

# Congress Approves Budget Bill, Overrides Veto

KOLONIA, Pohnpei - The Fourth FSM Congress on Sept. 7 adjourned its 14-day special session after overriding President Tosiwo Nakayama's veto of certain public projects in Faichuk, Truk, and approving eight resolutions and

21 bills including the passage of a \$12.4 million budget bill for the FSM national government operations in fiscal 1987.

Congress also passed a bill appropriating \$9.4 million for the construction of the FSM capital

complex to be built in Palikir, Pohnpei, and approved another bill establishing a new Department of Transportation and eliminating the Department of Social Services. The same legislation,

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### In Sixth State of the Nation Message:

# URGES EXPANSION OF PRIVATE SECTOR

KOLONIA, Pohnpei - In his sixth and the last State of the Nation Message August 29 to the FSM Congress and the people of the FSM, President Tosiwo Nakayama emphasizes that the two most important

points for the government now are, "to pursue the course we have set to achieve our new political status, and second is urging upon us all a realization that with our growing population and decreasing

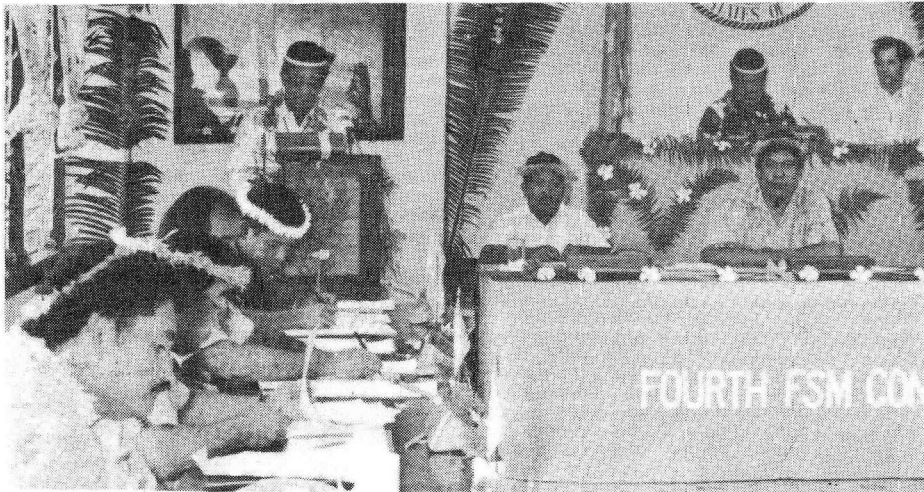
foreign support, we must take a long hard look at how we, as elected leaders of the FSM, will allow the citizens of our country to provide for themselves in the future."

In the one-hour speech before the Congress, President said that the "task now is to set a direction for the FSM that will prepare us to absorb that decrease without having to make drastic cuts in service, salaries, and employment."

The President also said that the discharging of the duties of his office these past seven years has been an emotional, intellectual, and physical challenge and that he acknowledges, with satisfaction and gratitude, the fact that he has grown strong as a human being "because of my work."

Urging that the nation's goals require expansion of both the public and private sectors of the nation's economy, Nakayama restated that Compact funding "makes no direct provision for

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STATE OF THE NATION MESSAGE DELIVERED - President Tosiwo Nakayama, standing, is delivering his sixth and the last State of the Nation Message, August 29, in the FSM Congress Chamber, citing that the nation's goals require expansion of both the public and private sectors. From left are External Affairs Committee Chairman Isaac Figir of Yap, Internal Affairs Sub-Committee Chairman Elias Thomas of Pohnpei, Judiciary and Governmental Operations Chairman Jack Fritz of Truk, Floor Leader John Haglelgam of Yap, the President, Assistant Chief Clerk Mitchuo Daniel, Chief Clerk Henry Asugar, Speaker Bethwel Henry and Rev. David Andrus, S.J., who gave the invocation.

# In his Sixth State of the Nation Message, President sa

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government expansion" and that the private sector must be encouraged to lead the way.

The President also presented to the Congress a three-point proposal, saying that we must act together to accommodate the changes that face our society; to work together to streamlining the process of issuing permits for foreign investment, and that the planning process and the appropriation process must be reconciled with one another at both the state and the national levels.

In a moment similar to a potter presenting his handiwork when FSM is born of earth and molded into a pattern on a platter, the President informed the Congress "the fact that the government has matured is commendable...we have put a government in place and it is governing a new nation."

Following is the text of the State of the Nation message:

"Mr. Speaker, Senators, fellow Micronesians, this is the last the State of the Nation Address that my Administration will offer to you. I must take this occasion to express my deep appreciation for the honor and privilege of having served as the first President of this new nation. Discharging the duties of office these past seven years has been an emotional, intellectual, and physical challenge. I have experienced the range of human feelings from pure elation to bitter disappointment. Today, it is with satisfaction and humble gratitude that I acknowledge that I have grown as a human being because of my work. But it is important to understand that this has not been the work of one man or of a small group of leaders. It is the work of a people in the process of building a new nation, seeking to grow in confidence, pride and integrity, I feel strongly, and I hope my successor will feel the same way, that the state of this nation is one which demands the most of its servants and rewards them with a feeling of accomplishment.

The State of the Nation, the events that have led us here, and the matters which we must address in the future are all things to be dealt with by a nation. As that nation's elected leaders, we bear a singular responsibility to chart a course that will continue our new nation on its course of progress. It is a course which we have followed in the past with success. The Federated States of Micronesia has done a good job in bringing itself along to its present state of maturity and in-

ternational status. But the challenge is only beginning.

In this, my last State of the Nation Address, I want to emphasize two supremely important points. While they are very closely related, they call for separate and distinct commitments to the future. The first is that of pursuing the course we have set to achieve our new political status. The second is urging upon us all a realization that with our growing population and decreasing foreign support, we must take a long hard look at how we, as the elected leaders of the FSM, will allow the citizens of our country to provide for themselves in the future.

The first point, then, is that of implementing the Compact of Free Association with determination and with the spirit of internal and external cooperation that will establish our sovereignty and international identity.

I do not want to dwell long on the details of this process. It has been a long process. It is not yet finished. But the foundation is laid and the structure designed. We can have every expectation that we will be living in Free Association with the United States and taking full advantages of the Compact in the near future. We have the personnel and the institutions in place to pursue this goal. Legislation to implement the Compact has been submitted to the Congress and I urge the early and positive consideration of measures like Congress Bill No. 4-127 providing for the Internal Budget and Finance Procedures under the Compact and the establishment of the Federated Development Authority and Congress Bill No. 4-162 providing for the administration of scholarship money under the Compact.

And while there are a number of issues yet to be resolved in terms of Compact implementation, it is not those matters that I wish to dwell upon at this time because we have all known what those issues are for some years and we are committed to resolving them in due course.

Rather, at this time I think it most appropriate for this Government to begin a second area of emphasis in addition to Compact negotiation and implementation. The Compact itself provides more than ample reason to adopt a new emphasis on our country's need for economic development, and that is my second point.

As we are all aware, after the 5th year of the Compact, funding under the Compact drops by about 15 percent. This translates into roughly 10 million dollars a year that we will no longer receive under the Compact and must make up for through our own development if we are to maintain the current level of services that we make available to our people.

Those are not abstract figures. They are not things that may or may not come to pass depending on what the future brings. The drop in funding under the Compact is something that this country has committed itself to accept as a part of Free Association. It will happen to us, and it will happen in just a few years. Our

task now is to set a direction for the FSM that will prepare us to absorb that decrease without having to make drastic cuts in services, salaries, and employment.

This government has committed itself to make up that difference by developing its private sector and it is in that direction that we must now turn if we are to fulfill our duties as public officials who cannot deny that they see very clearly the need to prepare for a substantial change in our economic situation five years from now.

In the 15 years of the Compact, our population will double. That fact is as alarming as it is starkly unavoidable. That means, at an absolute minimum, our economy must provide twice as much food as it does today just to allow our people to continue the standard of living they enjoy today. We will also have to provide at least twice as much education, medical care, and public utilities as we currently provide. The growth in population is certain to result in pressure to abandon traditional rural life styles in favor of urban life and jobs in population centers.

We must prepare to either provide more than twice as many jobs as are now available or begin a vigorous program of incentives for people to stay in the villages to rely on the subsistence economy. Further, our desire for imported goods is bound to increase without an increase in Compact money to spend on such things. Our task of meeting these needs is certainly formidable and we should waste no time in charting a course to accommodate the realities of the future.

These goals require expansion of both the public and private sectors of our economy. But the public sector and government employment simply cannot lead the way alone. Compact funding makes no direct provision for government expansion. Rather, the needs of the future can be met only by an expanded private sector that provides the revenue base necessary for increased government services. In our immediate future the private sector must be encouraged to lead the way.

I proposed to you today three points on which we must act together if we are to have any hope at all of achieving an ability to accommodate the changes that face our society.

Second, we must work together to streamline the process of issuing permits for foreign investment in the FSM. Cries are already heard from many quarters that our current mechanisms are too slow and too cumbersome. I will be proposing a bill to improve on our current situation. I expect that bill will be controversial because the subject of foreign investment itself is controversial. But if we are to prepare as we must for the years ahead, we must address this controversy head on and seek an accommodation that will allow the creation of an administrative framework that does not get in the way of our country's invest-

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# ys government is in place and governing a new nation

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ment policy.

I do not mean to suggest that we relax our vigilance and throw ourselves open to uncontrolled investment from entities larger and wealthier than ourselves. But I do mean to suggest that at this stage in our country's existence, it is not appropriate or necessary to establish a bureaucracy that by its weight and complexity discourages foreign investment. Rather, what we need is an administrative mechanism that closely reviews proposals for foreign investment and reaches a rational, principled decision saying clearly either "Yes" or "No". We cannot afford the luxury of a system that allows review after review of every proposal that comes before us. We must learn to put faith in the people whose job it is to make certain decisions and we must have the will to remove them if we are truly dissatisfied with their results.

Third, the planning process and the appropriation process must be reconciled with one another at both the state and the national levels. Each State and the National Government have compiled and adopted comprehensive plans for their development. All too often national appropriations for projects in the states bear little or no correlation to what the states have announced for themselves they want to achieve through their plans. It is imperative that we use our limited resources on projects that are both useful in terms of the long-term development of our nation and compatible with the plans announced by our people for the way they want their islands to progress. When we use our limited resources for meeting halls, conferences, and sea walls whose value as capital investments is nil, it is a real disservice to future generations who must labor under the reduced Compact funding that inevitably faces them. Both the Executive and Legislative branches of our National Government must work together to determine the best uses of our resources, to coordinate those uses with state aspirations, and to build an economy that will carry us beyond the first five years of the Compact.

What is needed is not uncontrolled development. We should strive for modest advances in the fields of tourism, agricultural production, fisheries and production of consumer goods. Advances in development should be accompanied by advances in training our citizens for jobs in these fields and, most fundamentally, by the creation of a public education system in which all parents and students can place their faith.

These things can be accomplished without fundamental changes to the institutions and traditions that we value highly. Modest, controlled development does not threaten our values or our way of life. What we should find threatening is the prospect of the decrease in Compact funding coupled with an economy incapable of replacing that loss and burdened with increased unemployment and skyrocketing population. This is

a combination that can surely reach explosive proportions within the foreseeable future.

Now is the time to begin seriously encouraging private sector development in an effort to defuse that situation. The challenge begins with us now and will continue well into the next administration.

We must keep in mind the tasks and challenges of the future. But it will do no harm to take this opportunity to reflect on our successes to date. Inroads made in the area of international relations have been auspicious. We have become more adept at negotiating with foreign powers as evidenced by the conclusion of more equitable agreements, particularly in the areas of our new political status and fishing rights leases.

The amount of foreign aid, technical assistance and training has increased considerably both in the amount of dollars and in the number of donors. And in order to continue to foster the political, economical, and social interests of this nation, we have stationed emissaries in Washington, Tokyo, and Honolulu.

Advancements made with respect to the internal affairs of the government are likewise noteworthy. The enactment of financial management legislation, agreement on internal and external financial procedures, and establishment of the Federated Development Authority are major efforts at ensuring sound fiscal management practices.

A National Public Service System has been instituted to regulate the recruitment and handling of public servants. The First Five Year National Development Plan, a blueprint for progress toward self-reliance, has been completed.

The fact that the government has matured is commendable, but alone this is faint praise. The government, after all, is the servant of the people and its true worth can only be measured by the changes it has helped to bring about in the quality of people's lives. The economic and social benefits realized by the people that can be attributed to government action are substantial.

Improvements have been made in the quality and distribution of health care services through such efforts as the Primary Health Care Program now available throughout the nation. Also, the development of an FSM-wide health care plan has begun and should be encouraged. Here again is an area in which we cannot continue to depend only on government expansion. All employed people will have to contribute to the health care system of the nation.

The National Government has taken the lead in committing \$5 million over a three-year period to the Development Bank to spur private development. Still, the bank is millions short of funds for worthwhile projects. We should address this need directly and urge the states to do the same through their own institutions.

The lives of people from all parts of the nation have also been affected by advancements made in the areas of energy, transportation, and communica-

tions. The capacity of the states to provide more and efficient electrical service has been expanded.

Satellite earth stations are a reality in all states and greatly facilitate our communication whether for business, social, or emergency reasons, among ourselves as well as with the outside world. Now our outer islands and rural areas should receive a greater part of the labor and capital needed to introduce electricity, to improve housing and sanitation, and to otherwise improve the standard of living.

These are no small accomplishments. But by their very existence they make plain the responsibilities that face us. We have put a government in place and it is governing a new nation. We are now responsible for our own future. Whatever the near future brings in terms of the Compact, any attempts today to blame others for our difficulties are now just wasted words. We are now responsible. Our nation has only the bare outline of a self-sustaining economy. We have an expectation of diminished assistance from the United States. We have a very certain knowledge that our population will double in the next 15 years.

Those of us who govern in these circumstances should feel an acute responsibility to put aside personal advancement, to tear away from ancient political and family rivalries, and to face the future with the courage and confidence we will need if we are to move toward independence. If we cannot live up to these responsibilities, then we must ask ourselves if we are indeed capable of carrying out the weighty duties entrusted to us as public servants.

Let us never forget that we have chosen Free Association. We have elected to move away from dependence on foreign powers and to move toward reliance on our own human, economic, and natural resources. Gentlemen, those resources today are inadequate to meet our future needs. The State of this Nation is such that we must begin now to develop those resources thoughtfully and vigorously to meet the harsh realities of our new place in the world. The future advancement of our nation depends to a large extent on how seriously we commit ourselves to these efforts."

## It's a boy!

ROLONIA, Pohnpei - President Tosiwo Nakayama's secretary Melody Musrasrik gave birth to a baby boy at 5:30 a.m. September 2, according to FSM Information Officer Ketson Johnson.

Kurt Musrasrik, who weighed six pounds and 13 and a half ounces at birth, and his mother are doing fine, Johnson said.

This will be the first child for FSM Foreign Service Officer Emilio Musrasrik and Melody Musrasrik.

# Congress Approves Department of Transportation

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C.B. 4-161, CD1, creates separate FSM national government offices of Education and Health Services.

President Tosiwo Nakayama was invited by the Congress to deliver his sixth and the last State of the Nation Message on August 29.

The Congress overrode all President's line-item veto of Congress Bill 4-220, Truk State public projects, thus reinstating all vetoed projects in Faichuk while reapportioning \$5,000 funding previously intended for a meeting hall in Epuk to Nepinfo meeting hall.

In his July 29 veto message, Nakayama informed the Congress that he is disapproving the construction of 14 meeting halls in Faichuk because the halls were to be built in villages that already had halls.

Nakayama said in his veto message that the government is particularly vulnerable regarding the meeting hall to be constructed on Epuk, which is not a community but is a parcel of land owned by the sponsor of the amendments.

Other bills passed include:

-C.B. 4-15, CD2, to effect the Constitutional responsibilities of the Executive Branch of the National Government,

-C.B. 4-125, CD1, to appropriate \$25,000 for Pohnpei State Economic Development Loan Fund for fiscal 1986,

-C.B. 4-200, CD1, to appropriate \$100,000 for the students Loan Revolving Fund,

-C.B. 4-220, CD1, to amend PL 4-28 for Truk State public projects,

-C.B. 4-244, CD1, to amend FSM Code title 10 as amended by Public Laws 2-61 and 3-4 by adding a new chapter 4 concerning the Compact of Free Association,

-C.B. 4-288, CD2, to amend PL 4-22, to extend the reversion date for the funds thereby appropriated,

-C.B. 4-289, CD1, to appropriate \$138,024 for funding the task force on Maritime Matters in fiscal 1986,

-C.B. 4-291, CD1, to amend PL 4-11 as amended to accept the unobligated funds for the "FSM Revolving Economic Development Loan Fund" and "Student Loan Revolving Fund" appropriations from the end-of-the-fiscal-year lapse date requirement and to extend authority to obligate the "Census" appropriation to Sept. 30, 1987,

-C.B. 4-292, CD1, to amend FSM Code, Title 2, Section 207, as amended, requiring the advice and consent of the Congress for appointments to the Board of Advisors for the Investment Development Fund (IDF),

C.B. 4-294, CD1, to amend PL 4-34, Yap State public projects, in extending the reversion date for the funds appropriated,

-C.B. 4-295, to appropriate \$250,000 in fiscal 1986 funding to purchase medical and dental supplies for each state of the FSM,

-C.B. 4-305, to appropriate \$400,000 in fiscal 1987 funding to pay costs associated with the construction of the FSM capital,

-C.B. 4-307, to amend PL 3-58, Kosrae State public projects, to extend the authority of the allottee to obligate funds to Sept. 30, 1987,

-C.B. 4-308, to amend PL 4-17, Kosrae State public projects, for the purpose of reapportioning funds,

-C.B. 4-309, to amend PL 3-56, as amended, to change the purpose for which funds were appropriated,

-C.B. 4-311, to appropriate \$10,000 in fiscal 1986 funding to fund the joint working group investigating Mobil Oil Micronesia, Inc.,

-C.B. 4-316, to amend PL 4-16 extending the reversion date for the funds thereby appropriated,

-C.B. 4-319, CD3, to amend PL 4-28, Truk State public projects, as amended to change the purpose

for which the funds were appropriated, and

-C.B. 4-321, to amend PL 3-72, as amended, to extend the reversion date of matching funds appropriated for Marine Resources Development in Truk State.

Resolutions respectfully urging the U.S. Congress to appropriate and the U.S. President to approve necessary funding for the construction of the new campus for the Community College of Micronesia (CCM), and approving the goods and services agreement between Japan fishing associations and the FSM Marine Maritime Authority were among eight resolutions adopted before the Congress adjourned.

The special session, which was dedicated mostly to acting on the fiscal 1987 budget, also adopted resolution 4-67 confirming the nomination of Mr. A.J. Tuuth to the FSM Development Bank Board of Directors,

Other resolutions include:

-C.R. 4-83, CD1, requesting the FSM President to have the Public Auditor inspect and audit the accounts of cooperative and credit unions,

-C.R. 4-85, CD1, requesting the Pohnpei State Public Lands Authority to kindly provide adequate available public land to be used for the establishment and construction of an FSM feed mill plant and associated facilities in Pohnpei,

-C.R. 4-92, respectfully inviting the FSM President to give the State of the Nation message on August 29, 1986,

-C.R. 4-101, setting forth estimated sums of total funds to be available for appropriation from general fund of the FSM and the U.S. special fund for fiscal year 1987, and

-C.R. 4-102, approving the fiscal year 1987 Block Grant applications for maternal and child health services and the consolidated preventive health and health services Block Grant.