

POLITICAL AFFAIRS OFFICE

Trust Territory Hdqtrs, Saipan, M. I. 96950

STATEMENT BY ADMIRAL RADFORD

BEFORE

UNITED STATES APPROPRIATIONS COMMITTEE DURING

HEARINGS HELD MAY 11—JUNE 3, 1953

Hearings Before the U. S. Senate Appropriations Committee, May 10-11, 1953

Mr. McCONNELL. They have had, of course, a local government, as we think of it generally, among people who live in situations as those people do. They have their clans and their chiefs of clans and that has been their form of government for a good many years.

Senator CORDON. Do you recognize that form of government?

Mr. McCONNELL. As the High Commissioner says, we have to recognize the very substantial controls that that form of government gives and it is a great assistance to us in our administration that they do have those controls.

Senator CORDON. If you will permit, Mr. McConnell, Admiral Radford is very busy these days and has consented to come before the committee to give the committee the advantage of his experience in the trust area and particularly with reference to the primary purpose of the setting up of the trust territory out of security.

Admiral Radford, for the record, I would appreciate very much your furnishing the committee with your views with respect to the extent of control and government that it is essential be established or maintained in the trust territory, and generally your views with respect to the practicality of the present administration as it is set up for the islands and to the extent that you are familiar with that. I realize that you have not had the experience in that field that you have had in the matter of administration of other trust islands where I understand you operated as the first High Commissioner under Executive order or delegation by the Secretary of the Navy.

I know the committee would appreciate your views. The situation we find ourselves in at the present moment is that we lack basic law for even authorizing an appropriation. We hope that we can have that matter taken care of.

We are faced with the fact, also, that it is going to be necessary to set up some type of organic act for the administration of the area and your experience in the field and your suggestions to the committee and to the Congress will be appreciated.

TRUST TERRITORY OF THE PACIFIC ISLANDS

STATEMENT OF ADM. ARTHUR W. RADFORD, UNITED STATES NAVY

GENERAL STATEMENT

Admiral RADFORD. Senator Cordon, I appreciate this opportunity to appear before your committee because having been High Commissioner of the trust territory for about 1½ years and traveling through, visiting many of the islands and becoming acquainted with the people and their problems, I formed a real attachment for them.

I feel that we have undertaken a great responsibility that we cannot treat lightly. I think that there is a tendency to forget, and that is particularly true in the Congress, that we took these islands from Japan in World War II at a tremendous cost in lives of American young men. At the end of the war and after the United Nations was formed, we told the United Nations in effect that we wanted these islands under our control. We proposed that we take them under a trusteeship, strategic trusteeship, and it was different from any other trusteeship that the United Nations has granted.

AUTHORITY REQUESTED

We said we want the authority to close off the islands as necessary; we want authority to control who goes into the islands. In other words, we took those islands, we took the control and responsibility for those islands because they were essential to the security of the United States, both positively and negatively.

In other words, they were bases for us in case we needed them for offensive operations and we were determined that no unfriendly power should ever get control again so they could operate against us. That is how we got the islands.

GRANTING OF TRUSTEESHIPS

Now, the United Nations granted the United States this trusteeship but they put some provisos in, and they said in effect all right, the United States can have this trusteeship and this responsibility if you will agree to try to educate the natives. You are responsible for their economy and you should, as in every other United Nations trusteeship, you should be concerned for the welfare of the inhabitants and bring them along to the point eventually where they can govern themselves.

We started out in 1947. I was not the first High Commissioner. I think I was the third under the new trusteeship. Admiral Denfeld and Admiral Ramsey preceded me.

EDUCATIONAL PROGRAMS

The Navy started programs of education. We employed and had the volunteer services of some of the finest and most competent experts in the various fields that we could obtain, civilians that came out and surveyed the situation. We started programs and we were complimented in the United Nations for the work that we had done.

The point to remember is that the United States has to make an annual report to the United Nations on our trusteeship. At that time the High Commissioner appears and is interrogated by members of the United Nations Trusteeship Committee on the various aspects of the programs that are going on. They also send committees out to survey. There has just been a committee from the United Nations out there, a four-man committee, and they travel from place to place and they investigate what we are doing.

So that we are operating wide open in that respect. We can tell the committee they can not go to certain places in the trusteeship, that is all right, but for the most part the United Nations keeps very close track of what we are doing out there.

USE OF WAR MATERIAL

We were never able, while I was the High Commissioner, to determine exactly what it costs the United States for the government of the trust territory, and that was because there was so much excess material available, material that had been left there as a result of the war that we could use in building up or repairing various installations.

Senator CORDON. Were those installations used by the natives or installations used by the administration?

Admiral RADFORD. We built schools, one thing and another like that. We had materials to help ourselves out. The natives themselves were given material that was declared surplus and they could use it for rebuilding their own houses. There was a great deal of that material. And about the time we turned the administration over to the Department of the Interior, that had largely come to an end.

I knew, and stated in the meetings that I had with representatives of the Department of the Interior, that they were going to be faced with a difficult problem. If we had kept the administration, we would have had to ask for more money. In other words, the picture of expenditure in dollars for the period of 1947 to 1950 was not an accurate one because of this surplus material. Eight or nine months before we turned over to the Department of the Interior I wrote a letter to the Navy Department in which I outlined the need for permanent construction in the trust territory. I suggested that they inform the Secretary of the Interior that they give him this letter and he in turn use it as a basis for estimating the requirements for construction.

ESTIMATE OF COST OF PERMANENT CONSTRUCTION

I think at that time I estimated that the total cost of permanent construction in the headquarters and subheadquarters would come to something like \$30 million throughout all the trust territory. That, of course, could not be done at once. Labor and other considerations entered into it. It would have to be spread over a period of maybe 10 or 15 years; even if you were given the money you could not use it that fast. So it would require an annual increment for that purpose.

If you did not get it, you were going to suffer because the maintenance of these various temporary structures would increase with time to the point where you were going to spend more for maintaining those structures than you would if you replaced them with permanent construction of low maintenance and cost. In conversation with Senator Thomas, soon after he came out there, I gave him the picture.

The Korean war came on and, of course, it then became more or less impossible to embark on any large construction program in the trust territory. It was a question of lack of shipping and the availability of labor, qualified skilled mechanics, so that we just had to postpone the program.

CONDITION OF HEADQUARTERS BUILDINGS

The condition of the various headquarters buildings in the trust territory has steadily deteriorated in the last 2 years and primarily because the appropriations have not contained enough money for maintenance.

I have told this to subcommittees of the Congress, the Appropriations Committee of the House that traveled out there about a year ago. They told me on the other hand in front of a representative from the Interior Department that they had appropriated all the money that had been requested by the Secretary of the Interior. That was the answer they gave.

I understand that now there is proposed on the House of Representatives has passed an appropriation bill calling for a reduction of over

50 percent or roughly 50 percent of the requested budget, is that correct?

Senator CORDON. In fact, they eliminated it.

Admiral RADFORD. Well, that is probably the easiest way. I would say that if you had to do it at all, that would be the simplest way to do it and the natives can go back to eating coconuts and taro.

What would happen with any great reduction in this budget, and my own feeling is that the full amount is not enough, I think—

Senator CORDON. What do you have in mind when you say the full amount is not enough? What do you expect this Government to do out there?

EFFECT OF REDUCED APPROPRIATIONS

Admiral RADFORD. I think this, Senator, that in the last 2 or 3 years the appropriations for the trust territory under the Department of the Interior have resulted in a gradual reduction of the programs that you could control. In other words, if you run a government of that kind you have a certain administrative overhead that you cannot get away from. You can reduce it, maybe instead of having 5 people on an island, you can have 4. And they can work harder, the 4 can work harder. But on the other hand you cannot reduce your fixed overhead a very great deal. The salaries cost so much. Under the law transportation of dependents and household goods and leave programs are fixed by statute. So the cost of your personnel to administer the trust territory is somewhat fixed. Your transportation costs are subject to some reduction perhaps, but if you reduce it too much, you will lose the good people that are working for you. They are not willing to go out to an isolated island with their families and then have a ship come in once a year with all their requirements. There is a point beyond which the reduction in your transportation cost will be reflected in the caliber of people that you can hire for administration. When you reduce below a certain figure, the reduction then takes place in the programs that we are committed to by our trusteeship agreement.

CLOSING OF TEACHER-TRAINING SCHOOL

In other words, certainly you can close the teacher-training school, that costs quite a lot of money to run it. You can stop training the natives for medical work and dental work. None of that will show up for 10 years or so. It will not be noticed, nothing will stop. But the United Nations will find out about it and be very critical and of course our friends the Russians, are on the trusteeship and they never lose the chance to exploit any particular deficiency in our administration of the trust territory.

We do not see that in our papers because it is not considered news, but out in the Far East they get very choice little items about the United States promised to do this, that, or the other thing and they are not doing it. I feel that the Congress must take into account the obligations which are quite specific to conduct these programs for the welfare, the education, and assistance of the native population.

In the total sum required it is certainly almost infinitesimal in our tremendous appropriations today. I think they will have to take the word of the High Commissioner for the cost of the administrative overhead, which is certainly—which certainly can be clearly laid out,

the cost in dollars and cents of the pure overhead is available and then the cost of these programs added to that, plus the maintenance of the plant facility, gives you a pretty good idea, it is a pretty straightforward cost estimate of the High Commissioner's operation in governing the trust territory.

CONTINUING COST TO FEDERAL GOVERNMENT

Senator CORDON. Do you see any hope in the future for any reduction in that or are we going to have wards in the South Pacific such as we have on the Indian reservations and have had for the last 100 years, it does not get better but it gets worse.

Admiral RADFORD. I do not think that the cost will go down. There will be and we have to face the fact that we have to have permanent construction there at some time. That has to be done over a period which I would estimate about 10 years. So it would be an annual increment that would have to be added to the cost.

The basic cost, the educational programs and overhead will remain approximately constant for as long as we have the trusteeship. These islands were an economic liability to the Japanese. There is no reason to suppose that we can do any better than they could. I think that for many reasons it is impossible to produce any appreciable source of income that would lower the cost of administering the government.

Senator CORDON. As a matter of fact, do you not think this could be charged to the Department of Defense and not the Department of the Interior?

Admiral RADFORD. You could look at it that way and be very logical about it. I think there has been talk that the Interior Department has been administering the government of the trust territory at a cost much less than that done by the Navy. I think that is a mistake. I do not think they have. I think some savings they have made have resulted in the reduction of some of the programs. I think they have not been real savings at all. The maintenance of their plant has not been as good as it was under the Navy Department.

ORGANIZATIONAL CHART

Senator CORDON. Is there available anywhere to the committee, Admiral, any information with respect to the organizational chart that was used by the Navy?

Admiral RADFORD. Yes, sir. We have been very close to the High Commissioner and helped him and have had very very pleasant relations. The organization is approximately the same. There has been very little change in the basic administrative organization. They keep the same subdistrict headquarters and the same field headquarters at Truk. There is very little change in that.

Senator CORDON. Give me a picture of one district headquarters. What is there?

DISTRICT HEADQUARTERS

Admiral RADFORD. You have the Marshall Islands. It is an ethnic grouping. The Marshall Islanders are a little different. So we have that area as a district under one administrator. He is located at Majuro and controls and looks out for the people in all the islands.

Senator CORDON. They have some local government in that area, do they not?

Admiral RADFORD. They have a local Marshall Island Congress. Mr. McCONNELL. That is right.

Admiral RADFORD. That was started down there by the Navy where they have partly representatives elected by various island groups and partly the hereditary chiefs, although their chiefs were also elected. They did not succeed in families. That is the only local government except that in each island there are always the village councils and they conduct their local affairs.

FIELD TRIPS

The Administrator sends out what they call field trips and tries to visit the populated islands once every 60 days or so. We used to try to visit them once every 3 months as a minimum. Some of the islands you visit more often, there is copra to be collected. But some of the outlying islands with small populations, you try to visit every 90 days. The Ponape district with headquarters in Ponape is in the Caroline Islands and roughly splits the Caroline Islands into parts of three districts.

The Eastern Carolines are administered from Ponape. Most of them, Ponape, Kusiae, Pingelap, Mokil, are rather advanced. In other words, Ponape, Kusiae are large islands and they have large populations, they are more advanced than most of the islands of the group. Down here you have very remote islands. This one, for instance, is right down on the Equator. The people on this island are Polynesians. They are like the Hawaiians and they are 1 of only 2 islands in all this area. They are 2 islands, 2 little islands that have Polynesians, the rest are what are known as Micronesians.

Senator CORDON. It would be interesting to speculate how they got there.

Admiral RADFORD. Yes. It is one of the most interesting islands to visit in the Pacific. They are self-supporting to a great degree. They are very industrious, they are a nice people. They have a king on their island.

POPULATION OF KAPINGAMARANGI

Senator CORDON. What is the population of Kapingamarangi?

Admiral RADFORD. I would say 2 or 3 hundred. I might add that one of the things we are doing is increasing the population very fast. We have reduced the infant mortality rate and we have prolonged the lives of the older people. So the populations on these little islands are increasing very fast. As a matter of fact, in 1 or 2 of these little islands, you have a population that a couple of years ago was up to 1,400 to the square mile. They have an atoll with a half square mile of land total in the little island and you will have 700 or 800 people. We are going to have to take them off. They are going to have to be moved. They grow copra and they grow taro and yams. In the old days when the population reached that point and they had a hurricane or failure of a crop, they died. Nature took care of it and they started to build up again.

The natives from this island used to be taken by the Germans in the old days up to work on a copra plantation up here. They would

go to other islands to work. Now, in the not too distant future, the High Commissioner of the Trust Territory is going to have to move some of the excess population to Ponape, to one of the larger islands and give them some land. None of them would like to leave these little islands. They would rather stay there.

Mr. MIDKIFF. The population of Kapingamarangi is 264.
Admiral RADFORD. They have added about 100 people since I was there.

TRUK DISTRICT

The Truk district is the most populous. There is greater population in that area than any other area. They are not too far advanced. On some of these islands the natives are quite interesting and fairly well educated. But as you go into this area you find a real primitive group.

Senator CORDON. You said some of the natives are fairly well-educated. Where did they get their education?

Admiral RADFORD. From the Japanese.

CONDITIONS UNDER JAPANESE ADMINISTRATION

Incidentally, the Japanese did not do a bad job of administering the trust territory. The natives as a result have no hard feelings about the Japanese rule. It was only during the war where Japanese troops were billeted that they have some bad stories to tell. For the most part, the civil government of what is now the trust territory under the Japanese was quite fair. They were more strict with the natives, they had certain rules, but they got along pretty well. You get out into some of these islands—I have visited Woleai and Lomotrak, which are two of them. On Woleai the people are very very primitive and they are not healthy looking at all. Most of the older people look as though they had TB. The women are not allowed to stand up in the presence of the men. They crawl around on the ground. That is the kind of people you are dealing with. You have to have special programs for taking care of one group and another group.

We took this on maybe literally, but we have a bear by the tail actually. You get over here, again you run into a population that had a great deal of contact with the Japanese and are on a higher plane except you come on a little island like Ngulu, which has a population of 100. It is very interesting and they are very primitive. They have unusual houses. They are in an area where they have typhoons so they have learned to build very strong houses.

In all of these islands they wear practically no clothes, just a grass skirt and a G-string. These people, as I said are rather uncivilized. You get into the Marianas and that is an entirely different story. The Marianas have been in contact with Europeans for over 400 years. They are a mixture of Spanish and Chamorro and Portuguese. They have had lots of contact.

UNPOPULATED ISLANDS

In Guam, Tinian, and Saipan you could find local politicians that could hold their own in Brooklyn or Chicago, where I come from. The rest of these islands up there are practically uninhabited. As a

matter of fact, there are only about 96 out of some 2,000 islands in this whole group that are populated at all.

Senator CORDON. Are those that are unpopulated capable of sustaining any population?

Admiral RADFORD. They could in some cases but there is usually some drawback to them, mainly that it is difficult to get on and off. In other words, the reason they are not populated is because it is hard to get in and out in a boat. They do not have any passage through the reef or the one that is there is very dangerous. So there is very little chance of populating the small uninhabited islands.

Senator CORDON. None of these that are uninhabited are of any size?

SECURITY FACTORS

Admiral RADFORD. No, sir. They have lagoons, maybe. As a part of my responsibility is to actually visit and land on every one of these uninhabited islands, we try to photograph them and observe them from the air once every 3 months. We would like to actually land on every one or take a good look at it every 6 months.

Senator CORDON. When you speak of that you are speaking of the security factor?

Admiral RADFORD. That is the security aspect. We cover this area and the Marianas. We keep a very close check on all the uninhabited islands. Just the other day there was a report of a Japanese fishing boat that had come to this island and had landed and taken coconut and taro.

JAPANESE FISHING BOAT LAW VIOLATION CITED

Senator CORDON. What island are you pointing to, for the record?

Admiral RADFORD. Namorik. That is in the Marshalls. The crew from the fishing boat had landed, taken food from the natives. They promised them rice in return and they sailed away without giving them any rice. It is against trust territory law. They are violating the law by coming in there, and we will make representations to the Japanese Government.

AMERICAN MARITIME PERSONNEL

Senator MUNDT. Do we have American maritime personnel stationed on all of the inhabited land?

Admiral RADFORD. No. We have American personnel on probably six islands only, but they do go out on these field trips and visit other islands, the doctors and various administrators travel around in these little field trips and visit the islands.

Senator MUNDT. Do we assume a financial obligation in conjunction with all of the inhabited islands on which we have no personnel?

Admiral RADFORD. Well, we assume the financial obligations for all the islands. In other words, they are not self-supporting.

Senator MUNDT. Take an island where we have no American personnel, which has four or five hundred natives, what is the extent of our financial obligation?

Admiral RADFORD. As a rule, in the first place we try to run a school on that island. We will have an elementary school. The teachers have to be paid. I think we used to pay half the salary and we tried

to get the other half out of the village council. We tried having the village council pay the teachers and found out that the teachers were not very happy about it. The only money they got was the half that we paid. Sometimes they could get it, sometimes they could not. The island just did not have any money.

LOCAL TEACHERS

Senator MUNDT. The teachers are all natives?

Admiral RADFORD. Yes, and those native teachers, we did have some that for one reason or another have come in contact with Europeans or Japanese and have had some education but the great number of teachers have been trained in a teacher training school.

Senator MUNDT. What are you trying to teach them to become, better natives or are you trying to teach them western civilization?

Admiral RADFORD. We are trying to teach them to read and write English. It was a very elementary education. I would say the objective when I was there was to try to give them what might amount to a fifth-grade education. That was as much as we could undertake with a great majority. It would compare very well with any United States school. There would be some geography.

Senator MUNDT. What is your target? Why are they going to be better natives if they have a fifth-grade education?

U. N. TRUSTEESHIP AGREEMENT

Admiral RADFORD. Well, you have me. I am not sure that they will be better natives. But we do have this obligation. We undertook this obligation to the United Nations. They have spelled out and the Congress accepted this trusteeship agreement. In other words, we are carrying out obligations that we have made in giving them—we promised to give them an education, so that eventually they could conduct their own government.

Now, how far in the future that is, I do not know. How practical it is, is questionable. In other words, the trusteeship agreement itself is very broad. If you take it too literally, I think you could set some goals that were not practical.

Senator MUNDT. Is the United Nations per se underwriting any of the costs of this unknown target of which we are shooting at?

Admiral RADFORD. Not a bit.

Senator MUNDT. We pay it?

Admiral RADFORD. We pay it. And it is not very much.

TOTAL FUND FOR TRUST OPERATION

Senator MUNDT. What is the total fund for the total trust operation?

Admiral RADFORD. I am not familiar with that.

Mr. MIDKIFF. \$4,560,000.

Senator MUNDT. For the whole series of islands?

Mr. MIDKIFF. Yes.

Senator MUNDT. That is likely to constantly grow as we try to include them with western ideals; is it not?

Mr. MIDKIFF. Two things may happen there, I suppose. One thing is that we are really trying to get them to take over some economic

activities which they want. In which case that will be a source of additional local revenues to offset the cost of government. Yet their demands and desires seem to keep growing. Our hope is that those things can be met by the money that they themselves can raise rather than having us put any more money in that at all. If they want it, they can work for it.

Admiral RADFORD. I think in general our programs have been very modest down there. We have tried to educate them so that they can, along agricultural lines for one thing, teach them how to grow more food on an acre of ground, teach them how to fish and how to take care, how to preserve their food; some of these islands have a lot of food at one season of the year and they are starving another, if something happens. Down in this Kapingamarangi I think they know how to preserve breadfruit for over a year and the other islands do not.

STRATEGIC VALUE OF ISLANDS

Senator MUNDT. Is it the position of the Navy, Admiral, that these islands have a positive strategic value for us or are we there in a negative capacity?

Admiral RADFORD. They have both, Senator. We certainly do not want anybody else to use them against the United States. That is why we took them away from the Japanese. That is also why we did not permit negotiations for this trusteeship, we simply said we are going to take the islands. We are not willing to give the trusteeship to anybody else.

Senator MUNDT. Does anybody else have any islands at all in the whole general area?

Admiral RADFORD. The British have some islands down below "the line" here (Nauru, Gilberts, and Ellices). Then the Philippines are over here and some of the Australian and New Zealand islands. But there are no other islands until you get to Japan or Formosa. We control all the islands in the central Pacific.

ISLAND UNDER RUSSIAN SUPERVISION

Senator MUNDT. Does Russia have any islands at all up there?

Admiral RADFORD. Only close to Russia, up near Siberia.

Senator MUNDT. We gave them away at Yalta.

Admiral RADFORD. They have the island chain that the Japanese used to have.

Senator MUNDT. How far are they from these islands?

Admiral RADFORD. From Guam to Tokyo is about 2,000 miles, or 1,800 miles.

Senator MUNDT. From the closest islands to the Russian Islands?

Admiral RADFORD. No, the closest islands are Northern Marianas, and Majuro. The Northern Marianas are just below Iwo Jima. They are about 600 miles from Tokyo. The Bonin Volcano Islands, that little group there, we still hold those islands and they are not part of the trusteeship. I am still the Governor of Bonin and Volcano Islands. But we have only a population of 140 people on one island.

Senator CORDON. What disposition was made of those islands in the Japanese treaty? Was there any disposition made?

Admiral RADFORD. They agreed that we could establish a trusteeship which we have not yet tried to do, because I am sure it would be difficult to get it through.

Senator CORDON. Admiral, we appreciate your coming before the committee. This supplements the record in an aspect that is very important. We thank you. The Chair has received a letter from Admiral Radford on this subject which will be made a part of the record.

COMMANDER IN CHIEF PACIFIC AND UNITED STATES PACIFIC FLEET,
San Francisco, Calif., May 22, 1953.

Senator GUY CORDON,
*Member, Senate Appropriations Committee,
Senate Office Building, Washington, D. C.*

DEAR SENATOR CORDON: I am informed that Mr. Frank E. Midkiff, High Commissioner of the Trust Territory of the Pacific Islands, is returning to Washington in order to appear before the Senate Appropriations Committee in regard to the budget of the trust territory. It is my understanding that the bill providing an appropriation for the government of the trust territory during the fiscal year 1953 required the discontinuance of the Island Trading Co. as of December 31, 1953. Because of the contemplated discontinuance of Island Trading Co. within the next 7 months, I am submitting the following facts for your consideration.

As you may recall I served in the capacity of High Commissioner for over 2 years, and I have a deep continuing interest in the affairs of the trust territory. I am familiar with many of the social and economic problems that are ever present in administering a small group of people who live scattered throughout an area comparable to the size of the United States.

The natural resources of the trust territory are meager. They will, as they have for centuries, sustain the peoples reasonably well on a subsistence level. There are, in addition, limited opportunities for economic expansion. To assist in the important task of developing the economy of the area the Island Trading Co. was created by the Secretary of the Navy, in his letter to the High Commissioner dated October 28, 1947, and the company was chartered by the government of Guam on December 6, 1947.

The mission of the Island Trading Co. is to promote the advancement and economic self-sufficiency of the inhabitants. It is to foster the development of private industry and commerce, adjusting its policies to encourage such development and withdraw from activity as private enterprise demonstrates it can meet the needs of the community. It has, for example, withdrawn from the Saipan district as the people have demonstrated that they are capable, with a minimum amount of supervision, of handling their own trading operations. In other districts such advancement has not been as rapid and the native people are not capable or ready to handle their own affairs. It is these people, who represent the bulk of the 56,000 population, who must continue to be helped by the Island Trading Co. This operation seems to be in keeping with our obligation under the United Nations agreement to promote to the utmost in political, economic, social, and educational advancement of the people within our trust.

The time has not yet arrived where the majority of these native peoples can manage their own affairs and attempt to cope with business practices followed by brokers and traders from the outside world. To force such an operation on these people at the present time would result in financial chaos for the native participants. Past experience has proved this to be a fact. For example, on two separate occasions native buyers went to Japan to purchase supplies for local concerns and overpurchased in such items as canned oysters and coffee to such an extent that it was necessary for the Island Trading Company to come to the rescue, purchase surplus stocks, and redistribute these slow moving items (natives do not drink coffee or eat smoked oysters) at the district centers for purchase by United States personnel.

If the Island Trading Co. is forced to go out of business, it will be necessary to have some other agency or enterprise established to handle the sale of copra or else the economy will disintegrate completely. This company serves all of the people in this far flung area from the remote islands in the Marshalls and eastern Carolinas to the few hundred people who live on the half dozen island groups several hundred miles south of the Palaus in the western Carolinas. Any United States firm that would attempt to operate in the trust territory and carry on

merchandising import and export duties as is done by the Island Trading Co. would be interested in doing business at only the district centers. A subsidy would be necessary to guarantee regular service to the hundreds of people who live on the fringes of this vast domain, otherwise the remote, expensively served islands would be left to shift for themselves or be served by the trust territory government. It must also be noted that profits now accruing from the operation of the Island Trading Co. remains in the trust territory. Private enterprise would take what profits there were to be made out of the area.

To discontinue the Island Trading Company at this time and permit mainland corporations to take over a part of a well organized business which is operating solely for the benefit of the Micronesians would deprive these people of an opportunity which, I believe, they would never regain. Further, I consider that we would not be living up to the spirit of article VI of the trusteeship agreement which reads as follows:

"The administering authority shall promote the economic advancement and self-sufficiency of the inhabitants, and to this end shall regulate the use of natural resources; encourage the development of fisheries, agriculture, and industries; protect the inhabitants against the loss of their lands and resources; improve the means of transportation and communication. * * *

Under the direction and guidance of the government of the trust territory, Micronesians are moving toward competent, free enterprise and corporate action on a scale sufficient to permit them to hold their own in the future against outside competition. However, it is impossible to say just when they will be able to perfect an organization such as is needed. I, therefore, recommend that the Island Trading Company be continued until it becomes possible to replace this Company with an organization of Micronesians who are capable of handling their own affairs.

Although it is not believed that the Island Trading Company comes within the intent of the Butler-Byrd Act of 1946, it may be considered necessary to introduce a bill to clarify its status. If so, I strongly recommend that such a bill be introduced, and that it provide for the continued operation of the Island Trading Company indefinitely.

I am sure that Mr. Midkiff can furnish any additional information that you may need which would be of assistance to you and members of the Senate Appropriations Committee.

With continued best wishes.

Sincerely yours,

ARTHUR RADFORD.

Admiral RADFORD. Thank you very much.

Senator CORDON. Mr. Strand, as you recall, the first request in the Truman budget was \$9.5 million. You revised that request to \$5,925,000. Have you further reduced that request as of this time, or is that the amount that you desire to present at this time as the request for this particular activity?

Mr. STRAND. That stands as it is.

CONSTRUCTION PROGRAM

Senator CORDON. What can you give us, Mr. McConnell, with respect to your construction program? You have a total of \$1,250,000 in this budget which was a reduction from the former budget, and, I believe, all of the reduction was in the field of construction; was it not?

Mr. McCONNELL. That is correct.

Senator CORDON. Although you have made some reduction in personnel?

Mr. McCONNELL. That is correct.

Senator CORDON. What sort of construction do you plan? I notice you have 3-bedroom type family quarters at a cost of \$15,000 apiece, for 6 of them. What are they constructed of?

Mr. McCONNELL. We plan to construct most of our buildings from concrete block, made of cement and coral sand, which latter is avail-