THE IMPROBABLE WELFARE STATE

Nov. 27, 1977

The New York Times Archives

See the article in its original context from November 27, 1977, Page 226 Buy Reprints

New York Times subscribers* enjoy full access to TimesMachine—view over 150 years of New York Times

journalism, as it originally appeared.

***Does not include Crossword-only or Cooking-only subscribers.**

About the Archive

This is a digitized version of an article from The Times's print archive, before the start of online publication in 1996. To preserve these articles as they originally appeared, The Times does not alter, edit or update them.

Occasionally the digitization process introduces transcription errors or other problems; we are continuing to work to improve these archived versions.

COLONI A, Yap. **D**tiring the early days of the Vietnam War, there used to he a joke in the Pentagon that the best way to defeat the Communists would be to drop Sears catalogues over North and South Vietnam and then give every Vietnamese enough scrip to buy whatever he or she wanted. The scheme had the added virtue, some strategists calculated, of being cheaper than the billions spent on bombing the Vietnamese into submission.

The plan was shelved for Vietnam, tit course. We stuck with

the bombing. But somehow it ???? ??? ??? been put into operation heir in Yap and the five oilier island districts that make up the United Stalesinadministered Trust Territory of the Pacific Islands, commonly known its Micronesia (the term means “little islands"). This hybrid collection of 2,000 tropical islands stretch from west of Bewail to soul h of Japan, a vast area covering three million square miles, about the same area as the United States, though the actual land mass of the trust territory is only half that of Rhode Island.

Thirty years after officially assuming responsibility for the trust territory from the United Nations in 19,17, the United States has turned these islands into an improbable welfare slate, the most expensive in the Federal budget. Although in the 60's and early 70's island leaders demanded independence from the United Stales —a right guaranteed by the U.N. trusteeship agreement — hardly anyone here mints it : The Micronesians are afraid to sever their financial umbilical cord to Washington. The Carter Administration recently ly indicated it wants In wind up, by next June, protracted eightinyearinlong negotiations with the islands over their future, to clear the way for eliding the U.S. trusteeship. Rut it now appears the only likely solution is for Washington to become the Islands’ permanent patron.

Last year alone the United Slates spent SIMI million on the trust territory, about 161,000 for each of the Islands’ 109,000

people. The economy of Micronesia itself produced only $18 million. In Yap, the most conservative of the island districts, where many women still go about bearinbreasted, dressed only In ???? skirts, and men hold council in the District Legislature clad in loinclothes, there are over 1,200 Federal programs available— everything from Head Start and Aid to Dependent Children to care centers for t he elderly and free school breakfasts and lunches. There is so much food, in fact, that some parents have gotten into the habit of wandering over to school at mealtime so their children can bring out extra plates for them.

With their Federal funds, Yap's 8,000 people imported $1.3 million worth of beer last year, or $162 worth of beer per person, on an island where the annual per capita income is only $974. Colonia, a dusty, ramshackle settlement with no visible industry, has 500 new cars, one for every three of its inhabitants— they were bought with part of $7 million in World War II damage claims which the

Perhaps the most telling ease *of* doingoodis▶n *gone awry has been the trust territory's Americaninstyle liberal arts education, one that prepares high school graduates for whileincollar jobs, which exist only* in *government. Unemployment is high and suicide has become the number one cause of death for the islands' young people.*

Certain aspects of island life have not changed, such as the

traditional dances. United States suddenly awarded Micronesia last January, all in one week. There is free medical care, an almost completed $3-million hospital, and a new Federally financed homeinbuilding program that offers $15,000 to anyone who wants a house, though most people still live in highinpeaked thatched huts built from the palm and pandanus trees that cover this torpid lowinlying island, 350 miles north of the Equator.

For the Yapese, best of all the benefits of American stewardship is the government payroll. Seventy percent of those Yapese who have ventured out of their old subsistence economy — fishing in the turquoise lagoon or hoeing in the village taro patches have been given government jobs, and at twice the average salary of the few jobs in the small private sector, which pay about $1,400 to $.3,000 a year. And it isn't entirely necessary to show up for work, as a conscientious young American administrator here learned not long ago. Appointed as deputy director of Public Works, he grew exasperated at the constant absenteeism in his office and ordered his workers to punch a time clock. Confronted with this challenge, they got up a petition and had him recalled. “Yap is a living refutation that there is no such thing as a free lunch. Here it's a smorgasbord,” said John MacInnis, another American who serves as what is officially titled the Economic Development officer here. A lawyer and economist from San Francisco, MacInnis

suggests that the only way to understand Yap's economy is to see it as a “postindustrial leisure society, with a guaranteed annual income. They just skipped the industrial part. Fortunately, they have a good growth sector Federal funds.” The Yapese themselves, noted MacInnis, an amiable man, sunburned by the perpetual tropical glare, still believe in a kind of black magic. If a man sees a stranger near his food, he is well advised to throw it away. This belief in magic also serves another purpose — it provides the Yapese a happy explanation of how their economy works. In mock appreciation of this American largesse, John Mangefel, a thoughtful and concerned legislator who is one of Yap's two senators in the Congress of Micronesia," once introduced a proposed revised version of the Lord's Prayer:

Hallowed be thy funds, Thy authorization come, thy *appropriations be done, in Yap* as *they are in the President's budget office. Give us this day our* guar*terly allotment, and forgive us our* overruns, as *we forgive our deficits. And lead us not into dependence, but deliver us from inflation. Su ours will be the territory, and the power, and the authority forever.*

All this might be put down as a kind of charming South Seas farce. But, unfortunately, American spending has distorted Micronesia's economy and undermined the beliefs and institutions that fur centuries kept the islands in delicate

balance with their oceanic environment.

Although the waters around Micronesia contain the world's last great unspoiled tunainfishing grounds, there is virtually no fresh fish for sale anywhere in the islands. Instead, people buy their tuna in cans imported from Japan — fish probably caught only a few miles away. Since the fish is imported and canned, the Micronesians believe it tastes better. The problem has been compounded because on many of the islands the once plentiful fish in the coral reefs have been exhausted through a combination of sharp population growth in recent years and the islanders' new practice of dynamiting or paralyzing the fish with Clorox to catch them.

Much the same is true for farming. Breadfruit — a large, round starchy fruit rich in vitamins — is allowed to drop to the ground and rot, while families buy Japanese crackers and potato chips in stores. Coconuts, long picked off palm trees in front of people's houses for their nourishing milk, have been replaced by Coca-Cola. Since food prices in Micronesia are more than 75 percent higher than those even in Alaska and Hawaii, otherwise the most expensive places in the United States, the result is growing malnutrition, according to Nancy Rudy, a trust territory nutritionist. Despite the burgeoning number of welfare programs, only about onethird of Micronesia's people are eligible for free food.

In Saipan, one of the Mariana islands, Joaquin Guerrero counts himself as one of the 10 last fullintime farmers on the island. A grizzled 62-yearinold with gold teeth, Guerrero has more land than he can cult ivate, but since he can't get help from any of his 14 children, he is importing a Filipino laborer. “Nowadays everybody likes to make happy, no work. They want to wear a clean white shirt, you know what I mean,” he said in halting English as he surveyed his patch of beans, cucumbers and tomatoes that looks out over the endless Pacific. “When I die, there will he no more farmers on Saipan.”

There are other unhappy consequences of the American bounty, too, problems more reminiscent of black ghettos or Indian reservations than of lush tropical islands. Crime has suddenly begun to increase in the past few years, in a society where sharing rather than individual possession has long been the custom and there isn't even a word for stealing. Alcoholism is on the rise — a monumental pile of beer cans shimmering in the sun in front of the Yap District Legislature stands as mute testimony to the problem. Suicide has become the number one cause of death for young people.

Unemployment, outside the subsistence sector, stands at 13 percent; 30 percent in the critical 17 — 25 age bracket. Since half of Micronesia's peo. pie are under 16 years of age and

the population is growing by the alarming rate of 3.5 per. cent a year, the situation is predicted to get worse. And in the small urban areas, tin. roofed shacks with outhouses built over the lovely lagoons have replaced the old thatch houses.

The United States, of course, is not alone in having created problems for the islanders. It is following in the heavily trodden footsteps of earlier generations of Westerners since Magellan who “discovered” the Pacific islands only to devastate them — explorers, whalers. sugar planters. blackbirders (slave traders) and missionaries.

How did we manage to turn Micronesia into a welfare state? John Machmis, the Economic Development officer ill Yap, thinks it was not entirely accidental. a suspicion shared by some other Micronesians and Americans hem Ile calls it “an ??? Vietnam.” The analogy is tempting. Indeed, when the United States took over Micronesia in the aftermath of World War II. Washington largely neglected the islands until President Kennedy was stung by a critical United Nations report in 1962 detailing America's administrative failures.

Kennedy reacted as he did in Vietnam — by dispatching a team of eager social scientists. headed by a Harvard economics professor, Anthony M. Solomon, to find out what could be done. Solomon's classified report, incorporated in a national security action memorandum, like those of

McGeorge Bundy and Gen. Maxwell Taylor on Vietnam, found that because of the islands' strategic military position in the Pacific "we cannot give the area up." The Navy had long coveted bases in Micronesia, which offered a tempting fallback position if the United States should ever k use its military facilities in the Philippines or Okinawa. In his report to Kennedy. Solomon therefore recommended that to assure "the movement of Micronesia into a permanent relationship with the United States," Washington should provide an inunediate program of steppedinup Federal spending. It was to concentrate on raising the islanders' incomes and give them better schools and health facilities. Al the lime, Solomon estimated that it might eventually amount to a subsidy of "more than $391) annually per inhabitant" (70 percent less than it is now). In other words, a plan something like the Sears catalogue gambit for Vietnam.

And U.S. aid did suddenly spurt. Having averaged less than $5 million from 1947 to 1962, it rose to $15 million in 1963, $23 million in 1967, $48 million in 1970 and then $100 million last year. More important, of the $501) million spent in the last 10 years, over 80 percent has gone for government Operating costs, like payroll salaries, health, education and welfare programs, or to finance imports of consumer goods. There has been little money for real development, like desperately needed roads, harbors or electrification. MacInnis recalls that he recently received a letter from the

Economic Development Administration in Washington rejecting his request for money to start a fish cannery. “They said Micronesia was not eligible for such programs. But we got a ship full of 200 cases of prunes.”

“If I were the District Attorney, I think I would take Ihe case to the grand jury that all this was deliberately designed to induce dependency,” MacInnis suggested. As in Vietnam, he noted, there were no incentives for the Micronesians to do the job themselves. Instead, to American planners, it seemed cheaper and quicker for the United States to do it for them, like General Westmoreland in Vietnam, calling for more and more American battalions rather than training Vietnamese. “Overall, I think it was an unholy alliance between the military and the welfare state liberals,” added MacInnis, who ironically was an advanced weapons systems analyst in the Pentagon during the war. lie was eased out of his job after he criticized the “McNamara wall” — Secretary of Defense Robert McNamara's quixotic scheme to build a multimillionindollar electronic fence across the demilitarized zone between North and South Vietnam.

Mike McCoy, a muscular, bearded former Peace Corps volunteer from Hollywood who has worked in Micronesia for nine years, also blames the American “doingooder mentality.” “I know, it's the hackground I came from,” he explained in his cramped office as Yap's fisheries officer. On his desk sits a

picture of his wife, bareinbreasted, a native of the tiny outlying atoll of Satawal where he first served. Chewing like a Yapese on betel nut, he recalled how U.S. Air Force planes from Guam (which is geographically part of Micronesia but which has been administered separately by the United States) used to drop Christmas packages on the atoll by parachute, a program known as Operation Santa Claus.

“They must have taken up a collection of whatever they had — highinheeled shoes, furcollared Arcticinduty parkas, Spam, vanilla pudding, chili peppers, potato chips,” McCoy related. “The people on Satawal just rushed for the useful things, the parachutes and cords that could make clothes and fish nets. The chiefs didn't know how to divide up the food since it didn't (it into their three usual categories: fish, starch and fruit. My mouth was watering for the vanilla pudding, after all that time on the atoll, but after tong deliberation they put it all together in a big pot and just stirred it up with a canoe paddle into a gooey mess.” Then, following custom, they dished it out in equal portions to everyone.

On another occasion, he remembered, a Federal specialist from Washington on oldinage cure programs arrived on the atoll to ask about their problems of aging. “One old man said his ears began to go deaf, another complained

The inhabitants of the Northern Marianas voted -graphically

in June 1975 to join the United States as a commonwealth. about his eyesight, but the expert said no, he didn't mean their physical problems. Are you having trouble getting food or attent ion?′ he asked. It was embarrassing. Of course, on Satawal the community has always taken care of the old people. It's a place where when typhoons come, the island is so low you have to be lashed to a tree to avoid being swept away.″

The liberal mentality is not the only factor, certainly, that has contributed to Micronesia's skewered development. Critics say the Department of the Interior, which runs the trust territory, has tended to treat it as a backwater and sometimes staffed the government here with retreads. As in Vietnam, it has been easy to stay on in Micronesia, going pleasantly to seed. Recently the American deputy director of the Public Safety Department (the police), was arrested for selling marijuana. In another case, a U.S. official ordered seven fishing boats from an inexperienced company in Japan, at $200,000 apiece, only to discover after delivery that they lacked adequate holds for storing bait. Now the boats sit idly at anchor in Palau.

Then, too, apart from its fishing grounds Micronesia has few natural resources to exploit. The vast distances involved and the strong local loyalties of the islanders have necessitated costly duplication of facilities like schools and hospitals, one

for each district no matter how tiny its population. (There are nine distinct languages in the trust territory. The original settlers of Micronesia included Eastern Asians, Indonesians and members of the pygmy Negroid tribes of New Guinea.)

In addition, until their contact with the Western World, the islanders “had no idea of economic development,” as Yapese district legislator, Henry Falan, put it in an interview. “It is not Micronesian to wear clothes, or to go to an office, or to buy food in a store. It's Micronesian to share, not sell.” Traditionally, when a Micronesian was hungry he caught a fish in the reef or picked some fruit. It is a long way from that, added Falan, to going out for days or weeks at a time on the open ocean to fish for tuna in a commercial trawler.

Tourism, many believe, offers Micronesia its best chance for development. Micronesia's beaches and reefs are unexcelled, and the islands are now easy to reach from Hawaii or Japan on regular flights by Continental Air Lines, which has also built pleasant firstinclass hotels on Saipan, Truk and Palau. But few tourists seem to arrive. Something seems to keep getting in the way. On Yap a proposal to build a hotel was stopped by one village which was angry at another because of a slight in repaying a traditional dance feast. While Yapese women go bareinbreasted, the Yapese consider the display of the female thigh immoral, and tourists who show up in bikinis or miniskirts have been

stoned with coconuts.

But whatever the cultural and geographic obstacles to development have been, American policy — some say lack of policy—seems to have exacerbated them. Perhaps the most telling case of doingoodism gone awry has been the trust territory's education program, according to Robert Trusk, an American economist who has headed a twoyear study by the United Nations Development Program of what went wrong and what can be done to remedy the situat ion.

Faithfully modeled on the U.S. school system and staffed by large numbers of Peace Corps volunteers, the education program has stressed the liberal arts, producing graduates who make good U.S. citizens and government civil servants but little else. Of Yap's 117 graduating high school seniors last year who went to college (most of them on scholarships to the United States) 27 percent are majoring in liberal arts, 33 percent in education and only 2 percent in fisheries or agriculture.

There is a small Micronesian Occupation Center on Palau, but it does not train fishing boat captains or engineers. It does offer instruction in the use of power saws and drills, except that almost no villages have electricity for returning graduates. The traditional art of carving sailing canoes and building thatch huts has been largely forgottan. Norman Smith, an official of the Trust Territory Education

Department, explained the philosophy behind this approach. “Jobs are not our business. We don't care what the students do. We are educators.” Job training, he insisted, is contrary to the spirit of democracy, which guarantees free choice of occupation.

Could the United States have avoided turning Micronesia into its own version of paradise lost? Erwin D. Canham, the thoughtful former editor of The Christian Science Monitor who is now the U.S. Resident Commissioner for the Northern Marianas, often ponders the question. “Our mistakes here are like our mistakes in Mississippi or New York. The difference is a difference in degree,” he reflected in his modest Saipan office, near the beach where American Marines stormed ashore on June 15, 1944. Over :1,500 Americans were killed taking the island from the Japanese. Today brilliant orange flame trees line the oceanfront and Japanese tourists swim in the limpid blue lagoon. Canham himself, a genteel whiteinhaired man who reminds one of kindly New England uncle transposed to the South Pacific, constantly faces the task of deciding whether to approve a growing cascade of Federal programs that are being made available for the islands. “Some are clearly good ones. Who can oppose health care? We can't say it's O.K. for Rhode Island but bad for you. And we can't take away the programs we are committed to; we already did that with the Indians.”

Canham originally came to Saipan to administer a plebiscite in June 1975 in which the 15,000 people of the Northern Marianas voted, with 78.8 percent in favor, to withdraw from the trust territory and join the United Stales as a commonwealth, like Puerto Rico. Evidence of why they voted that way is still visible along the beach road, where an old Japanese bunker and rusting tank are painted with the words, “Vote yes for a better life —come U.S.A.”

The ChanTorro people who inhabit the Marianas (and neighboring Guam) had long felt themselves better than their less developed cousins in the rest of Micronesia, thanks to a greater colonial presence: first the Spanish, then the Japanese and more recently the Americans, who made Saipan the capital of the trust territory. The Chamorros brooded over what would happen to their higher standard of living under an eventual independent Micronesian administration.

And then the Pentagon, itself worried about the strategic repercussions of the American withdrawal from Vietnam, made the Northern Marianas an offer they couldn't refuse — $19.5 million to lease land for military bases, mostly on Tinian (it was from that island that a B-29 named I he Enola Gay took off to bomb Hiroshima). To complete the deal for separation, Washington also guaranteed the Northern Marianas an additional $14 million a year in financial aid for

at least seven years and $3 million annually in welfare programs — a dowry, in effect, of $8,000 for each islander. What the Defense Department plans to do with its acquisition has never been disclosed, if indeed it knows what it is.

Although the detachment of the Northern Marianas will not he official until the United Nations trusteeship council approves it at a meeting scheduled for 1981, predictably it has set off a stampede for special relationships with the United States by the other more ambitious districts, Palau and the Marshal's. Both districts have now demanded their own separate talks with Washington, in addition to the ongoing series of negotiations between the United states and the Congress of Micronesia over future selfingovernment.

The talks came close to an agreement last year which would have given Micronesia $780 million over a 15-year period in return for continued U.S. control over foreign policy and defense. But then the agreement broke down after a disclosure that the Central Intelligence Agency had been bugging the Micronesia delegates, on the orders of a White House aide and former Secretary of State Henry Kissinger, apparently to detect any advocate of Independence.

In talks that resumed lust month, the Carter Administration has adopted a “twointier approach” — negotiating with

everyone at once — in an attempt to meet the demands of the new separatists, the Palauans and the Marshallese, and the demands of the districts that still want to preserve some form of Micronesian unity. Each group is pushing for its own "free association" with the United States, an arrangement that would give them selfingovernment while Washington pays the bills.

In the meantime, the elected Congress of Micronesia — or what is left of it after the defection of the Northern Marianas and the approaching separation of Palau and the Marshalls — is due to move from the capital in Saipan in the Marianas, which no longer regards itself as part of Micronesia, to a school gym in Ponape. But as an economy measure, the U.S.-run Trust Territory Administration will stay on in Saipan, housed in buildings originally built by the Central Intelligence Agency to train Tibetan and Chinese Nationalist agents for operations against China in the 1950's.

The Palauans have also taken a controversial initiative of their own toward economic development. In a complex deal involving a shadowy New York promoter who once sought to dam the Amazon, a major Japanese trading firm and the Iranian national oil company, a group of Palauan businessmen and politicians have proposed constructing a multimillionindollar oil storage and supertanker transshipment station in Palau's deepwater coral reefs. The

superport, as it is referred to here, would allow Japanese shippers to move oil from the Middle East in a 500,000-ton tanker, unload it in Palau, and later ferry it to Japan in a smaller — say, 200,000-ton tanker more easily accommodated in Japan's narrow harbors. The blasting necessary to build the storage areas and the likelihood of oil spills would also seriously endanger Palau's magnificent 100-mile reef, generally recognized as one of the world's unique coral formations and marine life preserves.

“It would be an environmental disaster that would bring money to some but would leave Palau with a massive mess of junk for 100 years,” said Dr. Robert P. Owen, the chief conservation officer for the trust territory. who has lived in Palau for 27 years. Owen stressed that he spoke for himself, since the trust territory government and the U.S. Navy have taken favorable positions on the superport. Amidst debate over the superport and controversy over Micronesia's political future, the development problems of the rest of the trust territory have tended to be forgotten. The United Nations Development Program, as part of its Micronesia study, drew up a model fiveinyear plan last year calling for sharp cuts in the bloated government payroll, steep increases in the current minute level of taxation (tax revenues collected in the trust territory stay in the islands), and transfer of funds from welfare to agriculture, fisheries and the large potential tourist industry. But both the

Congress of Micronesia and the trust territory government have let it languish. “We told them you can't have both welfare and development,” said Robert Trusk, the plan's main architect. “They clearly prefer welfare.”

Once upon a time, there was one American who did succeed in getting the Micronesians to do what he wanted. David Dean O'Keefe, a shipwrecked sailor, was washed ashore on Yap in 1871 after fleeing the gallows and his wife in Savannah, Ga. Nursed back to health by a Yapese medicine man, he discovered a secret — the Yapese would do anything for help in getting them to Palau, 250 miles over the ocean to the south, where for centuries they had carved the peculiar local limestone into large stone disks which they treasured as money — largely because of the perils of the voyage.

O'Keefe wangled the purchase of a Chinese junk in Hong Kong, the legend holds, and then made a fortune transporting the stone money in exchange for the Yapese preparing dried copra from coconuts and collecting sea slugs, a Chinese delicacy. Eventually the stone disks lost much of their value because of the new ease in getting them. O'Keefe himself (“His Majesty O“Keefe,” the Yapese came to call him) finally made a mistake — he assaulted the German colonial administrator after being ordered to fly the Kaiser's flag instead of his own ensign. O'Keefe escaped the island

but disappeared at sea in a typhoon. Appropriately enough, Yap's main bar Is named after him since big money on the island is now in importing beer.

You're almost out of free articles. Subscribe for unlimited digital access.