

# Compact to benefit U.S. territories-Page 3



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# Area air service accords reached

KOLONIA, Pohnpei - The Micronesian governments agreed March 22 to "San Francisco Accords" to reorganize Air Micronesia and to establish a regional commission proposed by the FSM to regulate airline service, according to the March 24 Pacific Daily News.

The accords were signed by representatives of the FSM, Marshall Islands, Palau, Guam and the Northern Marianas at the end of a settlement conference held in San Francisco by U.S. Bankruptcy Judge T. Glover Roberts to resolve the suits in the attempt by Continental Airlines to purchase controlling interest in United Micronesian Development Association and Air Mike to turn over to the FSM.

The suits were brought by minority stockholders of UMDA which owns 60 per cent of Air Micronesia and Aloha Airlines which owns 10 per cent of Air Mike, while Continental owns 30 per cent.

FSM President Tosiwo Nakayama, who attended the settlement conference, was quoted as stating in a news release that "this marks the beginning of a historic working relationship not only between the freely associated states but also the governments of the CNMI and Guam."

Under one of the accords, the

(Continued on Page 3)

## Inside....

### Compact action urged

(See story on Page 2)

### Pair drift 62 days

(See story on Page 4)



**SIGN NOTES FOR EXCHANGE** - FSM External Affairs Deputy Secretary Asterio Takesy, second from left, and Japanese Consul General in Guam Yoshinobu Nagashima, third from left, are signing an exchange of notes here March 15 formally conveying a 930 million yen (\$3.7 million) grant in aid from Japan for fishery development projects in Truk and Pohnpei during a ceremony in the Truk State Legislature chamber in Moen at the end of the Seventh FSM Chief Executives' Conference in the presence of President Tosiwo Nakayama and the four state governors. From left clockwise are FSM External Affairs Foreign Service Officer Loren Robert; Takesy; Nagashima; James Shintaku, an advisor to Nagashima; Yap Gov. John Mangefel, and Pohnpei Gov. Resio Moses.

## Japanese aid notes exchanged

MOEN, Truk - Japanese Consul General in Guam Yoshinobu Nagashima and FSM External Affairs Deputy Secretary Asterio Takesy signed an exchange of notes here March 15 formally conveying a 930 million yen (\$3.7 million) grant in aid from Japan for fishery development projects in Truk and Pohnpei.

The ceremony was held in the Truk State Legislature chamber here at the end of the Seventh FSM Chief Executives' Conference in the presence of President Tosiwo Nakayama and the four state

governors.

Takesy noted that the grant is the fourth by Japan since the FSM was founded in 1979 with the first being \$1.5 million in 1981 for road construction equipment; the second, \$890,000 in 1982 to provide ice-making and cold storage facilities in Kosrae, Wolei Atoll of Yap, Oneop Island of Truk and the Pohnpei and Yap field trip ships as the first phase of the Traditional Fishery and Nutrition Improvement Proj-

(Continued on Page 3)

# Chief executives urge Compact action, Air Mike control

MOEN, Truk - The FSM President and governors adopted resolutions urging the U.S. Congress to approve the Compact of Free Association as soon as possible, to fund outstanding trusteeship obligations and to continue all federal programs on a transition basis, during the March 11-15 Seventh FSM Chief Executives' Conference in the Truk State Legislature here.

The chief executives also agreed to continue the U.S. Peace Corps program under the Compact.

A resolution authorizing the national government to explore the possibility of replacing Air Micronesia with a new regional airline, if its efforts to gain controlling interest in Air Mike are further delayed was adopted by the chief executives, who urged the FSM not to enter any operating agreement with Continental Airlines that did not assure Kosrae scheduled air service.

President Tosiwo Nakayama traveled from Truk to Washington, D. C., to attend the March 19 hearing on the Compact in the U.S. House Public Lands and National Parks Subcommittee and to San Francisco to attend a March 20-21 U.S. Bankruptcy Court settlement conference on suits in the proposed takeover of UMDA by Continental which agreed to transfer those shares with its 30 per cent of Air Mike to the FSM.

The resolutions adopted by the chief executives include:

No. 7-1 which urges the U.S. Congress to take prompt and favorable action on the Compact which was approved by 79 per cent of the FSM electorate participating in the June 21, 1983, plebiscite which followed more than 15 years of negotiations.

No. 7-2 which urges the U.S. government to fund outstanding trusteeship obligations, such as the new national capitol, which has received partial funding, and new Community College of Micronesia campus at Palikir; full completion of the five-year capital improvements program and correction of deficiencies in schools and hospitals; the prior service benefits program; past and future indefinite land use claims, and war claims.

The resolution also cites a projected \$16 million reduction in U.S. grant assistance for operational and service activities in fiscal 1986 in asking the U.S. to continue federal programs until plans are completed to phase-out, or replace them, and to continue technical assistance, particularly during the transition to

free association.

No. 7-3 which asks the President to invite and to "expeditiously" enter into a country agreement with the Peace Corps to continue its volunteer program in the FSM during the Compact period.

No. 7-4 which asks the President "to pursue vigorously implementation of the agreement with Continental" which would give the FSM controlling interest in UMDA and Air Micronesia and to enter into discussions with the presidents of the Marshall Islands and Palau to seek their involvement in the operations and benefits of a restructured Air Mike.

The resolution said the President is "encouraged to organize a regional ministerial level Commission on Transportation" with Palau, the Marshall Islands, Guam and the Northern Marianas to coordinate regional air and other transportation policies.

It also urged the President to explore with Continental alternative arrangements, including establishment of a new airline to operate service now provided by Continental-Air Micronesia, if the FSM is unable to obtain a speedy resolution to the suits blocking implementation of the agreement with Continental.

No. 7-5 which urges the FSM Congress to appropriate funding for the first FSM National Olympic Games to be postponed from the May 10, 1985, date which was approved in the Sixth Chief Executives Conference to summer, 1986, in Pohnpei and to adopt legislation to create the position of Olympic Sports and News Coordinator to establish ongoing olympic games.

No. 7-6 which calls for the creation of a State-National Leprosy Control Task Force with a goal of reducing Hansen's disease "to the full extent possible" within 15 years.

No. 7-7 which states that the FSM shall not enter any contractual joint service agreement with Continental unless minimum essential air service is "guaranteed to each state in the federation" including Kosrae.

No. 7-8 which urges the U.S. Congress to continue the Farmers Home Administration low-income housing loan and grants program in the FSM under the Compact and to extend it to Kosrae.

No. 7-9 which urges the U.S. Interior Department to transfer immediately to the FSM the remainder of its share of Economic Development Loan Funds and terminate Trust Territory government

involvement in EDLF funds administration.

The FSM share was set at \$3.2 million in September, 1982, and the FSM Development Bank has received more than \$1.4 million, according to FSMDB President Manny Mori.

The resolution asks the U.S. government and FSM state and national governments to supplement the EDLF funds with enough capital to support a \$2 million a year economic development loan program through the bank.

It urges the FSMDB to seek Asian Development Bank membership after the effective date of the Compact, urges Yap and Kosrae to enact mortgage laws and urges all four states to complete surveying and titling of land.

No. 7-10 which urges the FSM Congress to fund local projects in the form of block grants to be administered by state governments instead of funding individual projects through appropriations legislation, and to have this matter considered at the next state-national leadership conference.

No. 7-11 which thanks the Women's Associations of Truk for their hospitality and calls for the creation of a state and national government committee to organize and coordinate the first FSM Women's Convention to be held within the next year to promote the role of women in the Federated States.

No. 7-12 which expresses appreciation for the hospitality provided by the government officials, people, Club 20 Women's Club, Red Cross, Christian Women's Association, Mortlocks Leadership and State Legislature of Truk.

No. 7-13 which supports the program for education against alcohol and marijuana substance abuse prepared by the FSM Social Services Department.

## Black bids low on paving

LELU, Kosrae - Black Micronesia Construction Co. was the lowest among six bidders to pave the Kosrae International Airport runway and road from the dock to the main bridge to the airfield, according to a March 1 State Information Office release.

The construction also will include laying water pipes from the main bridge to the dock, installing electric lighting for the runway and extending electricity to the dock and filling in the fuel tank farm area.



## Air service Accords signed

(Continued from Page 1)

five governments will have to agree to the terms for reorganizing Air Micronesia then negotiate a new joint venture arrangement for operating the regional airline, before reporting back to the U.S. Bankruptcy Court in Houston where Continental is being reorganized under Chapter 11 bankruptcy proceedings.

A separate memorandum of understanding, or accord to create a regional transportation commission was endorsed by the FSM chief executives during their March 11-15 meeting in Truk.

The FSM entered an agreement with Continental in November for Continental to buy controlling interest in UMDA, then turn it over to the FSM with its 30 per cent interest in Air Mike. Palau

and the Marshall Islands were invited to participate in the transaction which would give Air Micronesia 20 per cent and Continental 80 per cent of the profits under a new joint venture.

The UMDA board of directors approved the agreement during a Dec. 21 meeting in Pohnpei, after Aloha sued to block the transaction. Larry Hillblom of Saipan led the UMDA minority stockholders in an additional suit against the transaction, after he was sued by Continental for his attempts to stop its purchase of UMDA stocks.

Roberts reportedly said, "As a result of these accords, a process has been created for settling the litigation issues and restructuring Continental/Air Micronesia."

The settlement conference was scheduled for March 20-21 and was extended to March 22 when 55 people gathered in the courtroom for 10 hours to hammer out the accords.

In addition to the President, the FSM delegation included Congress Speaker Bethwel Henry, Attorney General David Nevitt, Postmaster General Leo A. Falcam, External Affairs Deputy Secretary Asterio Takesy, Senators Peter Christian and Pedro Harris of Pohnpei and Washington attorney Barry Israel.

## Olter says territories to benefit

KOLONIA, Pohnpei - U.S. flag territories will benefit from the FSM Compact of Free Association, Vice President Bailey Olter told the House Public Lands Subcommittee on March 19, urging it to move quickly to end the U.N. trusteeship here.

The hearing was the last scheduled on the Compact by the subcommittee headed by Rep. John Seiberling of Ohio who said he plans to expedite House action on the legislation.

The Senate Energy and Natural Resources Committee unanimously approved and sent to the full Senate on March 21 the resolution to enact the Compact for the FSM and Marshall Islands with provisions for transitional funding of health and other federal programs, according to the March 23 Pacific Daily News.

The Senate committee approved the Compact last year, after one hearing, but it failed to gain final approval before Congress adjourned in October.

The Senate resolution leaves the Interior Department in charge of relations with the FSM and Marshalls, contrary to a Reagan administration request to transfer that responsibility to the State Department.

President Tosiwo Nakayama and FSM Congress Speaker Bethwel Henry attended the House subcommittee hearing where the Vice President said that Guam, the Northern Marianas, American Samoa and Hawaii "will be positively affected by a growing Micronesian economy."

Flag territory and Hawaii state officials told the subcommittee in a March 7 hearing that the Compact would give the FSM and Marshalls unfair competitive advantages because they would have free access to U.S. markets without having to comply with U.S. environmental and minimum wage laws.

"Flag territories over the years have achieved conditions of social, economic, educational and infrastructure development miles beyond anything that has occurred in the Federated States of Micronesia," Olter said.

"The FSM will never allow itself to become a base for polluters in order to attract outside investment," he added.

Pohnpei Lt. Gov. Johnny David joined the Vice President in urging the U.S. Congress to provide transitional phase-out funding for all federal programs to avoid an estimated \$16 million gap in fiscal 1986 health, education and government services funding.

"Without an adequate step-down transition period the loss of U.S. federal program assistance will retard real development as our state government tries to cope with the termination of needed services, increasing unemployment and decreased support for community based health and education programs," David said.

Olter said the FSM cannot absorb the \$16 million gap by austerity as "the belt is already drawn to the point of strangulation."

## Japanese aid notes signed in Truk

(Continued from Page 1)

ect, and the third, \$1.5 million in 1983 to provide more road construction equipment.

The new grant will be used to continue the Traditional Fishery and Nutrition Improvement Project by providing major cold storage facilities on Dublon Island as part of the Truk state fisheries development program and at the Pohnpei state dock near Kolonia.

"We have already proposed to your government that the next grant in aid will be for Kosrae and Yap," Takesy said, referring to the decision by the President and governors in the Sixth Chief Executives' Conference.

"We have elected to go this route in order to maximize the impact of your assistance," he told the consul general.

Takesy said that "we value this assistance not only because of its economic value, but more importantly because it is an act of friendship growing out of the special relationship that we have entered and are further cementing today."

Referring to the former Japanese administration of Micronesia, he said, "One very important way of nourishing this relationship will be for your country to assist us in ensuring that our Japanese heritage does not dissipate...."

"It is for this reason that our public schools are attempting to set up Japanese language instruction," Takesy said, adding, "We need the assistance of your good office on this matter."

Nagashima was accompanied to Truk for the ceremony by his advisor, James Shintaku.

# Kiribati duo drifts 1,000 miles

KOLONIA, Pohnpei - Two Kiribati boaters who drifted 1,000 miles in 62 days in a sailing canoe to Ngatik Atoll, Pohnpei state, left Kolonia, March 20, on an Air Nauru flight to return to Tarawa, according to FSM External Affairs Department officials.

Tapukai Ianana and Larance Kunkke reportedly started Dec. 23 from Tarawa in an outboard motorboat and canoe to deliver goods to another island, but the motorboat ran out of fuel, so its occupant boarded the sailing canoe which then towed the outboard, until they had to cut the outboard loose when they encountered a storm.

They told state and national government officials that the survivors on rain water caught by the canoe sail and fish, mostly sharks, caught in scooping nets

which they made out of three fishing lines and towed under the canoe.

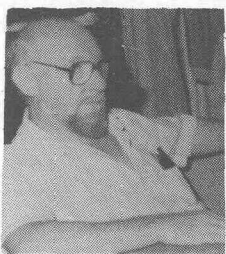
They sighted Ngatik, southwest of Pohnpei Island, and landed there on Feb. 22 and were feted by the people and treated by a medex, before being brought March 18 to Pohnpei on the Micro Glory field trip ship.

Similar incidents occurred in October, 1983, when a 14-foot outboard motorboat drifted more than 1,000 miles from Tarawa to Kosrae in 25 days with three fishermen on board and in February, 1984, when an 11-foot motorboat with three fishermen on board drifted 900 miles from between Maiana and Tarawa atolls in 30 days to Pohnpei state where it was picked up by a Japanese fishing boat.

# British hicom eyes trade opportunities

KOLONIA, Pohnpei - British High Commissioner to Kiribati Charles Thompson said here March 25 that one thing he was looking into during his first official visit to Pohnpei was commercial opportunities for his country.

Thompson arrived March 21 with his wife, Mary Ann, and was sched-



THOMPSON

uled to leave March 27. They originally were scheduled to visit Truk, March 23-25, but decided to stay in Pohnpei to visit the Nan Modal ruins and visit Truk later this year during a trip to Palau.

"As the British high commissioner to the Republic of Kiribati, I cover Micronesia from Tarawa as the nearest British diplomat," he said.

Thompson said that in addition to reporting on political developments and maintaining a presence in Micronesia, he was "seeing what commercial opportunities are available."

If anyone want to contact businesses in the United Kingdom, he said, "I am the man to contact in the first instance."

Thompson met Feb. 22 with Resources and Development Secretary Bernard Helgenberger, who was serving as acting FSM administrator in the absence of President Tosiwo Nakayama and Vice President Bailey Olter, and his staff; Pohnpei Gov. Resio Moses, and External Affairs Department officials.

He met again March 25 with R&D Department officials.

Thompson said that he has the smallest, with one secretary and one chauffeur, and most extensive mission in the British diplomatic service, representing his country in its former Gilbert Islands colony.

He previously served in Zaire, Burma, Japan, the United States, Italy, New Zealand and London, before taking his present post which is a three-year appointment in September, 1983.



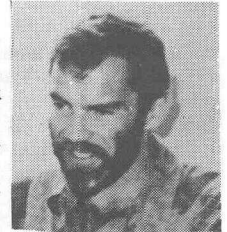
DIET MEMBER VISITS - Shintaro Ishihara, right, a member of the Japanese Diet House of Representatives and former Environmental Agency executive director is paying a courtesy call on FSM President Tosiwo Nakayama during a Jan. 14 visit to Pohnpei.

# Aussie consul General visits

KOLONIA, Pohnpei Australian Consul General in Honolulu William Fisher said during his March 14-16 visit to Pohnpei that he sees the FSM as the most important place in Micronesia, due to its role in South Pacific regional organizations.

Fisher was making his fourth visit to the FSM, since the his office took responsibility for Micronesia for the Australian government from the high commissioner in Nauru in January, 1984.

He said that he came to Pohnpei after visiting Majuro en route to Guam for a March 17 speech to the World Affairs Council in the Hilton Hotel. From Guam he was scheduled to go to Saipan.



FISHER

The FSM is most important, Fisher said, because it "plays an active role in regional matters."

"The first thing that I talk to the President and External Affairs Department about is regional matters in the South Pacific," Fisher said, noting the FSM is an observer member of the South Pacific Forum, the ruling body of the South Pacific Bureau for Economic Cooperation (SPEC), and a full member of the South Pacific Commission.

Fisher met with Vice President Bailey Olter in the absence of President Tosiwo Nakayma who was in Truk for the March 11-15 Seventh FSM Chief Executives' Conference and state and national government officials, in addition to Dr. Catalino Cantero, president of the Community College of Micronesia.

Fisher said that he discussed Australian scholarship assistance which has doubled in the last year with External Affairs officials "who have really been tremendous in organizing and coordinating scholarship recipients," primarily for FSM students going to the University of the South Pacific in Fiji and the University of Papua New Guinea.

Fisher hosted a reception March 15 in the Village Hotel for state and national government officials.



## Xavier seniors Begin service

MOEN, Truk - Thirty-one graduating seniors began eight weeks of community service on their home islands after the March 1 Mandate Ceremony at Xavier High School here, according to Xavier Principal James Mormad.

Mauri Yamaguchi, 18, the daughter of Tadasay and Toshiko Yamaguchi of Pohnpei who plans to attend Sophia University in Tokyo, is working in the FSM Information Office in Kolonia as her community service project.



YAMAGUCHI

The seniors will receive their diplomas after they complete the projects and their supervisors report back to Xavier.

Other seniors from Pohnpei include Petrus Olter, Walden Weilbacher, Relina Wilson, Patrick Henry, Augustine Sue, Charley Lebehn, Constantino Victor Jr. and Moses Pretrick.

From Truk are John Akapito, Esly Kanto, Alexander Narruhn, Nixon Maras, Michelle Lomongo, Memorina Ponun and Fabian Nimea; Yap, Catherine Drin, Matthew Chigyal, Jay Glee Henry, Bernard Xavier, Anna Yoruw, Francis Itimai, Allen Tamag and Hilary Suwon; Palau, Jason Kesolei and John Temengil; Marshall Islands, Ernie Paul and Marcella Jonathan, and Kiribati, Arawatau Kairoro, Luke Tearo and Paul Lupton.

The seniors also completed before the Mandate Ceremony a seven-week town study project which included research and reports on public works, environmental protection, new industries, family changes, the video revolution and the military Civic Action Team to understand the political, social and economic situation in Truk.

## Gets Norway funds

LELU, Kosrae - Kosrae received \$35,000 as its share of \$80,000 contributed to the FSM by the Norwegian government for water catchment construction, State Sanitation Chief Nena Palsis reported, according to a March 1 State Information Office release.

The sanitation office will provide an estimated 157 grants of \$270 each to construct eight-foot by eight-foot 1,000-gallon catchments to families which prepare the sand, cement and foundations.

# Madolenihm, Uh complete drafts

KOLONIA, Pohnpei - Madolenihmw and Uh completed drafting their municipal constitutions and Pingelap and Nett held delegate elections for conventions which will begin in April.

Delegates to the Madolenihmw convention held a signing ceremony March 20 at PATS high school. A referendum is scheduled for April 2 on the draft constitution.

Uh delegates held a signing ceremony March 23 at the St. Joseph Catholic Church in Awak and scheduled their referendum for April 26 in conjunction with a chief magistrate election.

Pingelap, which is the first outer island municipality to schedule its constitutional convention under provisions of the Pohnpei State Constitution which went into effect Nov. 8, elected 28 delegates, including 24 from Pohnpei Island on March 5 to its convention which is to begin April 8. Doakesa Yukiwo Salmono and Nanewae Wihn Kiahd, as the traditional leaders, also will serve as at-large delegates.

Nett voters elected 14 delegates March 19 to their convention which is to begin April 2.

Kolonia Town was the first to complete its draft constitution on Dec. 1 and ratify it on Dec. 21. Kitti was second, completing its draft on Jan. 19 and ratifying it on Feb. 13. The Sokehs convention which began Jan. 7 is still underway.

Mokil, Ngatik, Nukuoro and Kapingamarangi had not scheduled their delegate elections and constitutional conventions.



MADOLENIHMW DRAFT SIGNED - Nahnken of Madolenihmw Klemens Hadley, left, is signing March 20 the draft Madolenihmw municipal constitution during a ceremony in the PATS high school with Pohnpei State Legislature Speaker Salter Etse, center, and convention secretary Wilson Kalio observing.



UH CONSTITUTION SIGNED - Pohnpei State Federal Relations Director Santiago Joab, seated, president of the Uh Municipal Constitutional Convention, is signing March 23 the draft municipal constitution at the St. Joseph Catholic Church in Awak.

## Panuelo resigns

KOLONIA, Pohnpei - Dr. Alex Panuelo, who ran fourth in a close five-man race March 5 for the FSM Congress seat held by Sen. Peter Christian, resigned effective March 31 as Pohnpei State Health Services director, according to WSZD Radio Station here.

Gov. Resio Moses named Dr. Annis David acting director of the Health Services Department until a new appointment is made.

The governor also announced that George Fleenor, who served 1976-77 as Pohnpei State Hospital administrator, will return to that position in July. He has since served as administrator of Guam Memorial Hospital and a California hospital.

Panuelo has served five and one-half years as State Health Services director. He is the only cabinet member in the administration of former Gov. Leo A. Falcam retained by Moses after the March, 1983, elections.

In a March 18 letter to Moses, Panuelo said that after 32 years as a medical officer, he wishes to retire to dedicate more time to family responsibilities and other public related matters.

He began his medical career at age 21, after completing four and one-half years of medical training in Guam Memorial Hospital and the Fiji School of Medicine.

"Although I am resigning, my services will continue and will be made available in time of need," Panuelo said.

# Kosrae court to begin functioning

KOLONIA, Pohnpei - The Kosrae State Court was certified March 15 by the Trust Territory High Court and will be functioning in about one month, according to its first chief justice, Harry Skilling.

The Kosrae court is the last of the FSM state courts to be certified and begin functioning, following Yap State Court in 1982 and the Pohnpei and Truk courts in 1984. The FSM Supreme Court has been functioning since July, 1981.

Kosrae has been without a local judge since the May 29, 1983, death of District Judge Linus George. The first nomination for state court chief justice, former FSM Senator Hiroshi Ismael, was rejected in July, 1984, by the Kosrae State Legislature which confirmed Feb. 13 the nomination of Skilling, a former FSM Public Defender's Office trial assistant who was sworn in March 1.

"If I can finish with staffing and other things, I expect to start functioning in a month," Skilling said March 22 in Pohnpei while enroute to Saipan to meet with Trust Territory High Court Chief Justice Richard Munson to discuss the transfer of Kosrae District Court funds, facilities and equipment to the state court.

"I don't want to use unobligated fiscal 1983 and 1984 (district court) funds until they are audited," he said, explaining that he wants to know the exact balance left from those two years.

Skilling said that he would retain Richard Sigrah as the state court chief clerk, after he is terminated March 31 as the district court chief clerk, and that he needs to hire a court administrator and two secretaries who can serve as court reporters.

He said that he submitted a request to the state legislature for \$50,000 for the balance of fiscal 1985, through Sept. 30, to cover personnel costs, and that he hopes to add a law clerk and other personnel in fiscal 1986.

Skilling said that he issued an order before coming to Pohnpei announcing that cases may be filed with his court and that the High Court will transfer all pending district court cases which do not involve the Trust Territory government to the state court, so he is expecting a heavy



SKILLING

case load.

The state judiciary act provides for the appointment of one associate justice, which Skilling said he hopes will be funded and filled in fiscal 1986.

He said that he expects to frequently use a provision of the judiciary act which authorizes him to appoint temporary justices in cases which he would be disqualified from.

"I foresee alot of cases in which I will have to disqualify myself," Skilling said, citing cases of potential conflict where the parties are closely related to him and cases which he was involved in in the Public Defender's Office.

## Moses sends budget

KOLONIA, Pohnpei - Gov. Resio Moses transmitted March 25 a \$22-.2 million fiscal 1986 budget proposal based on Compact level funding to the Pohnpei State Legislature, according to at State Information Office release.

In a transmittal letter to Speaker Salter Etse, the governor said that the proposal includes \$14,987,563 for state government operations and \$7,214,000 for state plan priority development projects.

Under the first year of the Compact, Pohnpei is to receive some \$9.8 million for operations, about \$7.1 million for capital improvement projects, more than \$357,000 for health and medical programs and about \$1.9 million in special block grants.

The budget includes \$168,000 of the special block grant funds for health services and \$1.7 million for education, because the state is assuming that existing federal programs will not be available under the Compact.

Moses told Etse that efforts are being made to ensure continuation of some federal programs during the Compact period.

Federal programs which Pohnpei may lose funding for include the Community Action Agency, Head Start, Community Development Block Grant, Upward Bound, Job Training Partnership Act grant and the Hot Lunch Program.

The \$14.9 million for operations includes \$12.3 million for the executive branch, up from \$9.8 million in fiscal 1985 due to the education and health services block grant; \$961,246 for the legislature, up from \$863,266, and \$554,934 for the judiciary, including the state supreme court, municipal courts and land commission, up from \$344,000.

## Contract workers Ruled 'employees'

KOLONIA, Pohnpei - FSM Supreme Court Chief Justice Edward King ruled March 21 that an expatriate contract worker is an "employee" subject to FSM personal income tax, instead of a "business" subject to a lower gross revenue tax in a suit by Pohnpei's chief litigator Edwin Rauzi against the national government.

The gross revenue tax is \$80 for the first \$10,000 of revenue per year and 3 per cent on all additional revenue, while the FSM income tax is 6 per cent on the first \$11,000 and 10 per cent on all additional wages and salaries.

Rauzi reportedly argued that his "Contract for Service by Independent Contractor (Non-Employment Status)" calls for him to provide special counsel to the state attorney which has not existed in the year he has been with the state government and that he instead is under a non-lawyer Legal Affairs director which leaves him largely unsupervised.

The chief justice rejected Rauzi's position that the degree of control by his superior determined that he is an independent contractor, not an "employee" of the state.

King said that his position as chief prosecutor for the state government makes Rauzi a high government official.

"I find no indication that degree of control tests have ever been applied anywhere to determine whether a state prosecutor or any other governmental official of comparable rank is an 'employee' of that government for income tax purposes," the opinion stated.

King concluded that Rauzi, "because he is a government official, is an employee of the Pohnpei state government for purposes of the Federated States of Micronesia income tax law."

King cited the "dubious fairness" of taxing lower paid employees at a higher rate than their supervisors, the distinction of a business having to allocate part of its revenue for facilities and inventory and the complexity of assessing each contract worker's job description and work, if the degree of control test were applied.



## Skills training Set for Yap

KOLONIA, Pohnpei - The FSM Labor Division is planning to implement the Trades Training and Testing Program around June 10 in Yap, according to T3 Program Coordinator Henry Hickey.

The U.N. Development Program and International Labor Organization sponsored program began in Pohnpei in June and was extended in February to Truk which has had two classes each in the electrical, mechanical and construction trades, according to Hickey who said the program will be extended to Kosrae in September or October.

Hickey said that he will accompany FSM Labor Chief Simon Poll to Yap during the week of April 15 to establish classroom, office and storage space for the three workshops, plus housing and vehicles for the visiting experts.

He said that they also would establish procurement procedures with local merchants and arrange for radio announcements to educate Yap residents about the program.

Actual implementation will commence approximately June 10 when Hickey will take a team of ILO and Pohnpei experts to Yap for the first four weeks of training, which will include the selection of Yapese training officers from among the first two classes in each skill to continue the program.

Hickey said that en route to Yap he and Poll will stop over in Truk to monitor the progress of the program there and to award trade test certificates to trainees.

He said that 81 of 140 Truk trainees have earned trade test certificates, reflecting a failure rate of 42 per cent.

The Truk training staff was completed with the addition of Serino Xymon, a graduate of the Micronesian Training Apprenticeship Program conducted by the U.S. Navy in Guam, according to Hickey who said that Truk training officers have taken over the program, after ILO and Pohnpei experts conducted the first to classes in each skill.

"All that remains is to finalize details of a lease agreement with the United Church of Christ for the three workshops and the refurbishing of a building to use as an office and storeroom," he said, adding, "The lease will allow use of the buildings on church property for three years with an option to renew for an additional two years."

## Mori named FSMDB president

MOEN, Truk - Manny Mori, who has been serving as FSM Development Bank acting president since May, 1983, was named president by the FSMDB Board of Directors during its March 11-15 meeting here, according to Herman Semes of Pohnpei who was elected chairman during the meeting.

Peter Sitan of Truk, who represents the Trust Territory, was elected vice chairman and Mori, secretary-treasurer, during the meeting which was held in conjunction with the Seventh FSM Chief Executives' Conference in the Truk State Legislature.

Other board members are Redley Killion of Truk, James Lukan of Yap, Luey Luey of Kosrae and Trust Territory High Commissioner appointees Economic Development Loan Fund director Rodney Adelman and Linda Parkinson.

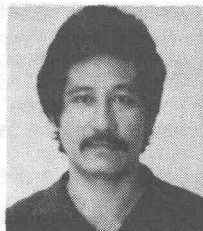
The board also approved annual interest rates of 9 per cent for loans extended for less than five years and 10 per cent for longer-term loans, in addition to reviewing the bank's proposed fiscal 1986 budget, revisions of its accounting manual and loan contracts and proposals for its permanent headquarters, according to Semes. The interest rate has been

9 per cent for all loans.

Mori joined the bank in December, 1981, as its secretary-treasurer and was elevated to vice president in April, 1983, before becoming the acting president in May, 1983, in the absence of Gunnar Thoren whose contract terminated in July, 1983.

A native of Fefan Island, Truk Lagoon, Mori, 35, was graduated from Xavier High School, Truk, in 1969 and the University of Guam in 1973 with a BA degree in business management.

He joined Citicorp Credit Corp. in Guam in 1973 and served 1974-77 in its Saipan office; 1977-79 in the Trust Territory Social Security Office under Yoshiwo George, now governor of Kosrae, and 1979-81 in the FSM Revenue Office in Truk.



MORI

## Nauru changes schedule

KOLONIA, Pohnpei - Air Nauru will reduce the number of its north and south bound flights through Pohnpei from two to one each way per week, beginning April 1, according to Village Travel agency here.

The north bound flight which originates in Nauru will arrive 7:50 a.m. Mondays in Pohnpei and depart 8:30 a.m. for Saipan, Guam, Koror, Manila and Hong Kong.

The south bound flight will originate Tuesdays in Hong Kong with stops in Manila, Koror, Guam and Saipan, before arriving 3:25 a.m. Wednesdays in Pohnpei and departing 4 a.m. for Nauru.

Truk will be served with weekly north bound flights originating in Nauru and arriving 12:40 p.m. Wednesdays in Moen and departing 1:20 p.m. for Guam, Taipei and Hong Kong and south bound flights originating Thursdays in Hong Kong with stops in Taipei and Guam before arriving 3:20 a.m. Thursdays in Moen and departing 4 a.m. for Nauru.

Pohnpei was being served with north bound flights Wednesdays and Thursdays and south bound flights Wednesdays and Fridays.

Village Travel also announced that round trip "Visit U.S.A." fares from Pohnpei via Air Micronesia and United Airlines will be increased April 1 to an average of \$1,515, April 1-June 14 and Sept. 16-March 31, 1986, and \$1,565, June 15-Sept. 15.



VICE PRESIDENTS VISIT - Bank of Hawaii Senior Vice President Henry F. Rice, second from right, and Vice President and Pacific Division Regional Manager Robert Blume, third from right, are hosting a reception Feb. 16 at the South Park Hotel during a three-day orientation visit for Blume. From left are Blanch Holland, FSM Vice President Bailey Olter, Bank of Hawaii Pohnpei Branch Manager Don Holland, Blume, Rice and Pohnpei Gov. Resio Moses.

# Micronesian Police Academy director named by chiefs

KOLONIA, Pohnpei - The Association of Micronesian Chiefs of Police selected the director of the Micronesia Police Academy and elected Palau Public Safety Director Kaoru Brell its president, during its March 18-22 annual meeting here, according to FSM Security and Investigations Advisor Joe Race.

The association also elected Truk State Public Safety Director Paul Kim vice president and FSM DSI Acting Chief Jack J. Jack secretary-treasurer.

The association worked out final arrangements for the Third Micronesian Police Academy which is scheduled to be held for the first time June 10-Sept. 6 at the Micronesian Occupational College in Palau, following the first two which were held at the Alaska State Police Academy in Sitka.

Alaska State Police Maj. Michael A. Korhonen, who attended the association meeting, was named the academy commander with support staff to be provided by the public safety divisions in each of the Micronesian jurisdictions, the FBI and the Trust Territory government.

"At the end of five years, 90 per cent of the Micronesian police officers will have basic academy training," Race said, adding that association is expected to request legislation which would require all police officers to have academy training within the first year of service.

The association approved the curriculum, rules and regulations and the allocation of training slots for each jurisdiction, including two for the FSM Division of Security and Investigations and five each for Kosrae, Pohnpei, Yap, the Marshall Islands Truk and Palau.

Each government will pay \$1,574 per student which will be matched by the Trust Territory government, Race said.

FBI Training Officer Michael Moroney of Honolulu addressed the association on plans to hold two

two-week training sessions on supervision and crime scene investigation in each of the jurisdictions during the year and Bill Stinnett of the Trust Territory government discussed plans for one-week training programs in each jurisdiction in the fall.

An increase in marijuana production and seizures throughout Micronesia, plus its being shipped from Pohnpei to Kwajalein by mail and airline were discussed by U.S. Drug Enforcement Administration Agent Michael Grey of Guam, Kwajalein Security Chief Robert Pierce and Army Maj. Roger Bruley of Kwajalein.

U.S. Postal Inspector Trent W. Strausburg of Honolulu led the discussion of postal fraud, theft and contraband; Dr. Pauline Langley, FSM Health Services psychologist, substance abuse and mental

illness; FSM Chief Litigator Carl "Bud" Ullman, prosecution, and FSM Supreme Court Chief Justice Edward King, judiciary and police relations.

The chiefs decided to set up a network in the islands for keeping track of yachts transiting the area for unpaid bills and stolen guns, according to Race, who said they also discussed the transfer of prisoners from one jurisdiction to another, when there are problems and the use of each other's personnel for special events and emergencies.

The FSM acting chief was assigned to research proposals in the conference for mandatory retirement for public safety officials at age 60, retirement after 20-25 years of service and increased service connected disability and death benefits.



**POLICE CHIEFS MEET** - FSM Division of Security and Investigations Advisor Joe Race, standing, is presiding over the opening session of the March 18-22 Conference of Micronesian Chiefs of Police in the Village Hotel in Pohnpei. From left are FSM DSI Acting Chief Jack J. Jack, Pohnpei Public Safety Chief Tomisiano Martin, Trust Territory Public Safety Director Bill Stinnett, U.S. Interior Department Law Enforcement Chief Robert Smoak, U.S. Drug Enforcement Agency Guam officer Michael Gray, Race, Interior Department Technical Assistant Phil de Longchamps, Kwajalein Missile Range U.S. Army Maj. Roger Bruley and Marshall Islands Public Safety Chief Bob Canfield.

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