes, should be able to advise the High Commissioner on these points. But one of these two arrangements is called for.

To answer the representative of France in brief, we have not had much time in the past to go into the budget proposal. It is our hope that somehow or other the Congress will have more time to delve more deeply into the budget in the future.

Mr. GASCHIGNARD (France)(interpretation from French): I thank you, Madam President, and I also wish to thank Mr. Salii. The time element, that is, the time allotted to the Congress to study the budget is very important, but my

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question was whether the Congress should not have the same power to take decisions concerning the subsidies given by the United States Government as it has concerning local funds. I believe the Congress should have equal powers. Does not Mr. Salii feel that the powers of the Congress should be extended to cover this other field, namely, the field of subsidies from the United States Government? May I ask Mr. Salii what his view is on this problem?

Mr. SALII (Adviser to the Special Representative): In answer to that question, I will try to give what I think is the general feeling of the Congress rather than my personal thinking. This very question has been of great concern to the great majority of the members of the Congress since its first session a number of years ago.

(Mr. Salii)

Of course, the Congress of Micronesia -- and I think this is natural on its part -- would like to have more of a say on how the money which is appropriated by the United States Congress for the Trust Territory should be allocated and used in Micronesia. We have had both informal and formal discussions on this question with members of the Executive Branch, and, if memory serves me right, there was a resolution on this point. But as time goes on and the Congress begins to gain more responsibility and take a broader perspective of the requirements of the people of Micronesia, it should have more power in the appropriation of United States grants to the Trust Territories. Many members of the Congress feel that ultimately the United States grant should be appropriated by the Congress of Micronesia, although not all of us feel that now is the time to do that.

Mr. NORWOOD (Special Representative): I have one additional comment which deals with the same question. We have considered and will continue, I think, to explore the possibility, in consultation with various committees of the United States Congress that must review our financial request, of including one or more representatives of the Congress of Micronesia in our budget presentations. It is felt that it might be helpful, as the various sub-committees of the United States House and the United States Senate schedule hearings on our budget proposals, that we have in attendance, if it is their pleasure to do so, representatives of the Congress of Micronesia as well as representatives of the Administration. That would be a transitional step designed to give members of the Congress of Micronesia a more direct opportunity to observe the probing and careful scrutiny to which our budget requests are subjected when they reach the various committees of the United States Congress.

Mr. GASCHIGNARD (France) (interpretation from French): I should like to thank Mr. Norwood and Mr. Salii for their replies, which were of great interest to my delegation.

I should now like to ask the United States delegation the following questions: Could the Special Representative give us his opinion about the statement

which can be found in the report of the Visiting Mission to the effect that the taxes which are presently levied in the Territory are not always in fact collected, and that therefore an important source of revenue is lost to the Territory?

Mr. NORWOOD (Special Representative): Yes, it is true that a considerably larger sum of money would be available to the Congress of Micronesia for appropriations if we had a more effective procedure for collecting taxes. I can produce for the representative of France, if he is interested, some figures indicating the funds that were appropriated from the various tax sources last year and the amount of funds that would have been available if there had been more effective tax collection. The problem is presently being approached in two ways. We are introducing some new proposed tax legislation in the forthcoming Congress of Micronesia, hoping that it will be an equitable way of producing more income. We are also considering the possibility of having as part of our administrative organization a revenue officer or a director of taxation, so that the Administration would have procedures for collecting the taxes and enforcing tax collection more effectively. There are many areas where collections are now very loosely administered, and that is part of the total problem of reviewing fiscal policies, encouraging businessmen, both Micronesian and American, as well as others, to recognize the necessity of respecting their tax obligations and other fiscal obligations. It is a matter of education as well as administrative enforcement. I believe this is an area where we have a real opportunity to put our fiscal affairs in the Trust Territory on a much sounder basis than they now are, and by so doing, to make significantly more funds available to the Congress of Micronesia than it now has available to it.

Mr. GASCHIGNARD (France) (interpretation from French): Still with reference to taxes, I note that the report of the Visiting Mission suggests that foreigners who are residing in the Territories should pay a personal tax, and furthermore that the taxes deducted by the United States Government from salaries paid to United States citizens by the Government in the Territories should be paid to

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the Territorial Government, such as is done in Guam, I believe. As I understand it, those United States citizens are United States Government officials. Could the Special Representative give us his opinion on this particular problem concerning the taxation of foreigners and the taxation of United States citizens who are employed in the Territory?

Mr. NORWOOD (Special Representative): My personal opinion is that any tax programme would probably be more equitable if distinctions were not made between the so-called foreigners and the citizens of Micronesia. I think we are approaching the time when there should be some form of income tax which we do not now have, and in view of the rather significant difference among the incomes of the foreigners, the Americans, and the Micronesian citizens, an income tax would, in effect, produce proportionately more tax income from the individual American than from the individual Micronesian.

(Mr. Norwood, Special Representative)

As far as the other part of the question is concerned, that of refunding to the Trust Territory the Federal income taxes paid by Americans, it is a suggestion which deserves consideration. But we have not thought it through yet nor have we discussed the question with our various congressional committees thoroughly enough to be able to give you any meaningful estimate at this time as to whether it would be a practical procedure for us to follow.

Mr. GASCHIGNARD (France) (interpretation from French): I should like to ask the Special Representative if the Administering Authority intends to set up a body whose task it would be to facilitate the creation of commercial, industrial or agricultural enterprises by the Micronesians.

Mr. NORWOOD (Special Representative): I wonder if I might have the question restated; I am not sure that I got all of it.

Mr. GASCHIGNARD (France) (interpretation from French): In the report of the Visiting Mission, mention is made of establishing a Development Corporation which encourages the creation of commercial, industrial and agricultural firms by means of loans to the inhabitants of the country. I believe that such a body is somewhat similar to the Development Bank which exists in New Guinea, but there is no such body in Micronesia. I should like to ask the Special Representative whether he feels that an effort should be made to create such a body.

Mr. NORWOOD (Special Representative): There is now in existence an Economic Development Loan Fund. Within the past year the Loan Fund has been provided with a staff person whose job it is to assist business people who apply for loans and to whom loans are granted. We have also given consideration to setting up a Small Business Administration. At the present time Micronesia is not served by the United States Small Business Administration. Some consideration is being given to providing a comparable service to small businessmen in Micronesia. Some service is now available through the efforts of our staff person who is working on co-operatives and credit unions.

(Mr. Norwood, Special Representative)

He does counsel with a good many of the small businessmen, individuals and companies in furtherance of the business endeavours. But this is an area in which we are planning to strengthen the services. It is one of the recommendations of the report of Robert R. Nathan and Associates that we do so. There is an increasing amount of small business development in Micronesia, and there are a good number of successful small businessmen now engaged in a variety of enterprises, and I am quite confident that this will increase.

Our Economic Development Loan Fund is now capitalized at about \$700,000, and we hope to increase this amount to about \$1 million. In the administration of that Fund we encourage the individuals and companies which are seeking loans to go first to the banks. If the banks feel that too much risk is involved to accommodate the applicant with a loan, we very frequently will take it on with a direct loan or by guaranteeing the bank loan. Therefore, in response to the question of the representative of France, we are, I believe, in a sense supplying some rather significant services in this area.

Mr. GASCHIGNARD (France) (interpretation from French): The report of the Visiting Mission suggests that increased assistance be given to mission schools. I should like to ask the United States delegation if it can give me some information about those mission schools, and I should like to ask whether the United States administration plans to act on the suggestion made by the Visiting Mission.

Mr. NORWOOD (Special Representative): The mission schools in Micronesia are providing a very valuable service and an extremely significant supplement to the public education programme. Many of our young people are attending the mission schools such as the Xavier High School and the mission schools on Saipan and in all the other districts. Under the Federal law which is commonly known as 8910, the Elementary and Secondary Education Act, certain assistance is provided to the mission schools as well as to the public schools. This takes the form of food for the school lunch programme. We are providing such assistance as long as we can do so consistent with Constitutional restrictions on the aid, financial and otherwise, that the Government may provide to churches or church organizations. We must be careful to observe the legal and Constitutional requirements in this area.

Mr. GASCHIGNARD (France) (interpretation from French): My last question is addressed to the representative of the United States. Yesterday, when you made your statement, we would have liked to hear some additional details concerning the progress of the negotiations with the Japanese Government, and we suppose that you were unable to give them because of the necessity to keep those negotiations secret.

In any case, I should like to ask a somewhat indiscreet question. I should like to ask whether the United States Government has ever planned to apply a procedure which would consist of having the United States Government take charge of compensating for the damages caused by foreign Governments, and then the United States would ask the Japanese Government to reimburse it for the compensation paid by the United States Government to the citizens of Micronesia for damages.

Mr. McHENRY (United States of America): In answer to the question raised by the representative of France, we have, of course, considered any number of ways of carrying through with compensation for the damage suffered by the Micronesians in the Second World War. At this time, as the statement of the representative of the United States indicated yesterday, it appears as though we can reach some solution in the negotiations within a reasonable period of time. The United States Government is aware of the fact that twenty years have passed since the Second World War was concluded. I think it is not unusual in claims matters, which are extremely complicated and where many issues are involved, for a considerable period of time to elapse. We have nevertheless pursued the negotiations vigorously within the limits that can be expected when negotiations are being carried on between two parties in private conditions. We have sought to keep the Council informed of the progress of those negotiations. We think that at this time it behoves us to continue vigorously with the negotiations along the lines that we have previously outlined to the Council. We shall, of course, report to the Trusteeship Council on the progress of those negotiations, as we have done in the past.

Mr. GASCHIGNARD (France) (interpretation from French): I wish to thank the representative of the United States, the Special Representative and Mr. Salii for the clarity of their replies to my questions, which, of course, were not asked with any intention of embarrassing them, but merely for the purpose of enlightening my delegation.

The PRESIDENT: Before calling on the next speaker, I should like to state that we have several additional visitors, distinguished members of the United States Congress, whom I should like to introduce to the Council at this time. In addition to those members whom I introduced at the beginning of the meeting. Congressman Roy Taylor and Congressman Rogers Morton, we are also delighted to have here today the Honourable John Kyl, Congressman from Iowa, who is a member of the Committee on Interior and Insular Affairs and also a member of the Sub-Committee on Territorial and Insular Affairs; and also the Honourable Theodore R. Kupferman, Congressman from the City of New York, who is also a member of the Sub-Committee on Territorial and Insular Affairs. I neglected to state that we do have with us the Chairman of the Sub-Committee on Territorial and Insular Affairs, the Honourable Hugh L. Carey. We are very pleased that he is here. We are also pleased that the Honourable Rogers Morton has entered the Council chamber, although I had the pleasure earlier of introducing him and Mrs. Morton. We are very glad to welcome these guests from

(The President)

Washington. I have learned also that the distinguished Congressmen are accompanied by the Chief of Staff of the Committee, Mr. Richard Whitmer. We are very glad to welcome him to the proceedings of the Council.

Mr. SHAKHOV (Union of Soviet Socialist Republics) (interpretation from Russian): We have listened carefully to the statement of the Special Representative concerning the situation in the Trust Territory of the Pacific Islands. The basic feature of his statement was that he spoke a great deal about plans for the future development of the Territory and the future educational and public health activities, but he skimmed very lightly over the results of the activities of foreign monopolies in the Territory which are retarding the economic development of the Territory, and the fact that most of the land in the Territory is being taken from the indigenous inhabitants by the Administering Authority. Both of those factors limit the role that the local inhabitants can play in the Territory. In his statement, Mr. Salii referred to the future political development of the Territory by saying that he did not want to go any further into that particular subject. In connexion with that statement, despite the number of answers that have been given to questions already put, we still have some further questions to ask.

In reply to one of the questions put by a member of the Trusteeship Council, the Special Representative answered that all the laws in the Territory must be approved by the High Commissioner or by the administration of the United States Government in accordance with present procedures. We should like to know who was the highest authority which approved the existing Constitution in the Territory. Was it the Congress of Micronesia or was it the Administering Authority?

Mr. McHENRY (United States of America): Before the High Commissioner replies to that question, the answer to which I think is quite obvious, since the Council has been informed of it and I am sure that the representative of the Soviet Union is aware of it, I should like to say that, with respect to the comments which preceded the question, the statement made by the High Commissioner was one which can be described as a statement of candour. It was a statement which described

(Mr. McHenry, United States)

in considerable detail the advancements which have been made in the Trust Territory during the past year. It was one which also described in considerable detail and candour the problems which face the Trust Territory and which will have to be solved, and the manner in which the Administering Authority is trying to approach those problems.

(Mr. McHenry, United States)

I should like to comment on some of the language used by the representative of the Soviet Union. As is usual with him, he has spoken of foreign monopolies and of land being taken. I should like to refer him to the list appearing on pages 64 and 65 of the Administering Authority's report, document T/1661, which gives an indication of the private corporations in Micronesia, not only their location and their type of business, but also their ownership. I think that anyone simply glancing at the list, without even studying it, would conclude that the comments about foreign monopolies preventing development are not well taken.

With regard to land, the High Commissioner also explained some of the problems involved with regard to land in the Trust Territory.

Mr. NORWOOD (Special Representative): In raising the question of land ownership and land use, the Soviet representative has perceptively and properly identified one of the most pressing problems in Micronesia. It is true that a substantial acreage is owned by the Government -- that is, the Government of the Trust Territory. As I indicated in my report to this Council yesterday, we are proceeding in the direction of master planning. This will be done in consultation with the Congress of Micronesia and in consultation with the various district legislatures and municipal bodies. The purpose here is to identify ways and means by which the development of urban areas and potential agricultural areas may be put in proper perspective and meaningful economic balance.

We do have a homesteading programme, which is a programme by which lands held by the Government are returned to citizens of Micronesia for their use. Most of these homesteads have been granted for agricultural purposes.

As indicated yesterday, it appears that we are approaching a time when small subsistence farming may be phasing out in some of the larger areas, and it may be more productive and more rewarding for the individual farmers to move in the direction of export farming or larger demonstration farming to provide crops for the local market.

(Mr. Norwood, Special Representative)

These are possibilities that we hope our master plan will identify. When this plan is developed, it should be possible for us then to assess the Government's requirements in so far as those requirements apply to school sites, hospital sites, airports and other public facilities, and then proceed to undertake some form of programme for the resumption or the acceleration of homesteading or a return of Government parcels which do not appear to have important further use for Government purposes. When I speak of Government purposes, of course, I refer to those facilities which are designed to serve the public need.

With respect to the question raised about the Constitution, it is my understanding that the Constitution of the Congress of Micronesia was promulgated by the Secretary of the Interior of the United States, upon the recommendation of the Council of Micronesia, which was the legislative body which preceded the establishment of the Congress of Micronesia.

Mr. SHAKHOV (Union of Soviet Socialist Republics) (interpretation from Russian): With regard to the reply, I understand that the final authority which confirmed the present constitution of Micronesia was the Administering Authority itself, and not the Congress of Micronesia.

My next question is as follows: In the Trust Territory of the Pacific Islands there are six regions in which there are local legislative bodies. With regard to the bills adopted by these local bodies, bills which refer, of course, to local affairs, are they or are they not subject to approval by the representative of the Administering Power?

Mr. McHENRY (United States of America): Before the Special Representative answers the question, I should like to comment on the conclusion the Soviet representative has just drawn. It is obviously an accurate conclusion, that the authority which promulgated the Constitution for the Congress of Micronesia was the United States Secretary of the Interior. The Congress of Micronesia did not exist at that time; it was brought into being as a result of that order.

(Mr. McHenry, United States)

Further, I should like the record to show, as the record already shows, that since its establishment the Congress of Micronesia has been perfectly free, according to the provisions of the Constitution, to make suggestions and recommendations and to participate in a process for changing the Constitution in the Congress of Micronesia. Again, I would refer the Soviet representative to the report of the Administering Authority and to the past records of this Council. Section 24 on page 211 of the report of the United States Government clearly indicates the procedure for changing the Constitution in the Congress of Micronesia. Therefore, the conclusion of the Soviet representative is accurate; the implication which he draws is greatly misleading.

Mr. NORWOOD (Special Representative): Turning specifically to the question posed by the Soviet representative regarding the legislation adopted by the district legislatures, the answer is that legislation originating with the district legislatures is subject to review and approval or veto by the District Administrator. This was a change that resulted from legislation passed at the second session of the Congress of Micronesia last year, and approved by me. If the District Administrator disapproves of a law adopted by the district legislature, his disapproval is subject to being overridden by a two-thirds majority vote in the district legislature, and then referral to the High Commissioner for final disposition.

(Mr. Norwood, Special Representative)

This legislation was designed to give the District Administrator, who is more directly responsible to the people of his district, the review responsibility, because it was felt that, dealing with the people of his district and their legislators, he was in a better position to evaluate the import of the legislation adopted.

But in answer to the question, the final authority still rests with the Office of the High Commissioner, in the event the District Administrator does not agree with the action taken by the legislative body.

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): In such a case, what would be the final decision of the High Commissioner?

Mr. NORWOOD (Special Representative): The question is, what would be the final decision in such a case, and I would assume that to mean this: If a law were passed by the district legislature, vetoed by the District Administrator, and the veto was overridden by a two-thirds vote of the district legislature, and then the matter to the Commissioner, what action would he take? Is that a fair statement of the question?

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): I understood that from the very beginning. My question concerns something else. When the matter comes before the High Commissioner himself, what decision will he take? Does he possess veto powers capable of abrogating a decision of the legislature regardless of the fact that the question might have been examined once again by the local legislature?

Mr. NORWOOD (Special Representative): I now understand the question. And the answer is yes, the High Commissioner does have the ultimate veto power. With respect to what action he would take or whether he would exercise the veto power -- that would depend upon a review of the legislation adopted. This normally would be referred to the Attorney General of the Trust Territory in order to conduct an examination for the purpose of determining the legality and constitutionality of the legislation. It would also include a review by the High Commissioner of

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certain considerations and circumstances that might not have existed or might not have come to the attention of the District Administrator.

Therefore, there are numerous alternatives. If the High Commissioner takes no action, the law becomes effective. If there are compelling reasons for him to veto the law, after it has been reviewed by the Attorney General for legality and after it has been reviewed by other members of the High Commissioner's staff in relation to various factors -- for example, if it related to economics or land or education or health -- the counsel of his advisors would affect his action.

I can assure the representative of the Soviet Union that, as far as I am concerned, I am very reluctant to veto any act of a legislative body. I have done so sparingly, and only after a very careful examination of all the factors and after satisfying myself that it was in the public interest to do so.

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): Before going on to the next question, I should like to note that I believe I have correctly understood the Special Representative to the effect that he is entitled to impose his veto upon any law enacted in the Territory and thereby nullify that which has been adopted by the legislative organ concerned.

My next question is as follows: If I correctly understood the Special Representative, he said that in the higher administrative posts there are no representatives of the indigenous population. I believe he said there was one deputy. I should like to know how many of these higher administrative posts, or whatever they are called, exist in the Trust Territory. Is it true that there is not a single representative of the local population occupying any such higher posts in the Trust Territory?

Mr. McHENRY (United States of America): Before the High Commissioner answers this question, I should like to comment once again on the last series of questions which have been asked by the representative of the Soviet Union. As I stated before, the conclusion which he has drawn is accurate but the implication is false. The questions which the representative of the Soviet Union just propounded

are nothing more than a series of straw men. Obviously, the final authority on legislation in the Trust Territory rests presently with the Administering Authority. If it did not, then there would be no need for a Trusteeship Agreement, and this Council would not be considering Micronesia. The United States Government is presently responsible for the Territory.

We make no claim here that Micronesia is presently independent or that Micronesia is fully self-governing. The only thing that we have made clear here is that the United States is following a course of action which we think will end in the exercise of the right of self-determination for the people of Micronesia, thus enabling them to exercise their own rights in regard to the questions which the representative of the Soviet Union has asked.

Of course, the final authority on both of these matters presently rests with the Special Representative. It is a responsibility which has to be exercised. I am sure that the rest of the Council does not draw the conclusions and implications that the representative of the Soviet Union is seeking to draw, by asking questions where the obvious answer is "yes".

Mr. NORWOOD (Special Representative): Turning to the question relating to the number of Micronesians in higher level positions, the representative of the Soviet Union, as well as members of the Visiting Mission, has, I feel personally, properly identified an area of concern. I refer to the fact that there is now only one Micronesian in what might be identified as a top administrative position. That person is Mr. Dwight Heine, who is District Administrator for the Marshall Islands.

There are a number of Micronesians who are Assistant Administrators, who are performing with demonstrated competence, and who are pointing in the direction of qualifying for higher positions when vacancies occur.

In our operating departments, the Deputy Director of our Department of Resources and Development is a Micronesian. At a number of other levels, such as our Department of Public Affairs, we have with us today in attendance a Micronesian young man who is number two in that Department, who is exceptionally capable in the performance of his work. As I indicated in my report yesterday, we are starting a programme of rotation to give the Assistant District Administrators more experience for the sole purpose of preparing them with the broader background of experience to be able to take on the responsibilities of a District Administrator when they are ready and when the time comes for new appointments to be made.

I think we might as well admit quite candidly that this is an area where we have not made the progress that we should have within the time we have had at our disposal. An examination of the record indicates that in many instances we have attempted to deal with this problem by placing young people -- men or women of Micronesia -- into responsible positions, without giving them proper training, and without backing them up with proper supervision. As we strengthen our administrative organization and our administrative capabilities, this is an area that should get attention, and is getting attention at the present time.

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): Before I proceed to the next group of questions, I should like to make a comment on the statement made by the representative of the United States of America. He has demonstrated a very strange kind of logic by saying that the Soviet representative implied that the High Commissioner retains full right to veto any bill. He said this was a correct assumption, but that the implications drawn by the Soviet representative were incorrect.

We do not understand the answer just given by the United States representative on this point. If we say that the entire Territory is subject to the decisions of the High Commissioner, is that illogical? If we say the district legislatures must subject their legislation to the approval of Washington, is that illogical? These comments have in no way been refuted.

My next question is as follows: The report of the Visiting Mission states that the economy of the Trust Territory is in a state of stagnation, and this is the answer to the comment just made by the United States representative, who referred me to pages 44 and 46 of the report of the Administering Authority, which tells about the economic development in the Territory. However, the Visiting Mission's conclusion is that the economy of the Territory is in a state of stagnation and that the level of economic development is much less than the level existing under the Japanese administration.

We should like to ask the Special Representative how he explains this economic stagnation and backwardness in the Territory.

Mr. NORWOOD (Special Representative): It is true that the economic development of the Trust Territory is lagging. I would not characterize it as stagnant, but perhaps here we are venturing into the area of semantics. The need for a search for economic development opportunity was identified by the committees of the Congress of the United States, by the Congress of Micronesia, and by the Administering Authority, some years ago. It has been of continuing concern, and has led to the economic development study and report by the Nathan Organization.

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The resources of Micronesia are extremely limited. Any analysis of the geography of the area, any study of the available resources, would lead to but one conclusion: and that is that the resources offer little prospect of a self-sustaining economy at the present time. This, then, leads to the question posed by the representative of the Soviet Union: Why, then, were the Japanese able to develop what we know was a much more flourishing programme of economic development than presently exists?

The principal distinction here, I think, that needs to be drawn is that, without disparaging the results of the Japanese administration, an examination of the record and of the economy that existed under the Japanese administration indicates that it was largely, if not exclusively, related to what were then the efforts of the Japanese Government to use Micronesia as part of its military preparatory programme. For example, the sugar that was grown extensively in the Marianas was used primarily for industrial alcohol for military requirements. Other facets of the Japanese administration indicate that, while they did provide jobs for some Micronesians -- perhaps a large number of them; perhaps more than are now being employed -- it was nevertheless exploitive in its nature, and not as developmental in its attempt, as might be surmised from a look at the statistics.

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It is true that the Japanese had done much more than we have in developing the fishery resources of the area, and this is an opportunity which we should not overlook and which is at present getting attention.

I think that covers the subject as far as I would comment on it at this time, though perhaps Mr. Salii may care to make some additional comments.

Mr. SALII (Adviser to the Special Representative): I should like, if I may, to make a few comments in relation to the question raised by the representative of the Soviet Union.

As the High Commissioner has stated, it is quite true that under the Japanese administration of the islands of Micronesia, economic activity was at a much higher level than has been achieved under the present Administration. However, the business and economic activity that was carried on under the Japanese administration was for the benefit of the Japanese residents of Micronesia. Today there are some people -- a very small minority in the population of Micronesia -- who, from time to time, express a longing for what some of them call the good old days. The majority of the Micronesians, however, feel strongly that whatever economic activity is brought into Micronesia or developed in Micronesia should be for the benefit of the Micronesian people themselves and that care should be taken to ensure this. We would not like to see Micronesia develop into a prospering area if the benefits were for any people other than the Micronesians. So even though the rate of economic development may be slower -- and I am not saying this in defence of the Administering Authority; I am simply stating what I believe to be the consensus of the Micronesians on this question -- whatever prosperity results from it should be for the benefit of the Micronesians. We would not want to see any return to the situation as it was under the Japanese, where the economic activity was for the benefit of persons other than the Micronesians.

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): In his reply, the Special Representative, although he said he did not agree with the conclusion of the Visiting Mission that the economy of the Territory is in a state of stagnation, was nevertheless obliged to acknowledge that it approaches a state of stagnation. The explanation given for this cannot of course satisfy us,

because the United States itself also expropriates a great amount of land to be used for various types of military installations in the Territory, and it makes one laugh to hear, in the Trusteeship Council, that the United States has no strategic interest in this region.

I should like to ask a question in this connexion. The Special Representative said that the matter of land and land-holding and land-use in the Territory is a very complex one. He did not actually supply us with any figures regarding the amount of land that has been expropriated from the indigenous population. We should like, therefore, to know the size of the areas that have been appropriated -- we know it is a very high percentage -- and for what purposes this land is used. In particular, we should like to know what percentage of the land alienated from the indigenous population is used for military installations. In addition, we should like to know whether any sort of compensation is paid to the indigenous people for the land expropriated from them to be used by the Administering Authority, and if any compensation is paid, what the amount is.

Mr. McHENRY (United States of America): Before answering this question, I simply want to say -- and I think the record will show this -- that the United States delegation has said nothing about not having, or indeed about having, any strategic interest. The only statement that was made by the Special Representative was that the economy of the Territory was more developed under a former administration because of military operations being carried on by that administration. I should like to add, too, that there are some other factors which account in some measure for the economy of the Territory at that time. I understand, if my information is correct, that the number of persons from outside the Territory greatly exceeded the number of Micronesians. That this is not the case at the present time is obvious; the number of outsiders is relatively small. And this small number of outsiders, of course, carries with it a certain number of implications. It means that the skilled labour, the manpower, all of these things will have to be brought in from the outside in developing the Territory, or else Micronesians will themselves have to be trained so that they can carry on the kinds of activities which go along with a developed economy. This is a process which is going on; to the extent

necessary, persons are being brought in from the outside, and, to the extent possible and as fast as possible, Micronesians are being trained. And here again one runs into certain problems. I am sure that the representative of the Soviet Union would be one of the first to criticize the situation if there were a massive influx of persons from the outside to develop the Territory as fast as he apparently wishes it to be developed at this point.

With regard to land, I think it should be clear, when we talk about land which is being alienated by the Administration, that for the most part the land referred to is not in the hands of the United States Government. The United States Government is not using that land; the land is in the hands of the government of Micronesia. It will be used under the laws which will be passed by the Congress of Micronesia, and land will be divided within the Territory in accordance with procedures that will be worked out in consultation with the Congress of Micronesia.

(Mr. McHenry, United States)

No one states that the present system of distribution of land is perfect. The High Commissioner has acknowledged that there is a programme going on which is trying to carry through with the apportionment of land. Therefore, the record should indicate that when the High Commissioner speaks of land or when the representative of the Soviet Union speaks of land, this is not land which has been taken by outsiders, but land which is for the most part in the hands of the Government of Micronesia.

Mr. NORWOOD (Special Representative): The distribution of land ownership throughout the Territory and in the respective districts is statistically reported on page 283 and the following pages of the 1966 report. The distribution has not changed since that time. The figure does show that more than half of the land in Micronesia is under the ownership of the Trust Territory Government. It is true that some of this land is devoted to schools, hospitals, roads, rights of way, airports and other uses that are normally related to the public welfare. A high percentage of land classified as Government land is in this category.

The representative of the Soviet Union asked whether the individual owner from whom this land was acquired had been paid for the land. The answer to that is that he has been, although I would not go so far as to say that in all cases the payment was to the satisfaction of the owner. This is one of the continuing issues and subjects of discussion that we must pursue and resolve. An indication of the amount of compensation may be given by citing one case where certain acreage was acquired where the figure was approximately \$1,000 an acre. In prior times, land was acquired by the Government and Government agencies on an exchange basis. In some cases, an owner of an acre might be given three acres in exchange for that one acre which was desired by the Government for a particular purpose. Here, again, the individuals who were parties to these land transactions have asked the Government to review its land policies and through the Congress of Micronesia, have also appealed to the Government to be extremely cautious in taking land by eminent domain proceedings for Government use. I am sure that a law will be proposed at the forthcoming session of the Congress of Micronesia to place certain restrictions on and to follow certain procedures in the acquisition of further land for public use. As already indicated, it is

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our intention eventually to return land that can be identified as no longer required for Governmental purposes.

Mr. SHAKHOV (Union of Soviet Socialist Republics)(interpretation from Russian): I must apologize. I listened carefully to the answers, but a number of questions arose in my mind during these answers and I was somewhat distracted.

In the answers given by the Special Representative, I did not note any answer to my question, what part of this alienated land is used for military construction in the Territory?

Mr. McHENRY (United States of America): I would refer to page 283 of the report of the Administering Authority on the Trust Territory. There, there is a breakdown of land area, classification and ownership. The representative of the Soviet Union knows very well that he is not going to get an answer to his question. I would merely refer him both to the Charter of the United Nations and to the Trusteeship Agreement, the relevant sections of which I think he is aware.

The PRESIDENT: I understand that the representative of the Soviet Union still has a number of questions that he wishes to ask. However, in view of the hour, I will adjourn the meeting now. We will resume at 3 o'clock, at which time the representative of the Soviet Union may continue with his questions.

The meeting rose at 12.35 p.m.