88TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 605

PROMOTING THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS

JULY 30, 1963.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. O'BRIEN of New York, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H.R. 3198]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 3198) to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following language:

That section 1 of the Act of June 30, 1954 (68 Stat. 330; 48 U.S.C. 1681), is hereby amended by inserting at the end thereof the following new subsection (b) and by designating the existing section as subsection (a):

"(b) The head of any department, corporation, or other agency of the executive branch of the Government may, upon the request of the Secretary of the Interior, extend to the Trust Territory of the Pacific Islands, with or without reimbursement, scientific, technical, and other assistance under any program administered by such agency, or extend to the Trust Territory any Federal program administered by such agency, if the assistance or program will promote the welfare of the Trust Territory, notwithstanding any provision of law under which the Trust Territory may otherwise be ineligible for the assistance or program: *Provided*, That the Secretary of the Interior shall not request assistance pursuant to this subsection that involves, in the aggregate, an estimated nonreimbursable cost in any one fiscal year in excess of $150,000: *Provided further*, That the cost of any program extended to the Trust Territory under this subsection shall be reimbursable out of appropriations authorized and made for the government of the Trust Territory pursuant to section 2 of this Act, as amended. The provisions of this subsection shall not apply to financial assistance under a grant-in-aid program."

SEC. 2. Effective January 1, 1963, the Act of June 30, 1954 (68 Stat. 330), is further amended by adding at the end thereof the following new section 3:

"SEC. 3. (a) The provisions of section 301 of the Tariff Act of 1930, as amended (19 U.S.C. 1301a) shall be applicable to articles coming into the United States from the Trust Territory of the Pacific Islands except fishery products processed

in the Trust Territory from fish or fish products landed in the Trust Territory under conditions which would preclude such landings in ports of the United States under section 4311 of the Revised Statutes, as amended (46 U.S.C. 251). The foregoing exception shall not apply to vessels sailing under the American flag and to vessels sailing under the Trust Territory flag manned by crews, two-thirds of which are nationals of the United States as defined in sections 101(a)(22) and 308 of the Act of June 27, 1952 (66 Stat. 169, 238; 8 U.S.C. 1101(a)(22), 1408) or citizens of the Trust Territory. The Secretary of the Treasury is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section.

"(b) In the event that the President shall determine that the underlying economic factors affecting the production and trade of such Trust Territory has changed so that the duty-free entry of any article under this section results, or threatens to result, in substantial injury to the competitive trade of any contracting party to the General Agreement on Tariffs and Trade, the duty-free entry of such article under this section shall be suspended, in whole or in part, for such specified periods as he shall proclaim."

SEC. 3. Subsection 303(l) of the Communications Act of 1934 (48 Stat. 1082), as amended (47 U.S.C. 303(l)), is hereby amended by inserting the words: ", or citizens of the Trust Territory of the Pacific Islands presenting valid identity certificates issued by the High Commissioner of such Territory," immediately following the words "citizens or nationals of the United States".

SEC. 4. The revolving fund authorized by the Department of the Interior and Related Agencies Appropriation Act, 1956 (69 Stat. 141, 149), to be available during fiscal year 1956 for loans to locally owned private trading companies in the Trust Territory of the Pacific Islands, which revolving fund has been continued by subsequent annual appropriation Acts, is hereby abolished, and the total assets of the revolving fund are contributed as a grant to the Government of the Trust Territory for use as a development fund within the Trust Territory of the Pacific Islands.

PURPOSE

The purpose of H.R. 3198, introduced by Representative O'Brien of New York, is to promote the economic and social development of the Trust Territory of the Pacific Islands. H.R. 3198, as amended, will help to implement the obligations of the United States to the United Nations under the trusteeship agreement of July 18, 1947, whereby the United States assumed responsibility for improving economic, political, educational, and social conditions of the 80,000 inhabitants living on the farflung islands of Micronesia in the Pacific Ocean.

NEED

H.R. 3198, as amended, will improve the economic and social conditions among islanders in four ways. First, section 1 will make available to the government of the trust territory scientific or technical assistance, at the request of the Secretary of the Interior, from agencies of the executive branch of the Federal Government, either with or without reimbursement. Estimated nonreimbursable costs may not exceed $150,000 per year. Other programs of the Federal agencies may also be extended, other than grant-in-aid programs, to the trust territory at the request of the Secretary of the Interior, the cost thereof to be borne by the government of the trust territory from its regular appropriations.

The second section, as amended, extends to the Trust Territory of the Pacific Islands the benefits of section 301 of the Tariff Act of 1930, as amended, which provides that articles may be admitted free of duty into the United States from areas under its flag or its administration, providing the articles "do not contain foreign materials to the value of more than 50 percent of their total value." For the most

part, locally produced handicraft will be exempted. Section 2 also contains an exception to section 4311 of the Revised Statutes in the case of fish or fish products processed in the trust territory from fish landed there from vessels sailing under the American flag, as well as vessels sailing under the trust territory flag manned by crews two-thirds of which are U.S. nationals or trust territory citizens. This provision will encourage local fishery and cannery businesses operated by citizens of the trust territory and of the United States, and discourage cannery operations based on fish caught by foreign fishing fleets operating in competition with American fisheries.

Section 3 permits the licensing of qualified Micronesian radio operators by the Federal Communications Commission notwithstanding the fact that they are not American citizens. The licensing of these operators will serve as an encouragement to young men who have shown an aptitude for radio technology and skills, and will be particularly useful in shipboard operations.

Section 4 abolishes a revolving fund established in 1956 and transfers the assets to a development fund for use in financing economic projects in the trust territory. Since its creation the revolving fund has been used by locally owned private trading companies that engage in import-export and wholesale-retail activities. Under this new plan a wider range of projects will be encouraged through the use of the approximately $355,000 to be transferred from the revolving fund.

COST

The enactment of H.R. 3198, as amended, will entail no increase in authorized appropriations. The amount of nonreimbursable aid that may be requested under section 1 is limited to $150,000 which will be charged to the regular departmental appropriations as need occurs.

AMENDMENTS

H.R. 3198 was amended in committee in several respects. The original section 3, relating to a change in the Immigration and Nationality Act of June 27, 1952 (66 Stat. 163), as amended, was deleted from the bill and has been introduced as a separate piece of legislation.

The present section 2 of the bill was redrafted in order to avoid any implications arising from the use of the expression "insular possession," in the original bill, and to permit all nationals of the United States (that is, all citizens of the United States plus its noncitizen Samoan nationals) to be counted toward the crew requirements set out in the bill.

In section 3 the word "natives" was changed to "citizens" in recognition of the naturalization law that has been incorporated into the Code of the Trust Territory of the Pacific Islands.

DEPARTMENTAL REPORTS

Reports from Secretaries of the Interior, State, Defense, Justice, Treasury, Agriculture, Health, Education, and Welfare Departments, the Bureau of the Budget, and the Commissioner of the Federal Communications Commission are as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 26, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. ASPINALL: This is in response to your request for the views of the Department of the Interior on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

We recommend enactment of the bill with the amendments suggested below.

H.R. 3198 is identical to H.R. 13396 of the 87th Congress, a bill drafted by the Department of the Interior and introduced at the request of the Department. There has been no substantial change in the circumstances which prompted the Department to propose the legislation last year.

Section 1 of the bill authorizes the head of any executive branch agency to extend to the trust territory, on request, with or without reimbursement, technical and other assistance under a program administered by that agency. The value of the nonreimbursable assistance is limited to $150,000 each year. The section does not apply to grant-in-aid programs.

This will eliminate existing bars to the utilization by the trust territory of facilities and competence within the Federal Government. As long as the government of the trust territory is faced with the task of executing, with limited funds, a sizable and difficult development program, which will be observed internationally, it is most desirable, indeed vital, to make readily available to the trust territory the tremendous reservoir of scientific and technical expertise that exists in the Federal Government. It is not possible at this time to state precisely all the areas in which technical assistance may be required, but there is a need for technical assistance in the areas of agriculture, education, finance and taxation, area development and long-range planning, medical facilities, and utilities. We expect that this technical and other assistance will run the gamut from a few experts in any given field to assist the government of the trust territory in an advisory or supervisory capacity, to a full staff to run the particular program for the trust territory for a limited time. The variation, of course, is one of degree.

Section 2 of the bill extends to the Trust Territory of the Pacific Islands the benefits of section 301 of the Tariff Act of 1930, as amended (68 Stat. 1136, 1139; 19 U.S.C. 1301a). That section provides that articles may be admitted free of duty into the United States from any of its insular possessions, except Puerto Rico, if the articles are the growth or product of any such possession or of the United States and do not contain foreign materials to the value of more than 50 percent of their total value. Section 2 of the bill provides that the Trust Territory of the Pacific Islands will be treated as if it were an "insular possession" for the purposes of section 301.

In the trusteeship agreement, the United States as the administering authority has obligated itself to encourage the economic development of the area, in addition to encouraging its political and social development. From this viewpoint, the relationship between the United

States and the trust territory is similar to the one existing between the United States and its possessions. We believe the tariff treatment accorded the possessions of the United States should be extended to the Trust Territory of the Pacific Islands in order to encourage its economic development.

At the present time this section would affect mainly the trust territory's handicraft industry, which could be developed to provide a secondary source of cash income throughout the territory.

The bill contains an exception to the effect the fish or fish products processed in the trust territory from fish landed there under conditions which would preclude such landings in ports of the United States would not be accorded duty-free entry. The condition contemplated is the landing of fish from foreign-flag catcher vessels. The bill further provides that the exception would not apply to American-flag vessels or to trust territory vessels manned by crews, two-thirds of which are citizens of the United States or of the trust territory. The effect of this provision would be to encourage local fishery and cannery businesses operated by citizens of the trust territory and of the United States, and to discourage effectively cannery operations based on fish caught by foreign fishing fleets operating in competition with American fisheries, and particularly Micronesian fishermen.

In 1948, the United States obtained a waiver from the General Agreement on Tariffs and Trade to permit us to accord preferential duty treatment to products of the trust territory. In the event that the underlying economic factors affecting production and trade in the trust territory should change so that this preferential treatment results, or threatens to result, in substantial injury to the competitive trade of any contracting party, the waiver could, by its terms, be reviewed and modified by the President.

Enactment of section 3 of the bill would permit certain natives of the trust territory, as described in the bill, to travel freely to and from the United States, and to live and work here for the purpose of acquiring useful skills or attending school. It would have the effect of eliminating the application to them of quota provisions, the excluding provisions, and removal provisions, among others, of the Immigration and Nationality Act. Section 3 would not, however, extend to the natives of the trust territory the privilege of counting residency in the trust territory toward the residency requirement for naturalization, as is the case with noncitizen nationals coming to the United States from "outlying possessions" as that term is defined in the Immigration and Nationality Act. It would have the effect, though, of waiving the quota and visa requirements with respect to the class of Micronesians described in the bill, and any such persons entering the United States and residing here would be considered to have been lawfully admitted for permanent residence for the purpose of petitioning for naturalization. Under the provisions of the trusteeship agreement, the United States assumed certain duties and responsibilities with respect to the Trust Territory of the Pacific Islands and its peoples. We believe that this section should be enacted in order that the United States may fully and properly discharge those duties and responsibilities.

For the past 11 years the government of the trust territory, under the general supervision of this Department, has worked with the individual peoples of the trust territory on a regional basis with a view

toward introducing and developing the concept of one territory or political entity, and welding the several cultures with their respective languages and customs into a cohesive group willing to take an interest in "territorial" affairs rather than limiting their perspective to their own district or community.

We believe that these people must be made more aware of, and better able to cope with, the outside world. We think it is impossible today, even if it were desirable, to isolate these people and thereby "protect" them from the complexities of modern living. Heretofore, because the problems of development were basically internal and because it was evident that the people of the trust territory were not ready to cope adequately with the world of the 20th century, if it were to intrude too soon, the access of even U.S. citizens to the trust territory was carefully restricted, and the access of the natives to the United States was similarly restricted. However, circumstances now dictate a relaxation of those restrictions as the next step in the development of the area, if we are to successfully meet our responsibilities in the trust territory.

One of the duties imposed by the trusteeship agreement is to promote the progressive development toward self-government or independence of the natives of the area. Ultimately, the peoples of the trust territory will choose their own destiny. We must provide them with the standards and values which will enable them to choose wisely.

Today, the natives of the trust territory, because of their geographical location, are able to visit with relative ease a number of countries in the Mideast and Far East. While some of these countries have forms of government compatible with the concepts of the free world, many of them do not. We believe that the United States should therefore encourage the citizens of the trust territory to visit, study, live, and work in the United States. They cannot learn enough about America and our way of life from the stateside staff and technicians who are sent into the trust territory to assist them.

We intend to attract American investment to provide the commerce and the facilities which the citizens of the trust territory cannot provide for themselves becuase of a lack of capital, but which is essential if the standard of living is to be raised. The people of the trust territory will participate fully in this development by furnishing their skills and labor in lieu of capital. However, extensive training in various skills will be a prerequisite to any such participation. This training will in many instances need to be acquired in the United States, or an area over which the United States exercises jurisdiction, either as an industrial trainee program sponsored by an American company engaged in an enterprise in the trust territory, or as general training not related to specific operations in the trust territory. This would be difficult to accomplish as long as the provisions of the Immigration and Nationality Act are applicable to Micronesians.

The accelerated developmental program in the trust territory places great emphasis on education. Primary and secondary educational needs can be met in the trust territory by the institution of a proper program, but for some time, the need for higher education will have to be met by making educational facilities outside the trust territory readily available and easily accessible. Section 3 would facilitate this, also. It would remove the requirement for obtaining a student visa and the attendant restrictions presently applicable to trust

territory students, thus permitting any trust territory student to attend the school of his choice, if he is otherwise qualified, with a minimum of difficulty. It would also permit students lacking adequate funds greater freedom in seeking gainful employment for the purpose of financing their education.

For all of these reasons the enactment of section 3 is important. Further, if we, as the administering Nation, open the trust territory to Americans, in the interest of comity, we should likewise open the United States to the citizens of the trust territory. We do not believe that this will create problems of any magnitude. The population of the trust territory is approximately 80,000 men, women, and children. As a practical matter, by reason of education, financial status, and social customs, it is not likely that any great number of these persons would come to the United States. However, it is desirable that the young people, the intellectual and social leaders, and those others who will play a major role in making the final determination as to the status of the trust territory be given this opportunity.

It should be emphasized that this proposal does not confer American nationality upon the citizens of the trust territory and in no wise serves to annex the trust territory, nor does it obligate the Congress in any way to treat the trust territory differently in the future than at present.

Section 4 of the bill relates to the licensing of radio operators on ships registered in the United States by the Federal Communications Commission. Legislation was recently passed which authorized the Federal Communications Commission to license nationals as well as citizens as radio operators on U.S. vessels. Section 4 provides that the natives of the trust territory could be similarly licensed. Thus, with proper training, they could serve as radio operators on most American ships likely to operate in the trust territory, as, for example, in connection with the fishing industry, which we hope will be established, or in interisland shipping.

Section 5 of the bill abolishes the revolving fund established in 1956, and continued to the present time by subsequent annual appropriation acts, for loans to locally owned private trading companies in the Trust Territory of the Pacific Islands, and contributes the assets of that fund—cash and outstanding loans—as a grant to the government of the trust territory for the purpose of a development fund within the trust territory. Both the government of the trust territory and this Department recognize the need for a development fund, preferably administered by a separate agency of the local government with clearly defined goals, for the purpose of making developmental loans or guaranteeing such loans. The trust territory government could finance developmental projects in those cases where either the novelty or high risk involved tend to discourage private investors from undertaking such projects, but where it is determined that such projects would serve a useful purpose in the development of the territory.

If section 5 is enacted, it is anticipated that the grant would contribute to the initial development program. Additional funding would be provided by such means and in such amounts as would be determined to be appropriate after the program was commenced and sufficient data accumulated to provide a proper basis for such determination.

Of the $500,000 originally transferred to the fund, $167,000 was transferred to the general fund of the Treasury, together with $33,000 of accumulated interest. These transfers were made as the result of recommendations by the House Committee on Appropriations in connection with appropriations for fiscal year 1960, that the trust territory return to the Treasury any funds not needed for the purpose of making loans.

As of June 30, 1962, the balance in the revolving fund was $355,586 which included accumulated interest. The balance consisted of $200,437 in cash, and loans receivable in the amount of $155,149.

Since the introduction of the proposed legislation in the 87th and 88th Congresses, there have been further interdepartmental discussions which have brought to light the need for the following amendments:

1. On page 3, line 20, change "native" to "citizen". Make the same change on page 3, line 24, and on page 4, lines 5, 7, and 8. On page 4, line 9, after "born" insert "or naturalized". On page 4, line 9, after "birth" insert "or naturalization".

The purpose of these amendments is to extend the benefits of section 3, which generally permits the free ingress and egress to and from the United States without regard to the Immigration and Naturalization Act, to citizens rather than natives of the trust territory. This is desirable because the Code of the Trust Territory of the Pacific Islands provides for the acquisition of trust territory citizenship both by birth and by naturalization. There are presently in the trust territory citizens who are not ethnically natives of the trust territory; there are also natives who are not citizens. We believe that all citizens of the trust territory should be treated equally and that the exclusion of certain noncitizen natives from the benefits of this section is proper.

2. On page 4, lines 11 and 12, delete "and if he is not a citizen or national of a foreign country,".

This deletion does not make any substantive change and is only pertinent if the foregoing amendment is adopted. The deletion would merely take into account the fact that under the trust territory law it is not possible for a citizen of the trust territory to be a citizen or national of a foreign country.

In connection with amendments Nos. 1 and 2, there is enclosed for the information of the committee, excerpts from the Code of the Trust Territory of the Pacific Islands relative to nationality and naturalization.

3. On page 3, lines 17 and 18, change "292" to "293". The bill adds a new section to the act of June 27, 1952, and inasmuch as there is already a section 292, the new section should be No. 293.

4. On page 4, line 23, change "natives" to "citizens". The reason is the same as the reason offered for amendment No. 1.

5. We understand that the Department of Justice will recommend an amendment to the bill that is designed to control the entry into the United States of trust territory citizens who might be regarded as subversive or security risks. We do not regard the danger as a real one, but we do not object to the amendment.

6. On page 1, line 7, and continuing to page 2, line 10, change subsection (b) to read as follows:

"(b) The head of any department, corporation, or other agency of the executive branch of the Government may, upon the request of the Secretary of the Interior, extend to the Trust Territory of the Pacific Islands, with or without reimbursement, scientific, technical, and other assistance under any program administered by such agency, or extend to the trust territory any Federal program administered by such agency, if the assistance or program will promote the welfare of the trust territory, notwithstanding any provision of law under which the trust territory may otherwise be ineligible for the assistance or program: *Provided*, That the Secretary of the Interior shall not request assistance pursuant to this subsection that involves, in the aggregate, an estimated nonreimbursable cost in any one fiscal year in excess of $150,000: *Provided further*, That the cost of any program extended to the Trust Territory under this subsection shall be reimbursable out of appropriations authorized and made for the government of the Trust Territory pursuant to section 2 of this Act, as amended. The provisions of this subsection shall not apply to financial assistance under a grant-in-aid program."

The language of the bill as printed applies only to scientific, technical, and other assistance in the administration of a program of the government of the trust territory. The amendment expands the language to permit a Federal agency to extend its own program to the geographic area of the trust territory and to administer it as a Federal program. This would be an alternative to providing technical assistance to the government of the trust territory in the administration of the territory's program.

The authority provided by the amendment is subject to two important limitations: (1) The Federal program can be extended to the trust territory only on request of the Secretary of the Interior, and (2) the cost of the Federal program must be paid out of the limited funds authorized and appropriated for the government of the trust territory. The current limitation on the authorization is $17,500,000, and the appropriation request for fiscal year 1964 is $15 million.

This amendment will give the Department a choice, which will be governed by the circumstances prevailing at the time, between channeling a particular activity through a territorial program or through a Federal program.

The enactment of this bill is vital to the development of the trust territory and has the unqualified support of the Department of the Interior. There are other matters which relate wholly or in part to the trust territory and which will require congressional action, but it is our present intention that these items be treated separately. One of these items relates to the matter of judicial appeals from the trust territory to a Federal court.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program, and that enactment of H.R. 3198 would be in accord with the program of the President.

Sincerely yours,

JOHN A. CARVER, Jr.,
Assistant Secretary of the Interior.

CODE OF THE TRUST TERRITORY

SEC. 660. *Nationality.*—For the purposes of these regulations, all persons heretofore or hereafter born in the trust territory shall be deemed to be citizens of the trust territory, except—

(*a*) persons, born in the trust territory prior to the effective date of this chapter, who at birth or otherwise have acquired another nationality;

(*b*) persons, born in the trust territory on or after the effective date of this chapter, who at birth shall acquire another nationality; and

(*c*) persons, born in the trust territory whose principal, actual dwelling place in fact has not been in the trust territory or Guam at any time between July 18, 1947, and the effective date of this chapter.

Provided, That a child born outside the trust territory of parents who are citizens of the trust territory shall be considered a citizen of the trust territory if he becomes a permanent resident of the trust territory while under the age of 21 years.

SEC. 668. *Naturalization.*—The High Commissioner may grant trust territory citizenship to persons who are 18 years of age or over, of good moral character, as certified by the district administrator and two leading citizens of the community in which they intend to reside, and have not acquired, or who renounce, previous citizenship, and renounce allegiance to any and all foreign power and rulers, and—

(*a*) who have been permanent residents of an legally domiciled continuously in the islands, now known as the Trust Territory of the Pacific Islands since July 18, 1947, or

(*b*) who have been permanent residents of and legally domiciled continuously in the trust territory for at least 5 years immediately prior to application and have either—

(1) been born of parents one of whom was a citizen of, and maintained his principal residence in the trust territory at the time of the birth, or

(2) been born of parents one of whom has been granted trust territory citizenship under this section.

(*c*) persons naturalized under this section shall be subject to cancellation of their naturalization for cause upon application by the High Commissioner to, and hearing before, the high court of the trust territory.

DEPARTMENT OF STATE,
Washington, April 29, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives.

DEAR MR. CHAIRMAN: Thank you for your letter of April 4, 1963, in which you requested the views of this Department on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

The Department of State considers this proposed legislation to be consistent with, and a logical extension of, the forward-looking policy of your committee toward the trusteeship of the United States in the

Pacific Islands. This Department has of course been responsible for reporting to the United Nations the many tangible achievements of the United States on behalf of the inhabitants of the trust territory.

Although the Department of the Interior is more competent to comment on the provisions of the proposed legislation in detail, this Department wishes to point to the favorable international impact that would be occasioned by adoption of the measures provided for in the proposed legislation. The provisions of the bill, if enacted, would further evidence the ability and desire of the United States to continue the very high standards that have always characterized American aspirations for the welfare of its dependent peoples.

Adoption of the proposed legislation would aid the people of the trust territory to help themselves in several important ways. In the first place, a key provision of the bill would, upon the request of the Secretary of the Interior, make more readily available to the trust territory scientific, technical, and other assistance from the agencies of the executive branch of the Federal Government. In view of the challenges of education and economic development facing the trust territory, the Secretary of the Interior should have the opportunity this provision affords to ask for scientific and technical experts as needed from every agency of the U.S. Government that, without interference with its primary role, can provide such assistance to the government of the trust territory. Thus, there could be opened to the territory the large reservoir of talent existing in the U.S. Government.

A second provision of this bill would exempt the handicraft products of the people of the islands from tariffs of the United States. The present handicraft industry, whose further development would contribute to the diversification of the economy of the islands, is still in its infancy and, in consequence, is at a serious disadvantage in competing with other producers of similar items. It is certainly logical for the Government of the United States to remove its own barriers to the development of the territory's economy.

A third provision of the bill would enable the citizens of the trust territory to travel more easily to, and reside more freely within, the United States and would provide thereby an important psychological impetus toward an expanding feeling of community between the citizens of the territory and those of the United States. Under existing laws and regulations, inhabitants of the trust territories who wish to visit the United States temporarily are exempted from the visa and passport requirements and are admitted by the Immigration and Naturalization Service if they meet the qualitative tests of the immigration laws. Natives of the trust territories who wish to enter the United States as immigrants are as a rule chargeable to the quota for the Pacific Islands of 100 and have also to meet the qualitative requirements of the law. Those who are married to, or children of, U.S. citizens are entitled to nonquota status, as are those who fall within one of the other appropriate nonquota classifications of the law. During the last fiscal year, 1,728 nonimmigrant visas were issued to or revalidated for nationals of trust territorities and 116 immigrant visas were issued to aliens chargeable to the quota for the trust territories. Of the 116 immigrant visas, 83 were quota immigrant visas and 33 nonquota immigrant visas.

The final provision of the bill abolishes a revolving fund that was created in 1956 to provide loans to locallyowned private trading,

companies in the trust territory. The total remaining assets of the fund would be contributed to the government of the trust territory, for the purpose of making development loans or guaranteeing such loans. A development fund of this nature is thoroughly in accord with the desire of the United States to encourage and accelerate economic growth in the trust territory.

The Congress has already demonstrated its deep interest in the people of the trust territory. The Congress has recognized the increasing complexity of our role in the administration of the islands and in particular the formidable challenge of building a modern educational system and an economic program to accord with the accelerating requirements of the territory. The Congress has supported this ambitious program by very substantially increasing its ceiling on appropriations. If adopted, H.R. 3198 will be a further significant milestone along the road of enhanced economic and social development of the trust territory. By increasing the opportunities for the inhabitants of Micronesia to expand their personal contacts with the people of the United States, this bill would enable these citizens to make an increasingly vigorous contribution to the welfare and security of the free world.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

DEPARTMENT OF THE NAVY,
OFFICE OF LEGISLATIVE AFFAIRS,
OFFICE OF THE SECRETARY,
Washington, D.C., April 30, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: Your request for comment on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes, has been assigned to this Department by the Secretary of Defense for the preparation of a report thereon expressing the views of the Department of Defense.

The purpose of the bill is stated in the title. Sections 1 and 5 would authorize Federal technical and financial assistance to the government of the trust territory. Sections 2, 3, and 4 would remove certain existing barriers to the free entry into the United States of the nationals and the products of the trust territory, and to the licensing of nationals as ship radio operators.

It is noted that the number "292" which appears in line 17 and 18 of page 3 of the bill, should be corrected to "293," because there already is a section 292.

The Department of the Navy, on behalf of the Department of Defense, interposes no objection to the enactment of H.R. 3198.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

C. R. KEAR, Jr.,
Captain, U.S. Navy, Deputy Chief,
(For the Secretary of the Navy).

DEPARTMENT OF JUSTICE,
Washington, D.C., April 25, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

The only provision of the bill which is of concern to this Department is section 3 which would amend the Immigration and Nationality Act by adding a section 292 to that act. Under this amendment, natives of the Trust Territory of the Pacific Islands would be exempted from the provisions of the Immigration and Nationality Act with respect to entry into and departure from the United States if they present an identity certificate issued by the High Commissioner of the trust territory. Provision is also made that such persons who come to the United States shall, upon completion of the residence and physical presence requirements of section 316(a) of the Immigration and Nationality Act, be deemed to have been lawfully admitted to the United States for permanent residence as of the date of their coming, for the purpose of petitioning for naturalization.

This Department would have no objection to the enactment of this bill provided possible security problems raised by the measure are resolved.

These security problems relate to the fact that the bill contains no provision either barring entry into the United States or permitting expulsion from the United States of persons who are Communists or anarchists, or who are likely to engage in various activities subversive to the national security, or prejudicial to the public interest. See sections 212(a)(27)(28) and (29), 241(a)(1)(6) and (7) and 215 of the Immigration and Nationality Act (8 U.S.C. 1182(a) (27)-(29), 8 U.S.C. 1251(a)(1)(6) and (7) and 8 U.S.C. 1255). Under the bill, the High Commissioner does not have discretion to refuse issuance of an identity certificate to any such person; issuance of a certificate is mandatory if the applicant satisfies the requirements of the bill as to birth, residence and nationality.

In view of the foregoing, it is recommended that consideration be given to either of the following alternatives: (1) That persons to whom section 3 of the bill would apply not be exempted from the provisions of the Immigration and Nationality Act cited above; or (2) that the High Commissioner or some other official of the Department of the Interior be vested with discretion to refuse identity certificates to persons of the classes described in the cited provisions.

It is noted that although section 3 proposes to add a section 292 to the Immigration and Nationality Act, that act already has such a section. The proposed section should be designated "293."

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

NICHOLAS DEB. KATZENBACH, *Deputy Attorney General.*

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., May 1, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 3198, to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

Sections 1, 2, 4, and 5 are of interest to the Treasury Department. Section 1 would make available to the government of the trust territory technical assistance from existing departments, agencies, or corporations of the executive branch of the Federal Government upon the request of the Secretary of the Interior.

Section 2 would provide that the Trust Territory of the Pacific Islands be considered an "insular possession" for the purposes of section 301 of the Tariff Act of 1930, as amended (19 U.S.C. 1301a). Under that section, articles which are the growth or produce of an insular possession of the United States and which do not contain more than 50 percent of value of foreign materials may be admitted free of duty into the United States. Section 2 would except from this privilege any fishery product processed in the trust territory from fish or fish products landed in the trust territory under conditions which would preclude such landings in the ports of the United States under section 4311 of the Revised Statutes, as amended (46 U.S.C. 251). It further authorizes the President to suspend the duty-free privilege whenever he determines that the duty-free entry is causing or threatening to cause substantial injury to the competitive trade of any contracting party to GATT.

Section 4 of the proposed legislation would permit the licensing of the natives of the trust territory as radio operators by the Federal Communications Commission in the same manner as U.S. citizens and nationals may now be licensed. Potentially, therefore, they could serve as radio operators on board most U.S. vessels which would be likely to operate in the fishing industry in the trust territory and in interisland trade.

Section 5 of the proposed legislation would abolish the revolving fund authorized by the Department of the Interior and Related Agencies Appropriation Act, 1956, and would contribute to the trust territory the total assets of the revolving fund for use as a development fund.

The Treasury Department would have no objection to the enactment of these provisions and anticipates no unusual administrative difficulties in carrying out its responsibilities under them.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

G. D'ANDELOT BELIN,
General Counsel.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 17, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

The proposed legislation primarily concerns an area for which the Department of the Interior has responsibility, and therefore we make no recommendation on the bill. However, this Department will be glad to assist in any way it can in the development of the Trust Territory of the Pacific Islands.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE,
Washington, April 30, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of April 4, 1963, for a report on H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

The bill would provide authorization to departments and agencies of the executive branch of the Government to extend scientific, technical, and other assistance to the trust territory, upon request of the Secretary of the Interior, subject to the limitation that assistance requested shall not involve, in the aggregate, an estimated nonreimbursable cost in any one fiscal year in excess of $150,000. Among other provisions, it would also facilitate the entry of natives of the territory into the United States, and would transfer the assets of an existing revolving fund to a fund to be used to promote the development of the territory.

Among the objectives of the trusteeship system established by article 76 of the Charter of the United Nations are promotion of "the political, economic, social, and educational advancement of the inhabitants of the trust territories, and their progressive development toward self-government or independence as may be appropriate * * *." In accordance with these objectives, article 6(3) of the trusteeship agreement provides that the United States as

administering authority shall promote the social advancement and protect the health of the inhabitants and shall "* * * promote the educational advancement of the inhabitants, and to this end shall take steps toward the establishment of a general system of elementary education; facilitate the vocational and cultrual advancement of the population; and shall encourage qualified students to pursue higher education, including training on the professional level."

We believe that enactment of this bill would be a significant step in further realization of these provisions and of U.S. responsibilities. Both the authority for provision of technical assistance and the facilitation of entry of inhabitants of the trust territory into the United States should assist the promotion of programs and measures in health, education, social security, and rehabilitation for the advancement of the inhabitants of the trust territory. Consultations have recently taken place between this Department and the Department of the Interior on the character of programs in these areas and ways in which this Department might assist in their development. The technical assistance provision is pertinent to such collaborative interdepartmental efforts.

We would, therefore, recommend enactment of this bill.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

ANTHONY J. CELEBREZZE,
Secretary.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 6, 1963.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, 1324 Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Your committee has before it H.R. 3198, a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes.

After the hearings on this bill further consideration was given to section 3 which provides for the admission of natives of the trust territory into the United States. In its letter of April 25, 1963, the Department of Justice recommended for the committee's consideration two alternatives for barring entry to the United States or permitting deportation from the United States of any natives of the trust territory who are Communists, anarchists, or who are likely to engage in activities subversive to the national security, or prejudicial to the public interest. We recommend amending section 3 of the bill to make those sections of the Immigration and Nationality Act which bar entry or permit deportation of such persons applicable to natives of the trust territory. To effect this change, on page 3, line 18, after the word "title" add: "except sections 212(a) (27) (28) and (29), 215 and 241(a) (1) (6) and (7) of the Immigration and Nationality Act." The Departments of Justice and Interior endorse this amendment.

We appreciate the consideration you have already given this bill and hope that the above amendment will help to clarify the intention on section 3.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

APRIL 23, 1963.

COMMENTS OF THE FEDERAL COMMUNICATIONS COMMISSION ON H.R. 3198, 88TH CONGRESS, A BILL TO PROMOTE THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS, AND FOR OTHER PURPOSES

H.R. 3198 is a bill to promote the economic and social development of the Trust Territory of the Pacific Islands, and for other purposes. Section 4 of that bill would amend subsection 303(1) of the Communications Act to enable the Commission to issue radio operators' licenses to natives of the Trust Territory of the Pacific Islands presenting valid identity certificates issued by the High Commissioner of such territory. Our comments will be limited to section 4 which bears on the Commission's functions.

H.R. 3198 would further extend the Commission's authority to issue radio operators' licenses under subsection 303(1) of the act. Until 1962 the Commission was empowered to issue these licenses only to citizens of the United States and in certain cases to foreign nationals in the field of aviation. In order to enhance safe and efficient navigation by the use of radio in the American Samoa area subsection 303(1) was amended in 1962, so that the Commission could also issue radio operators' licenses to nationals of the United States.

The main objective of section 4, as we understand it, is to enable the natives of the trust territory, after proper training, to serve as radio operators on American ships in the trust territory. Insofar as this would further the general purpose of the bill, i.e., to promote the economic and social development of the trust territory, the Commission believes that the necessity for this legislation is a policy determination for the Congress. To the extent that its enactment would give the Commission greater flexibility in discharging our statutory duty to promote safety of life and property through the use of radio and wire, however, we favor the enactment of H.R. 3198.

Upon amendment of subsection 303(1), as proposed, the Commission probably would be called upon to conduct examinations for operators' licenses in the Trust Territory of the Pacific Islands. Doing so would involve some additional expense to the Commission since the nearest place at which we maintain a field office is Honolulu. In such other remote places we have had the assistance of other Federal Government agencies, such as the Navy and the Signal Corps, in conducting the examinations, thus saving the Commission additional expense which would otherwise be incurred. It is hoped that such assistance could be obtained in the Trust Territory of the Pacific Islands.

Finally, we note that under H.R. 3198 natives of the trust territory would be required to present "valid identify certificates" before the Commission could issue a radio operator's license. As we understand

this requirement, it would not place any duty on the Commission to determine the validity of such a certificate.

Adopted April 17, 1963.

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs recommends enactment of H.R. 3198, as amended.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF JUNE 30, 1954 (68 STAT. 330)

(*a*) Until Congress shall further provide for the government of the Trust Territory of the Pacific Islands, all executive, legislative, and judicial authority necessary for the civil administration of the Trust Territory shall continue to be vested in such person or persons and shall be exercised in such manner and through such agency or agencies as the President of the United States may direct or authorize.

(*b*) *The head of any department, corporation, or other agency of the executive branch of the Government may, upon the request of the Secretary of the Interior, extend to the Trust Territory of the Pacific Islands, with or without reimbursement, scientific, technical, and other assistance under any program administered by such agency, or extend to the Trust Territory any Federal program administered by such agency, if the assistance or program will promote the welfare of the Trust Territory, notwithstanding any provision of law under which the Trust Territory may otherwise be ineligible for the assistance or program: Provided, That the Secretary of the Interior shall not request assistance pursuant to this subsection that involves, in the aggregate, an estimated nonreimbursable cost in any one fiscal year in excess of $150,000: Provided further, That the cost of any program extended to the Trust Territory under this subsection shall be reimbursable out of appropriations authorized and made for the government of the Trust Territory pursuant to section 2 of this Act, as amended. The provisions of this subsection shall not apply to financial assistance under a grant-in-aid program.*

SEC. 2. There are hereby authorized to be appropriated such sums, not in excess of $17,500,000 per year, as may be necessary to carry out the purposes of this Act.

SEC. 3. (a) The provisions of section 301 of the Tariff Act of 1930, as amended (19 U.S.C. 1301a) shall be applicable to articles coming into the United States from the Trust Territory of the Pacific Islands except fishery products processed in the Trust Territory from fish or fish products landed in the Trust Territory under conditions which would preclude such landings in ports of the United States under section 4311 of the Revised Statutes, as amended (46 U.S.C. 251). The foregoing exception shall not apply to vessels sailing under the American flag and to vessels sailing under the Trust Territory flag manned by crews, two-thirds of which

are nationals of the United States as defined in sections 101(a)(22) and 308 of the Act of June 27, 1952 (66 Stat. 169, 238; 8 U.S.C. 1101(a)(22), 1408) or citizens of the Trust Territory. The Secretary of the Treasury is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section.

(b) In the event that the President shall determine that the underlying economic factors affecting the production and trade of such Trust Territory has changed so that the duty-free entry of any article under this section results, or threatens to result, in substantial injury to the competitive trade of any contracting party to the General Agreement on Tariffs and Trade, the duty-free entry of such article under this section shall be suspended, in whole or in part, for such specified periods as he shall proclaim.

COMMUNICATIONS ACT OF 1934 (48 STAT. 1082) AS AMENDED (47 U.S.C. 303(l))

SEC. 303. Except as otherwise provided in this Act, the Commission from time to time, as public convenience, interest, or necessity requires, shall—

* * * * * * *

(l) Have authority to prescribe the qualifications of station operators, to classify them according to the duties to be performed, to fix the forms of such licenses, and to issue them to such citizens or nationals of the United States, *or citizens of the Trust Territory of the Pacific Islands presenting valid identity certificates issued by the High Commissioner of such Territory,* as the Commission finds qualified, except that in issuing licenses for the operation of radio stations on aircraft the Commission may, if it finds that the public interest will be served thereby, waive the requirement of citizenship in the case of persons holding United States pilot certificates or in the case of persons holding foreign aircraft pilot certificates which are valid in the United States on the basis of reciprocal agreements entered into with foreign governments;

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