

STANDING COMMITTEE REPORT NO. 15-58

RE: C.R. NO. 15-56/R&D

SUBJECT: CONFIRMING THE NOMINATION OF STEVEN
GEORGE TO BE THE SECRETARY OF THE
DEPARTMENT OF RESOURCES AND DEVELOPMENT
OF THE FEDERATED STATES OF MICRONESIA

NOVEMBER 22, 2007

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Third Special Session, 2007

Dear Mr. Speaker:

Your Committee on Resources and Development ("R&D"), to which was referred C.R. No. 15-56, entitled:

"A RESOLUTION CONFIRMING THE NOMINATION OF STEVEN
GEORGE TO BE THE SECRETARY OF THE DEPARTMENT OF
RESOURCES AND DEVELOPMENT OF THE FEDERATED STATES OF
MICRONESIA.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

Steven George has been nominated by the President for the position of Secretary of the Department of Resources and Development of the Federated States of Micronesia. Title 2, section 207(1) of the Code of the Federated States of Micronesia sets out that this nomination is subject to the advice and consent of Congress.

Mr. George is from the State of Kosrae. The Committee was impressed with his relevant post secondary education which includes a B.A. in Economics from the University of Hawaii in 1995, a post graduate certificate in economics from the Economics Institute at the University of Colorado in 2000 and an M.A., Development Economics from the Center for Development Economics, Williams College, Massachusetts in 2001. His short-term training was equally relevant to resource and development functions. He did a two month internship with the Kosrae Island Resource Management Program during the summer of 1994, completed a 5 week course on Project Design, Monitoring and Evaluation sponsored by ANUTECK, Australia National University in May 1996 and also a 2 week course on External Sector Policies sponsored by the IMF and Bank of Thailand in April, 1997. In 2001 he completed a 3 week course on Macroeconomic Impact on Budget sponsored by IMF and Singapore Training Institute.

Mr. George has more than ten years of governmental work experience at

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both the state and national levels. He began as a project analyst with the Kosrae State Government Division of Planning between 1995 and 1999. Between 1999 and 2002 he served as a staff economist with the FSM Department of Economic Affairs in Palikir, Pohnpei. He then became the Branch Manager of the FSM Development Bank office in his home state of Kosrae where he continued until becoming the Kosrae State Government Economist in 2004. For several months in 2007 Mr. George was the general manager of the Micronesia Petroleum Corporation of Kosrae until accepting his present position of Director of the Kosrae Department of Economic Development in June, 2007.

PUBLIC HEARING

Your committee commenced its public hearings on the nomination Monday morning, November 19, 2007. The hearing was conducted in two sessions, the first being with the nominee and the second the following day with the staff and employees of the FSM Department of Resources and Development. Present at the Monday morning hearing were Chairman Dion G. Neth, committee members Peter Sitan, Joe N. Suka, Joseph J. Urusemal and Palinoa K. Welly. Also in attendance were Senators Dohsis Halbert, Claude H. Phillip and Speaker Isaac V. Figir. The nominee was joined later in the hearing by the President's Chief of Staff, Sabino Asor.

Chairman Neth welcomed those in attendance at the hearing and invited the nominee to make a statement. Mr. George's initial comments concerned the recent reorganization of the Executive Branch of the National Government and his belief that economic policy was most appropriately a function of the Department of Resources and Development at the National level. He felt the Economic Planning and Statistics unit should be returned to that Department if it were to function at the high level. He talked briefly about his economic development philosophy and the important role that expanding trade activities plays.

In response to a question from Senator Urusemal, the nominee stated he had first been offered the nomination in June or July of this year. At that time he had only recently been appointed to the same position with the Kosrae State Government and was just learning that role. In addition, he was actively involved in the reform efforts taking place

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in that state and didn't feel good about leaving while that work was going on. When asked what changed between then and now, Mr. George indicated his belief that great progress has been made with the reforms first being implemented earlier in the year and that he was more comfortable leaving that effort now than he was in June. He said that he discussed the nomination with the Governor and other state leaders of Kosrae and that they approved. His family is prepared to move to Pohnpei if confirmed.

Senator Welly asked whether his youthful age would be a handicap in managing older personnel in the department. Mr. George indicated that he already has been responsible for a large department in Kosrae and has not experience problems in that regard. Senator Urusemal asked whether he could be expected to stay with the position if other opportunities presented themselves in light of the fact his resume shows he has held a number of jobs with the longest tenure being 4 years and he has only been in his present job since June. Mr. George stated he would view his role as the Secretary of the FSM Department of Resources and D a continuation of his current job as Director of the Kosrae Department of R&D. He went on to elaborate on his view that the National Resources and Development Department plays a major role in the success of the State departments. He believes the Secretary of the FSM Department can have as big an effect on the progress of the states as the State Directors through effective assistance and coordination.

On several occasions Mr. George referred to his goal of making trade development a focus of the National Department. He characterized his views on trade policy as "expansionary reform." He advocates the support of producers and suppliers in the States through research and development of both existing and new products. He recognized the need for foreign investment as a means to promote growth and development of the economy and the need to understand investors points of view.

Mr. George was asked to prioritize environment versus economic growth. He stated he would place a high priority on accelerating investment but only after appropriate environmental review.

When asked about the use of foreign consultants by the National Government and particularly the R&D Department, Mr. George

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acknowledged that some of the past use of consultants has not been particularly popular. He stated, however, that there were one or two areas where there simply is not local expertise available and that to the need for at least some consultant services is likely to continue.

In responding to various questions by the Committee and other Senators present, the nominee frequently stressed his view that a primary role of the FSM Secretary of R&D is to support the projects and works of the State Departments. He stated that there is a current perception in the states that National R&D support has been lacking in the past and he would resolve to remedy that perception if confirmed. He stated he would want the National Department to be involved in the formation of projects in the states from the writing of the project funding applications through the management and completion of them.

Mr. George summarized his vision on how the Nation should seek economic development. He talked about tourism, fisheries and agriculture and stated a primary challenge is to help each state to responsibly develop the resources they have available to them. He referred to the valuable lessons that need to be learned from attempts to develop the fisheries industry and said any resource must be developed responsibly. Foreign investment will be one tool to be considered in the overall effort toward economic development. He repeated his opening comment that trade will ultimately be the driving engine for growth and there needs to be incentive for production.

The Monday session adjourned to be reconvened on Tuesday afternoon, November 20, 2007. Vice Chairman Setiro Paul opened the meeting which was shortly thereafter joined by Chairman Neth. In attendance representing the Resources and Development Department were Maderson Ramon, Assistant Secretary for Division of Energy and Acting Secretary of the Department of Resources and Development, Bermanis Aldis, Program Manager, Division of Tourism, Jesse Giltamag, Deputy Assistant Secretary for Trade, Division of Trade and Investment, and the Deputy Assistant Secretary for Commerce, Division of Trade and Investment. Also present was Mr. Steven Joseph representing the FSM Development Bank and Bank President Anna Mendiola.

All of the Department witnesses expressed their support for the President's nomination, however few of them had any substantial

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knowledge of his qualifications for the position of Secretary of R&D. During the time Mr. George was employed by the National Government as an economist prior to 2002 none had been assigned to the same unit and had little direct contact.

Vice Chairman Paul asked whether the position of the nominee with the National government had been supervisory and was informed Mr. George had been a staff economist under the supervision of Evelyn Adolph at the time and as such, had not been a manager. When asked whether the nominee "could run the Department", all of the witnesses stated they had no direct knowledge of his management and supervisory skills but knew that he is currently the head of a department for the State of Kosrae and assumed he possessed those qualities.

The witnesses were familiar with the fact that the nominee left his position with the National Government in mid 2002 to take a higher paying job in his home state managing the branch office of the FSM Development Bank.

Mr. Joseph stated that he did not directly supervise Mr. George but had responsibilities for performance evaluations. He stated that he had been satisfied with Mr. George's performance and later expanded his comments to state he carried out his duties as branch manager well and "performed as expected." He stated Mr. George resigned his position with the Bank in October, 2003 giving only limited time for performance evaluation.

The senior members of the Resources and Development Department were given the opportunity for final comments and repeated their support for the President's nominee.

CONCLUSION

Your committee is satisfied with the qualifications of the nominee and particularly acknowledges his educational and academic background.

Your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 15-56 and recommends its adoption as requested by the President in Presidential Communication No. 15-99.

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Respectfully submitted,

/s/ Dion G. Neth
Dion G. Neth, chairman

/s/ Setiro Paul
Setiro Paul, vice chairman

Resio S. Moses, member

/s/ Peter Sitan
Peter Sitan, member

Joe N. Suka, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member