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STATEMENT OF
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BEFORE THE
HOUSE INTERIOR AND INSULAR AFFAIRS COMMITTEE
ON
U.S. TERRITORY AND INSULAR POLICY

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss our February 1985 report, Issues Affecting U.S. Territory and Insular Policy, and other matters related to the territories.

We believe the issues discussed in our report will help the Committee establish a framework to discuss future federal-territorial relations.

As you know, at the request of this Committee and the Senate Committee on Energy and Natural Resources, we reviewed four aspects of U.S.-territorial relations

1. The background and history of U.S. territorial policy.
2. The extent to which U.S. foreign and domestic policies consider the potential impact on the territories.

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3. Whether federal policies, laws, and programs are meeting U.S. policy objectives and territorial needs.
4. Whether the federal organization for program and policy responsibilities in the territories is adequate to coordinate and provide consistent federal administration and policy for territorial matters.

Our review focused on the so-called flag territories of American Samoa, Guam, the Virgin Islands, and the commonwealth of Puerto Rico. It also included the Northern Mariana Islands which will officially become a commonwealth of the United States when the Trust Territory is terminated. We also commented on the recently approved Compact of Free Association with Micronesia in terms of its potential impact on the territories.

It is important to note that we did not attempt to determine what U.S. policy should be, nor did we make an in-depth analysis and evaluation of all the issues and problems facing the territories.

Political and economic development and status are the key issues in federal-territorial relations. All the territories seek greater representation in Congress and a greater voice within the federal establishment. Some of the territories, such as Guam, are currently re-examining their relationship with the United States. As the territories acquire more self-government, it is likely they will become increasingly concerned about defining U.S.-territory relations. For example, we noted that questions of political status were frequently framed in the context of establishing a more clearly defined economic relationship.

Article IV of the Constitution gives Congress the ultimate responsibility for establishing federal policy for U.S. territories. Until the end of the 19th century, Congress generally pursued a traditional policy of encouraging and preparing the contiguous territories for statehood. However, when several insular areas were acquired, their ultimate status was not clearly defined. In a series of decisions known as the Insular Cases, the Supreme Court distinguished between types of territories. Puerto Rico and the Philippines were declared unincorporated and Alaska and Hawaii were incorporated. Based on these decisions, incorporated territories possessed an inherent right to be considered for statehood but unincorporated territories did not. All the current flag territories are unincorporated. The fundamental distinction implied that the unincorporated territories would have to undergo an indefinite period of development before final status was resolved.

POLICY OF SELF-DETERMINATION

Since the end of World War II, Congress and the executive branch have adhered to a policy of self-determined political, economic, and social development for the territories and insular areas under U.S. administration. The federal government has adopted a flexible approach in dealing with the political aspirations of territorial inhabitants. As a result, each territory has freely chosen different types of political status based on its unique characteristics and needs. For example, in 1946 independence was granted to the Philippines and Puerto Rico became a commonwealth in 1952.

ECONOMIC ISSUES

The United States has consistently encouraged economic self-reliance in the territories and has provided them with financial and technical assistance and other economic incentives amounting to millions of dollars. Yet most of the territories have made limited progress toward become economically and financially self-reliant. To varying degrees, they face many indigenous constraints, such as geographic isolation from U.S. and world markets, limited natural resources, limited infrastructure and skilled manpower necessary to attract outside investment, and large public sectors. The prospects for attaining significant increases in economic self-reliance remain unlikely for the foreseeable future.

In our report, we noted that many territorial leaders believed that the federal government had not established comprehensive economic development strategies and that the lack of a well defined policy has contributed to the difficulties the territories have experienced in attaining greater self-reliance. Territorial officials complained that federal constraints caused by inconsistent treatment in formulating and extending federal laws, programs, and policies hampered their efforts.

We found that the federal government has not established a policy on how the territories should be treated in formulating and extending laws and programs. We identified instances when laws, policies, and programs were inconsistently applied, were insensitive to unique territorial circumstances and needs, or were inappropriate to local conditions. However, we also

reported that in most instances federal agencies or the Congress eventually remedied the problems. Territorial officials acknowledged the increased responsiveness by the federal government to meeting individual concerns; however, many believed the federal government's lack of a clearly defined policy on extending laws and programs, was adversely affecting federal-territorial relations.

In the areas of economic and social development, the questions surrounding appropriate development strategies and related treatment under federal laws, programs, and policies will require continued attention by territorial and federal policy-makers.

COMPACT OF FREE ASSOCIATION

We pointed out in our report that the recently approved Compact of Free Association with Micronesia was likely to attract the interest of most of the territories because it addresses areas of concern to them such as fishing rights and immigration. We note that in the congressional resolution approving the Compact, a section was added to explicitly address any adverse consequences on the territories by requiring the President to report within one year after the Compact is enacted on the impact it has on the territories. Notwithstanding this provision, we believe many of the territories will continue to view the Compact and the covenant agreement with the Northern Mariana Islands as potential alternatives in defining future federal-territorial relationships.

FEDERAL ROLE

As the territories have become increasingly self-governing, federal administration has generally been marked by (1) a significant increase in the number of federal agencies involved in programs and decisionmaking and (2) a shift in the Department of Interior's role from a direct administrative authority to providing assistance, limited oversight, and territorial advocate. This trend to a more decentralized, reactive approach met with some approval with many territorial leaders who believe the federal government should no longer be directly involved in territorial administration. For example, Puerto Rico officials were strongly opposed to any reversal in this process and pointed out that since 1952 no federal agency has been administratively responsible for Puerto Rico.

Other territorial officials expressed concern over the Department of Interior's overall effectiveness in meeting their needs, particularly in the areas of budget requests and policy coordination. Several territorial officials believe the Office of Territorial and International Affairs was not institutionally capable of representing territorial budget requests or influential in altering policy decisions which other federal agencies made and which adversely affected the territories.

Department of Interior officials believed that, although they have no direct authority over other federal agencies on territorial matters, the channels of communication and understanding of territorial problems had markedly improved. For example, they cited the use of informal interagency

committees established to better coordinate issues of concern to the territories.

The trend toward lessened federal administrative authority raises some questions regarding future federal oversight in the territories. The Department of Interior's Office of Inspector General performs audits of government operations in all the territories except Puerto Rico. Our report points out that some conflict existed between the Inspector General and the Office of Territorial and International Affairs over Interior's authority to enforce actions by territorial governments in response to audits. The Inspector General believed that this office was not exercising an effective oversight role by not enforcing compliance. On the other hand, the Office of Territorial and International Affairs believed such a role was inappropriate, given the federal policy of encouraging greater local autonomy and self-government. Interior officials believed appropriate levels of oversight are a policy matter which can be addressed only by Congress.

Our report discusses several proposals that have been made to alter the organizational responsibility for federal involvement in the territories. These ranged from the completely decentralized approach currently existing for Puerto Rico to a highly centralized organization responsible for all aspects of territorial affairs. Although support existed for several different options, no clear consensus was apparent.

Mr. Chairman, this concludes my statement. We will be happy to answer any questions you may have.