

# Micronesian Reporter

FIRST QUARTER 1980

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# This Quarter's Worth

Our appology to our readers for the delay of this issue. We regret that circumstance beyond our control contributed to delaying our publication. In this issue of the Micronesian Reporter, the reader will see various type of articles.

David Ramarui writing about the Palauan arts, the Xavier students examining the impact of Peace Corps Volunteers in Truk, Sam McPhetres' "The Northern Marianas Gambling Referendum As An Act Of Self Determination", Mrs. Liz Udui's article on "Problems of Economic Growth and Investment in Micronesia, and Mary O'Regan's "History of Nursing in Micronesia." In the area of poetry, we present you our young Micronesian poetess, Miss Anne M. Udui with her two poems, and the T.T. Chiefnurse Mary O'Regan's poetry about the "Holiday in Majuro." Just to be sure that the ladies won't totally monopolize the poetry

world, Val Sengebau offers his poem, "FEAR" which appeared in the Marianas Variety, one of the two weekly newspapers in the Northern Marianas.

□

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## Who's Who

*...in this issue of the Reporter*

**David Ramarui** is the Director of Bureau of Education of the Trust Territory Government at the Headquarters, a post he has held for the last seven years. He first came to Saipan in 1971 to assume the position as Deputy Director of Education. Ramarui holds a Bachelor's Degree in Anthropology from the University of Hawaii, and has been involved in TT education system as far back as 1946. He has been a Palau Senator to the Congress of Micronesia (1967-1970); and was the Palau Education administrator (1962-68) among other important public positions. **Andrew F. Yatilman, Xavier X. Yarofalyang, Francis G. Fintamag, Atena K. Malon, Hilary a. Nanpei** are all students attending Xavier High School on Moen, Truk State, Federated States Of

Micronesia. In the past, the Micronesian Reporter has published similar articles from Xavier students. In this issue, the students write about the Peace Corps' impact in Truk.

**Samuel F. McPhetres** is a Coordinator for Political Affairs, Public Affairs Division. He was a former District Director of Peace Corps in Truk, a school teacher in Alaska, for a time worked for the Trust Territory Department of Education before he joined the Public Affairs staff. Sam has contributed many articles to this magazine, and is a member of its Editorial Board.

**Mrs. Elizabeth Udui** is an economist for Bureau of Resources at the Headquarters. Liz has contributed many articles to this magazine in the past, and she is also a

member of the Editorial Board.

**Mary O'Regan, R.N.** is Chief, Clinical and Public Health Nursing Branch at the Bureau of Health Services. She hails from Connecticut, but is originally from Boston, Massachusetts. By the time this issue is published Mary will be back in the good old USA .

**Ms. Anne M. Udui** is a young Micronesian poetess in her own right. Anne has been contributing her poetry to the Reporter from time to time. Her first poetry appeared in this magazine when she was an eighth grade at Mount Carmel School here in Saipan. She is in her Junior year at Mid-Pacific Institute in Honolulu, and still sending her poems to us. Keep up the good work, Anne.

□



# The Palauan Arts

by David Ramarui

The arts have played a vital role in Palauan culture. Objects of art (works in fiber, wood, clay, etc.) have had a particularly significant place in Palauan life in the past, and even today are still produced. The building and launching of the war canoe recently on Babeldaob told us that traditional Palauan craftsmanship and artistry are still very much alive in the minds, and hearts, and hands of the people of Palau. And the intricately designed and executed storyboards which grace homes across Micronesia and indeed around the world tell us that Palauan art has an appeal to many other peoples as well as to the people of Palau.

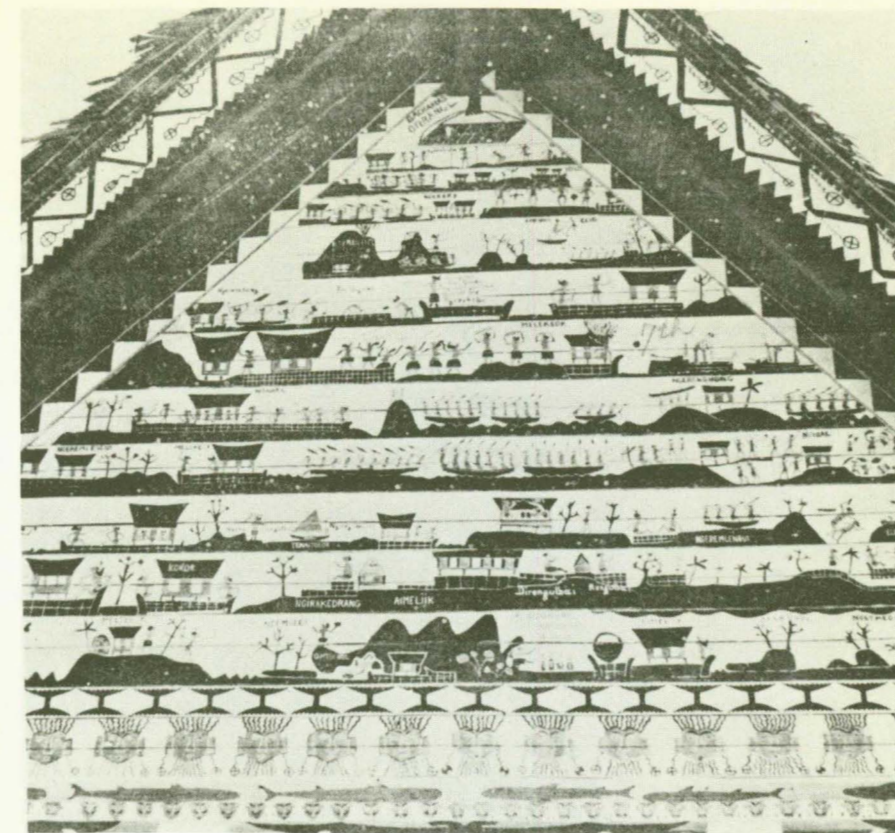
It was with these facts in mind that I wrote this article in the hope that the rich heritage of Palauan art might be even more appreciated and cherished.

## PALAUAN ART FORMS AND USES

The art objects of Palau may be divided into three major groups. There are the material artifacts used in daily Palauan life, the pictorial arts, and ornamental artwork which may be either independent or associated with the other two groups. In Palauan culture these art groups have served functions which may be divided into utilitarian, instructional, moral, and esthetic. I would like first to treat each of these functions in turn.

### UTILITARIAN FUNCTIONS

From the utilitarian viewpoint, Palauan art includes such artifacts as wooden utensils of various types, tortoise shell



*One of the highly decorated gables of the Palau Community Center building. Each village of Palau contributed a carved and painted strip depicting a local legend. The layers of the carvings here are arranged in chronological order from the bottom up. The lowest in the series of stories tells the legend of the formation of Palauan society. The uppermost one is a symbol of the unity of Palau in later history. The seventh strip from the top is the story of a British ship which attacked a certain village in Palau at the request of O'Keef, now known as "His Majesty, O'Keef", in about 1883.*

utensils, basketry, and pottery. The artist (or artisan-craftman), however, does not have to limit himself merely to making objects for everyday use. He can adorn his useful artifacts with ornamental embellishments (see Figures 6, 9, and 11), and he can also produce ornamental artwork for purely esthetic purposes (see Figure 8). Ornamental artwork, whether added to utilitarian objects or standing alone, are usually done in wood, and may be in the form of human figures, animals, birds, fish, and so on. Thus, the artist may be primarily a craftsman as far as his major activity goes, but he is also an artist when he incorporates certain esthetic elements and a certain degree of realism into his works.

### INSTRUCTIONAL FUNCTIONS

From the instructional viewpoint, the pictorial arts in particular served as a prime

medium in Palau for instructing the young, especially boys, and depict historical events, legends, and various social activities. As instructional media, these art forms may thus be regarded as a kind of pictorial language.

In olden days, pictorial art forms for instruction were more or less limited to use among the male population since they were found almost exclusively in the so called "men's houses". Today this is no longer true because such types of buildings are no longer limited to men's use but rather as community gathering houses. And in some unusual instances a house of this type has been converted into a "women's club house" (see Figure 2).

In general the carvings in Palauan pictorial art forms depict wars among villagers, or stories about certain outstanding



individuals, and in more recent times even contacts between the natives and Europeans (see Figures 1 and 18). Legends are also depicted in similar fashion, some with historical overtones, and others as pure legends. Social activities such as group fishing, group work projects and the like, are also common themes represented. Such pictorial stories were recounted and interpreted by the old men to the young men who spent a good deal of time in the men's house. In addition to their use as a medium to teach folk traditions, these pictorial stories also served as inspirations for teaching the arts as well as tactics of war and other manly disciplines.

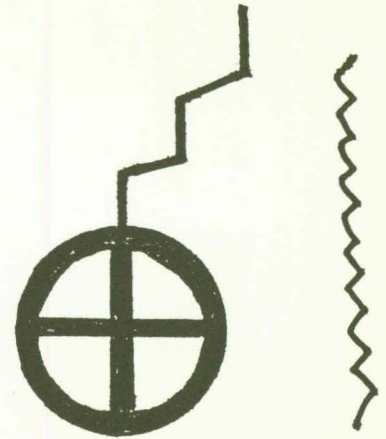
### MORAL FUNCTIONS

Palauan pictorial art forms may also serve to depict a sort of moral code. In addition to representing historical events or legends, and being used for instructional purposes, pictorial art forms may have a certain symbolic moral context. In other words, the older folks can often draw out of the pictorial context for the benefit of the young people lessons on moral

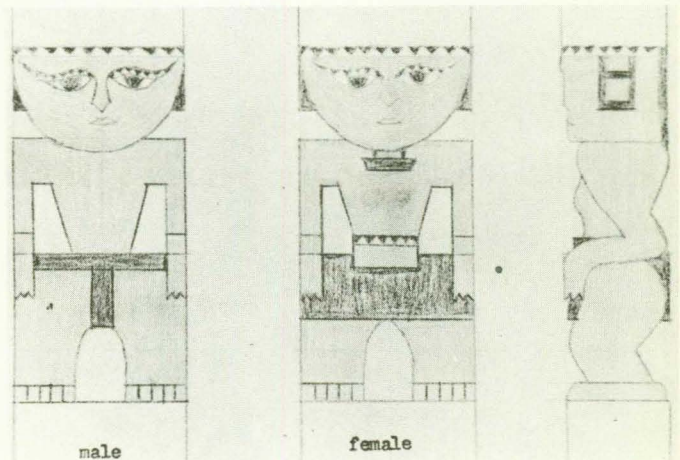
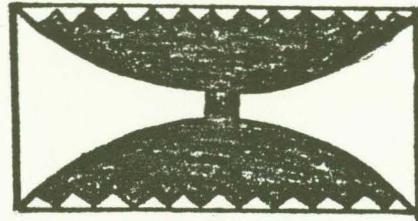
conduct and other personal and social values. Furthermore, the moral orientation of various pictorial carvings can have either a positive or a negative approach.

In the positive approach a piece of art work might depict the story of a real or a fictitious person who, for example, has been loyal to his parents or to some other elderly person, and who in return receives a reward or blessing (see Figure 14). Or the story might depict a legend about animals or birds which supposedly had human qualities such as generosity or humility (see Figure 14). This positive type of approach sets forth the norms of social conduct which serve as guiding lessons for the young.

In the negative approach to moral teaching Palauan pictorial art usually depicts tragic stories, either historical or legendary, or immoral stories which serve to illustrate acts that are contrary to accepted social



*These are some of the common designs found in woodcarvings. On the left a symbol represents a clam shell, and also serves as a decorative element. The central figure is a symbol for money, and hence wealth and fortune. The zig-zag design on the right is the symbol for speech, and when especially large, for shouting.*



*Depicted here are two front views and a side view of one kind of sculpture found on the posts of men's houses. They appear in the parts of the posts between the gable and the wall beneath it, and are facing outward. Note that the central (female) figure is shown wearing Palauan money hanging from the neck.*

*Three of the women who assisted in organizing the Palau Museum are shown in front of the picturesque Ngarachemaeong ("Respected Older Women's Club") at Koror, Palau. The ladies are, left to right, Mrs. Emaimelei Bismark, Mrs. Robert P. Owen, and Mrs. Sechedui Asanuma.*

*This type of house in olden times was used exclusively as a men's house. The building is resting on pieces of stone, and its weight serves to hold it on the ground. The figures underneath the fish figures on the gable symbolize the sun and the morning (see text, page 9).*



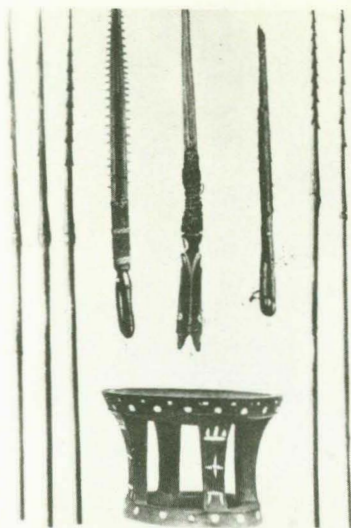


Figure 5.

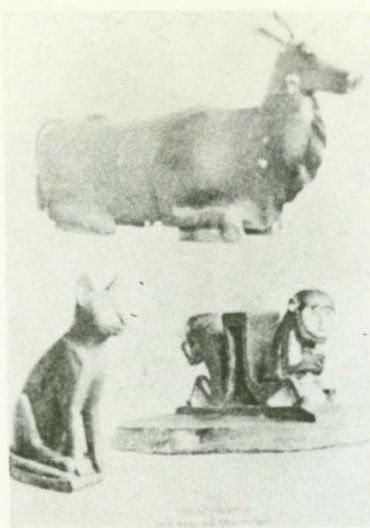


Figure 8.

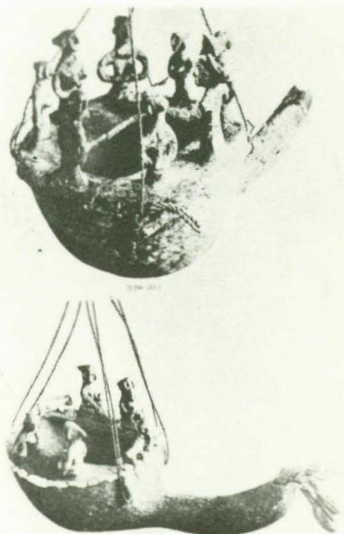


Figure 6.

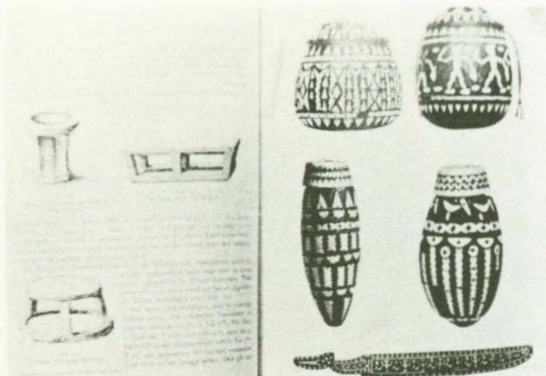


Figure 9.

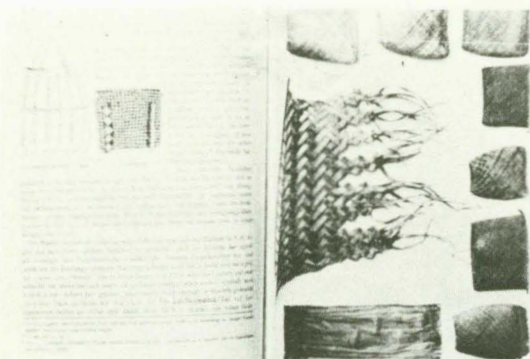


Figure 7.

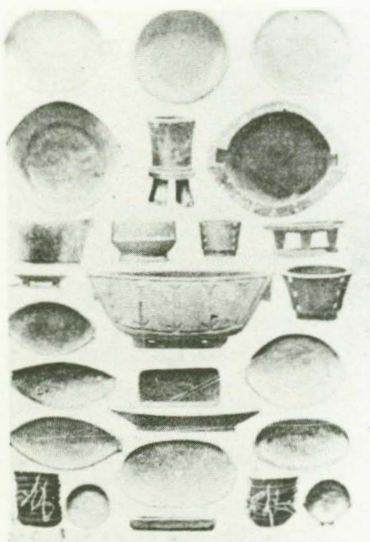


Figure 10.

Figure 5. Spears, bone knives, and legged wooden bowl decorated with inlaid mother of pearl.

Figure 6. Clay lamps decorated with small sculptures of human figures.

Figure 7. Women's handbags made of lauhala (pandanus) leaves, and a coconut leaf curtain.

Figure 8. These sculptures of cattle, cat, and monkeys are more recent developments in Palaun formal arts.

Figure 9. Carved wooden containers decorated with inlaid mother of pearl. Containers of this type existed at the time Captain Henry Wilson had a shipwreck in Palau in 1783.

Figure 10. Wooden bowls. The round ones are used for taro, and the longegg-shaped ones for fish, and the smaller ones for desserts.

Figure 11. Dippers made of coconut shells with hardwood handles. The small sculptures in the handles signify nothing other than an esthetic touch on the part of the artist. On the right are dessert dishes and spoons made of tortoise shells.

Figure 12. Some of the designs found in the men's houses. They are carved in low relief and the spaces between raised parts are painted in black and orange. Some of these designs have symbolic significance, and others are purely ornamental. After observing Palaun art in the form of relief carvings on beams and gables of bai, (men's house), depicting Palaun folklore, Dr. Hisakatsu Hijikata, a noted Japanese anthropologist conceived the idea of commercializing this artwork. He set out to convert the artwork from full size found on bai's beams into miniature story boards which are now found in gift shops even outside of Palau.

Figure 13. Some of these designs are symbolic, some ornamental, and some representational. The faces symbolize legendary or mythical beings. The upper portion of the design at lower left is a representation of men hunting birds, and cockfighting is represented in the center bottom design.

Figure 14. A series of carvings for the purpose of instilling moral teachings or code. The bottom strip depicts two roosters: on the left is the fat greedy, but unblessed one; on the right is the thin (from lack of food) but blessed one. The blessed one on the right, instead of producing chicken manure, gives forth money.



The second one from the bottom depicts the loyal youth who cares for his elderly parents or relatives and who in return is to inherit the treasury -- not the chest full of money on the left.

The third one up is for teaching the art of fishing.

Figure 15. A series on teaching moral lessons, but done in the negative approach (see text) A group of friends regularly spend several days fishing at another island, and one of them takes the catch back to the home village every other day. This man, knowing the schedule of his friends away from home, has sexual intercourse with the wife of one of them, and this becomes a routine for him and her. Suspecting that something is amiss, the jilted husband returns home early, and spears the unfaithful lovers in the act.

Figure 16. These carvings represent the kinds of fish that are harmful or dangerous to fisherman.

Figure 17. The significance of these carvings seems unclear. One informant suggested the following: the lower panel on the right teaches the virtue of good humor, of always smiling rather than frowning like the butterfly fish. The second panel warns against laughing foolishly. The porpoises in the third panel warn against shyness -- "Don't be shy like the porpoise". The spirals at the right in the third panel symbolize the chambered nautilus which is harmed so easily. The lesson here might go like this: "Don't get disturbed over little matters like the chambered nautilus"

Figure 18. Some historical representations. The bottom strip is the story of the Yapese men who came to Palau to quarry stone money from the rock islands. The second strip depicts the story of Spaniards in Palau.

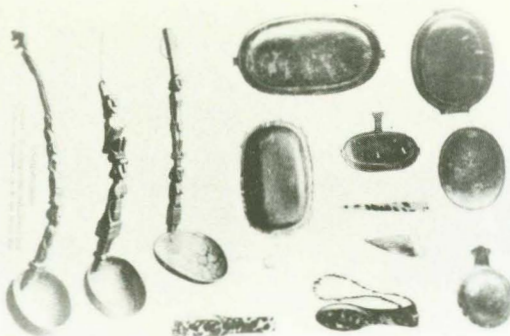


Figure 11.

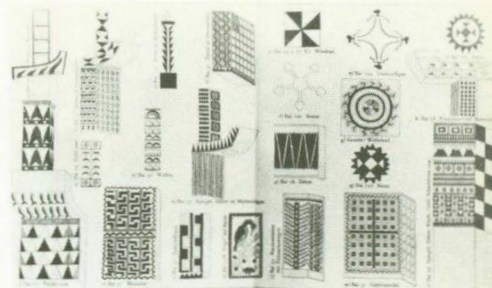


Figure 12.

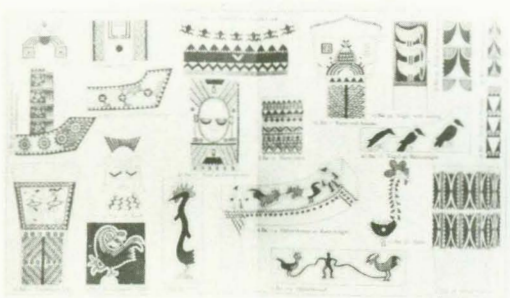


Figure 13.

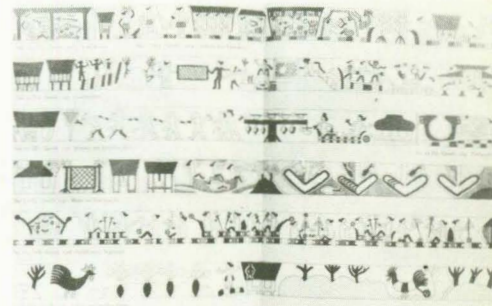


Figure 14.

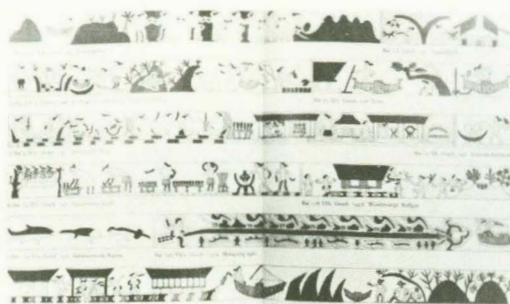


Figure 15.

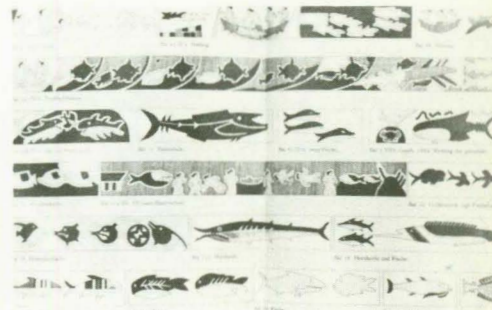


Figure 16.

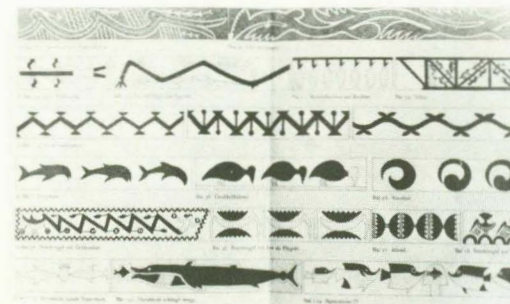


Figure 17.

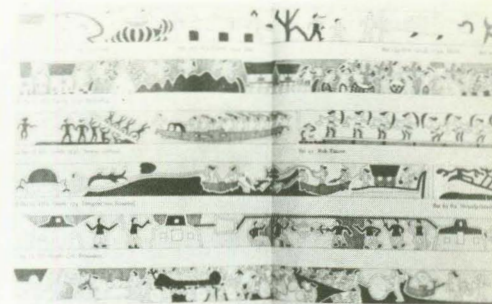


Figure 18.



norms. This negative type of presentation stresses the bad consequences of an evil act which always ends in tragedy or severe shame and destroys one's reputation and prestige. A common theme of such negative presentations is adultery or unfaithfulness to one's spouse, particularly on the part of a wife. The unfaithful wife and her illegitimate lover are often shown facing death as punishment for their unlawful act (see Figure 15). This negative approach is meant to teach the young to avoid such acts.

### ESTHETIC FUNCTIONS

As for the esthetic aspect of the arts, Palauan artists have a rather limited notion of art for the sake of esthetics alone. The esthetic aspect of Palauan art is present in such objects as body adornments, tattoos, and adornments or decorations added to artifacts. Generally speaking the Palauan artist or craftsman expresses his esthetics -- and his viewers recognize it -- in the excellence of his craftsmanship and when a certain degree of realism has been achieved.

### ARTIST'S RELATION TO COMMUNITY

I would now like to turn to the relationship between the Palauan artist and his society in the sense of the whole ethnic group known as "Palauans". In this discussion I use the word "artist" to include both artist and artisan since in Palau there were no professional artists in the usual English sense of the word. In Palau practically every individual was an artist in the sense of artisan, and there was really no division between "professional" and "amateur" artists. Some individuals may indeed have been more talented in certain fields of art or craftsmanship such as wooden bowl making or tortoise shell work, and may have spent more time than others in these pursuits.

Neither was there any monopoly or secret in any particular skill or technique. In many cases a son followed his father's trade, but this may simply have been due to the fact that the boy took up a trade which was most readily available in his

immediate environment. In transmitting his knowledge or skill a man could choose between his younger brother, his son, his nephew, or even a particularly receptive young man not related to his family.

Palauan art forms were generally conventional in style and theme. In such undertakings as woodcarving for the men's house, every man was considered to be an artist, and was assigned a certain section of a wall or a post or the gable to carve and paint. The whole building was divided into sections corresponding to the social rank of the men who undertook the work. The division of work did not depend on the skill or specialization of any individual, and the basic style of each individual's artwork was always conventional.

In some cases the division of labor was based on sex. For example, woodworking was exclusively men's work, while basketry was exclusively women's work. Division of labor by sex was not based on any significant taboo but rather on the biological capacity of the respective sex to perform the work involved. Like other peoples, Palauans regarded woodworking as hard physical labor suited to men, while basketry was better suited to women. The men did, however, go out to gather the pandanas or coconut leaves needed for women's weaving, and climbed trees to gather the leaves used to make dye for the women's baskets.

### EVOLUTION OF PALAUAN ART

I would now like to consider some of the principal factors in the evolution of the Palauan art style. Because of geographical isolation, materials originally available to Palauan artists were limited to wood, coconut and pandanas leaves, hibiscus fibers, breadfruit tree bark, shells, stone, coral, clay, and bones. Palauan technology before European contact was, then, virtually of a neolithic type and models from life were limited to the human figure, birds, fish, crocodiles, snakes, and so on.

Because Palau was not an economic or commercial society, the arts of the area were largely those of a type which

remained as a permanent fixture in the community as typified by the carvings on the men's house. However, smaller items such as pottery, workings in shells, and other less permanent types of art work were also present.

Undoubtedly contacts with outside cultures had a great influence on the evolution of Palauan art styles. Since the time of Palau's first contacts with Europeans, new materials, tools, and life models were introduced and helped to further the development of Palauan art styles.

Technological developments, then, have been influenced by cultural contacts. Since the introduction of metal tools in 1783 by the English sea captain, Henry Wilson, and perhaps even before that by some forgotten Portuguese and Spanish explorers, the development of Palauan art style, especially in woodworking, has been great. In recent years the most common tools, especially for men, have been metal adzes of foreign make, but done in the Palauan fashion. These adzes are of two kinds, the flat one and the semi-circular one. With these adzes a man can do practically any kind of woodwork from small things, such as utensils, to big things, such as a canoe or a house. Among women's tools modern knives are the most common, but in certain types of work, like basketry, the primitive shell knives are still far more practical and are still used. Thus, in women's arts the type and style of tools have not changed so much from the pre-European times.

Roughly three hundred years ago cats and pigs were introduced to Palau, and in more recent times dogs, cattle, and goats were introduced. All of these animals began to be introduced into Palauan art works as life models. Aside from these and previously mentioned models, houses, trees, canoes, and taro plants have also been common life models for art.

### RELIGIOUS FUNCTION

From the functional viewpoint the utilitarian, instructional, moral code, and



esthetic aspects of Palauan art have been discussed. One further aspect, the religious, remains to be mentioned. The religious function of Palauan art is the least significant factor in the development of Palauan art style. I know of no significant religious emphasis in Palauan art except perhaps for the small shrines for clan gods which were modeled after the men's house (see Figure 20B). Also present in some art forms are symbols of supernatural beings, but these have no particular religious significance.

## FORM

As with many other peoples, the three general principles of form, representation, and symbolism are present in the Palauan arts. As to form, such elements as rhythmic patterns or symmetrical patterns are quite common features. Rhythmic patterns may serve as mere decorative elements in basketry, but they also

demonstrate the craftsmanship of the weaver. If, however, they appear in woodcarvings, they may also serve as symbolic as well as representational elements. In woodcarvings symmetrical patterns usually appear in bilateral symmetry, either vertically or horizontally, inverted symmetry, and very rarely in trilateral symmetry. Some examples of rhythmic and symmetrical patterns are shown in the accompanying photographs (see especially Figures 12 and 13). Other types of the formal element in Palauan art are found in the plastic arts such as pottery and tortoise shell works.

Most forms of pottery work are no longer found with the exception of clay lamps, but tortoise shell work is still done. A piece of tortoise shell is heated in boiling water, and is then placed between two molds which are pressed together to produce a dish or a large spoon.

## REPRESENTATION

The principle of representation in Palauan art is best seen in wood carvings which depict various social activities or wars, and less predominantly in clay and stone. In these representational art forms distortion of reality is a technique commonly used in Palauan art for the sake of emphasizing certain aspects of what is being represented. In wood carvings almost every element is distorted. For example, the head of a human figure in a carving often looks more like the silhouette of a fat fish with wide open mouth than it does a human head (see Figures 14 and 15). What is being emphasized in this kind of distorted representation is that the person is calling out or shouting -- the open mouth is distorted out of realistic proportions for the sake of emphasis. Or a human figure is shown through a large "hole" in the side of a floating canoe (see Figure 14, third panel from bottom) by way of emphasizing the importance of the man's presence in the canoe.

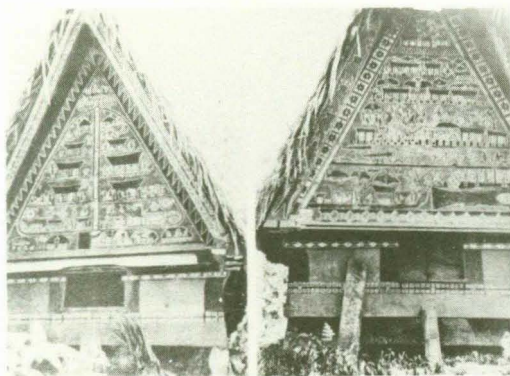


Figure 19. End views of typical men's houses.

Figure 20. Upper right are interiors of two men's houses. Note the carved cross beams and the fire pits in the center of the floor.

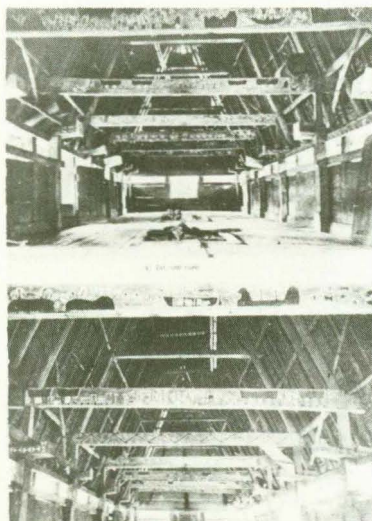


Figure 20.

Figure 21. The upper picture shows a two storied men's house. The upper right picture shows a clan god's house, modeled after the men's house. The lower left picture shows some Palauan delicacies, and the lower right picture shows an old man roasting a whole turtle in an open fire.

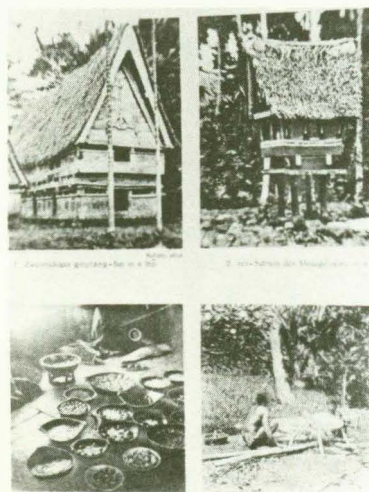


Figure 21.

Figure 22. These are some of the tattooing designs on men's bodies.

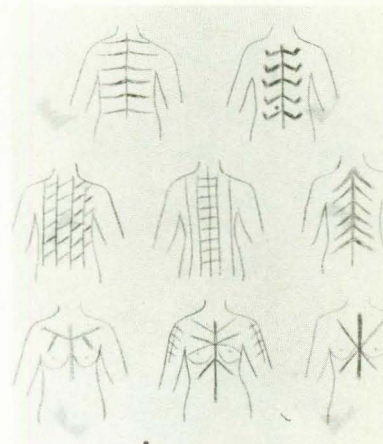


Figure 22.



## SYMBOLISM

Symbolism is also a dominant feature in the Palauan arts. For example, in Figure 2 one can see above the door a star-like object with double human heads, two arms and two legs. This represents the sun which rises in the east, "walks" across the sky, shines in all directions, and sets in the west. The two roosters on both sides of this sun-symbol are themselves symbols of the dawn or morning. Another example of symbolism can be seen in Figure 14, bottom panel, in which two roosters are depicted, one very fat from having too much to eat, and the other very thin from not having enough to eat. The former symbolizes greed, and the latter symbolizes the virtue of generosity or humility.

## USE OF COLOR

The use of color in Palauan art was rather simple. Although colors were used, they were traditionally limited to red, orange, yellow, and black, with white to fill in the other spaces. Purple was also used, but only for dying mat weaving materials. In wood carvings the human figure was painted orange (except tattoos which were black), canoes were done in red, and the roofs of houses were black. The spaces in colored carvings were filled in with white plaster of lime so as to give contrast to the painted parts. In more recent years, however, the use of plaster has declined, and the artists have preferred leaving the natural brown color of the wood to contrast with the painted areas.

## TATTOOING

Tattooing was another prominent form of Palauan art. Different designs in tattooing marked different social statuses among

men and women. Certain designs were exclusive to privileged groups, while people of a lower social status had simpler designs. Tattooing was done on the torso, arms, hands, and legs, but never on the face.

## CONCLUSION

An inspection of the illustrations accompanying this article will indicate some of the richness of Palauan art in its many different forms. A short article such as this one cannot do justice to all aspects of this rich heritage, but is offered by the author as some indication of the cultural wealth to be found in Palauan art.

In conclusion I wish to express my thanks to Dr. Leonard J. Kaufer who edited my original manuscript in preparation for its publication in the *Micronesian Reporter*.

□



# “peace corps in action”

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Report on the Peace Corps Program in Truk

## INTRODUCTION

Just ride one of the taxi cabs crawling on the road of Moen, the center of modernization in Truk, and you will see many different kinds of people. Among these people, a unique group may cause you to glance. These are light-skinned people with long blond hair, backpacks and shorts, with children fondly shouting “hello” at them. If you are curious enough, you may ask your cab driver who they really are and he will surely say that they are the ones who say “hello” to people when they pass by. But the word “hello” just adds to your inquiry. This paper therefore, will explain the different parts of the story which your cab driver might not be able to spell out for you about the Peace Corps.

Late in 1966, the Peace Corps Program in Micronesia was launched. It was certainly unique - in the full sense of the word: singular, unusual, extraordinary.

It was the only Peace Corps program operating with a host country government administered by the United States. Theoretically, the role of the Peace Corps

was to assist the people of Micronesia and Truk in the critical areas looked upon as the main focus of “action”. These critical areas were initially health and education.

The objective of this paper is to present a history of the Peace Corps involvement in Truk and an analysis of impacts it has had on the people of Micronesia over the past fourteen years.

This was partially accomplished through studies of Peace Corps/Micronesia’s manuals, files and interviews with both ex-volunteers and Trukese people.

## HISTORICAL BACKGROUND

The Peace Corps Program in Micronesia was first launched in the late sixties and has continued up to the present. Truk, like the other districts, has always received Peace Corps volunteers in the areas of critical need. During these years, many changes have taken place in the program: the type of volunteers requested, changes of policies, and the different areas of assistance.

In July 1966, the first explosion of Peace Corps volunteers rolled over Micronesia. Truk itself received 148 volunteers out of a total of 634. The coming of Peace Corps was based on a decision of the Administration, Washington D.C., with the approval from the Congress of Micronesia, to speed up development by the use of trained manpower. This decision was made in order to fill the need for teachers, health assistants, nurses, community developers, communication workers and business administrators, which could not be provided locally. Washington reasoned that by sending some bright dedicated, young generalists, given special training in culture and language, they could temporarily fill in the need for middle level manpower in Micronesia.

These volunteers came to Truk with their own established institutional goals which they were to follow and fulfill. These goals were envisioned by President Kennedy in early 1961, under the Peace Corps Act. These goals are: to promote world peace and friendship, to help the people of host countries in meeting their



needs for trained manpower, and to promote human relations between people, through cultural sharing.

In the early years, volunteers were placed in Peace Corps assignments that people with a "generalist" background could be trained to do. These generalists were the volunteers with B.A. or B.S. degrees in most anything. The vast majority of Peace Corps volunteers fit into this category with a few "specialists" here and there. These specialists were those highly educated and experienced volunteers, such as lawyers, nurses, and engineers.

For the purpose of simplification, the 14 years of Peace Corps assistance has been broken into three major divisions. These are:

- Educational/Health era of B.A. Generalists - 1966 to 1971.
- Educational era using Specialist - 1972 to 1975.
- Economic Development era and a return to B.A. Generalists - 1976 to 1980.

**Educational and Health Era:** In 1966, when the first group of Peace Corps was introduced into Truk, the major emphasis was in education - that is TESL - and public health. Volunteers served in many other areas as well, such as, community development, construction, communications, law, architecture, surveying and radio/supply.

The period, as indicated, was classified as a period of "total involvement in the teaching of English." Elementary classroom concentration was the most significant Peace Corps effort in terms of the numbers of volunteers. It was estimated that in the late sixties more than 170 volunteers had worked in elementary schools in Truk.

The TESL program had two goals: to develop the Micronesian English language skills so that students could participate in on-going educational programs to the greatest advantage, and so that English might truly become the general language for communication and instruction; and to teach literacy in Micronesia's own language. The program was designed as a major effort to make the TESL program permanent. The Tate System of English instruction was adopted in June 1967 for a five-year planned period. It was continued in the later years due to its success. Peace Corps volunteers assumed the TESL responsibility at the elementary level for the five years, then the program was turned to local teachers. The process was seen as producing high school students proficient in English, some of whom would gravitate toward teaching the English language.

Health received the second highest priority - there were twenty-two in the first wave - of the total numbers of Peace Corps volunteers in Truk. Health specialists were residing on Moen where equipment and tools were available at the Truk Health Department. Health generalists were trained to give medical treatment in the remote villages and islands. Their main functions were to take surveys of the common diseases in Truk. Such diseases ranged from filariasis to tuberculosis.

In addition, blood samples were obtained for blood tests; P.P.D. tests for tuberculosis were given; and at the same time a census was undertaken. It was from that census that the present census is based.

According to a highly placed source in Truk Hospital, the health program was assessed as a failure. The program did accomplished some of its stated goals, particularly in the field of disease surveys, but it had not accomplished what the source stated as its main goal - to wipe tuberculosis and filariasis completely from

Truk. "I would rate the work 'poor'," the source said. "I believe the health people were coming to Truk to wipe out tuberculosis and filariasis; yet, these diseases are still common among people. It would be better if another program besides the Peace Corps health program had been introduced into Truk." Health volunteers were underemployed and not directed; all, or nearly all had within a year and a half drifted to other areas - notably community development.

Most of the early volunteers were young college graduates who got their B.A. degree but were not specialized in any specific area. They were called "B.A. Generalists", a term referring to the type of assistance they were providing. There were some specialists - mostly in the health department - including an X-Ray technician, two registered nurses and a medical technician along with a civil engineer, an architect and two lawyers.

Although the emphasis remained in education until 1971, the numbers of volunteers in education and health dropped considerably. In 1967, for instance, the number of new volunteers in education was 98, and in 1969, it went down to one. Other areas, namely, community development, construction and business administration began to receive volunteers.

**Educational Era using Specialists:** In 1972, the Peace Corps staff and volunteers agreed that they should stop their total involvement in the teaching of English because they felt that there were qualified Trukese. In addition, the District Administrator felt very strongly that emphasis should be in teacher training. A new program goal or emphasis evolved. Program goals were now the in-service training of Trukese enabling them to assume TESL responsibility at each school. Selected Trukese faculty members from each of the schools were trained in TESL



during the in-country training cycle on Moen. The idea was to insure that one TESL trained Trukese and one TESL trained volunteer would be on the faculty of each school. At the same time, there was a shift to math, science, social studies and vocational education development. Specialized volunteer teachers in these areas were training local teachers in these areas. A measurable success in the training of teachers resulted in an increased numbers of Trukese teachers replacing the volunteer teachers.

However, in order for teacher training to be effective, specialists were introduced. As a result, many volunteers were placed in secondary schools, and other areas which required skilled imported labor. The emphasis in the later years of the era switched to secondary education.

**Economic Development Era:** The period, 1976 to 1980, was concerned with basic human needs in which emphasis was placed on economic development, health and agriculture. These areas have been emphasized by the government of both the Trust Territory and Truk as the first priority of work.

The Peace Corps program in 1976 set economic development as top priority. In areas that the government listed as needing special emphasis, namely agriculture, fisheries and forestry, Peace Corps was able to provide volunteer assistance.

Areas such as municipal development, business development, village development and vocational education received special assistance. Statistics show that most volunteers were municipal advisors, community organizers and business development advisors. Almost all of them were scattered on the islands away from the district center where projects such as building water tanks or schools were proposed. Some, or almost half, were

magistrates advisors who helped the magistrates and the municipal council draft their charters and ordinances.

Health, phased out in the early years, was given new emphasis by the Peace Corps again. Five health assistants were used specifically to fill in the need of the people for health aides while the local health aides were training in the Health Department on Moen. During the local health aides absence, the volunteers acted as "filler-in". When the local health aides returned to their islands, the health aid volunteers would transfer to another place.

Consequently, in 1976, the Peace Corps volunteers themselves got frustrated. This partially resulted from the lack of job experience they had. Almost all of them thought they were not needed in Truk since no specific job was there for them. "It just put us into more frustration," an ex-volunteer said. "We were requested to come to Truk and do a certain job. But what happened when we came? We found out that either the job did not exist or it did not need any volunteer." Public Affairs merely assigned volunteers to go out to the islands and do any work that they could find which needed assistance.

It was during the same year that volunteers in education stopped with only a few remaining in secondary schools. "Do you believe that there are many Trukese teachers who are far better than some volunteer teachers in the process? an interviewed volunteer said.

Rates of early terminations reached its highest peak during the specialists era. As a result, it was determined that B.A. Generalists be introduced into Truk once again.

**Number of Peace Corps in Truk:** The Peace Corps in Truk for the past 14 years has had great fluctuations in the number entering

into Truk as well as social, economic and cultural changes in the lives of the people. Peace Corps peaked in 1969 when the third wave of volunteers arrived. It was estimated that more than 300 volunteers were in service - one volunteer to every 93 Trukese. Because of this large concentration of volunteers, all the proposals of these eager and willing workers were unable to be supported. As a result, the number of volunteers in the following years decreased.

The political climate in the United States and host country's way of requesting volunteers influenced the number of volunteer. In the sixties, for instance, it was a time of great political idealism and activism in the United States: civil rights, anti-Vietnam War and anti poverty programs. Many Americans of all ages and backgrounds wanted change. It was these Americans who first came to Truk with a hope to change islands. "For these young Americans to avoid the draft, they applied for entry into the Peace Corps program," a highly placed person in the Education Department said.

The sharp fall in the number of Peace Corps in 1969 and 1970 may have been influenced by the end of United States' intervention in the Vietnam War. By 1975 there were only 32 volunteers in Truk. During this time there was a controversy on whether to have the Peace Corps program continued or end it. A probable decision was reached that the host country must request for Peace Corps, and the new program for magistrate advisors was started. In 1976, the number of Peace Corps in Truk climbed to 50, the highest in three years. But in 1977 up to the present, the number of volunteers fluctuated probably because of the number of volunteers host agencies and community groups requested. From 1975 to the present the number of volunteers has been constant. (See Table 1).



By 1975 Peace Corps/Micronesia felt that the effectiveness of Peace Corps would come only when the Micronesians assume responsibility for the Peace Corps program. As a result, volunteers who were District and Deputy Representatives and staff were now replaced by local people.

The Country Director insisted that any community groups or agencies could request for volunteers, but they must come up with a specific and detailed outline for the kind of work the volunteers were going to do. In other words, a job description. So after this, it was hard for community groups or agencies to just request for volunteers at any time they wanted. It was strictly stated that they have to come up with a detailed outline of such work in order for the Country Director to accept their request. Since not many community groups or agencies came up with detailed job descriptions, fewer volunteers were introduced into Truk.

TABLE 1

Number of PCVs in Truk (17.4% average in Truk)			
FY	NO.	FY	NO.
1967	148	1974	*49
1968	131	1975	32
1969	102	1976	50
1970	*83	1977	30
1971	*48	1978	33
1972	*57	1979	23
1973	*39	1980	

\*The numbers are estimated. They are based on calculations derived from the 17.4% average of Peace Corps volunteers who came to Truk each year.

During the Peace Corps' stay in Truk, changes have taken place in the volunteers' rental fees, allowances and living arrangements.

Living Arrangement: In the late sixties, all the Peace Corps volunteers in Truk were living with families. Learning the language and trying to live with Trukese were the keys to their success in their services. A volunteer who was able to speak Trukese very well and live like a Trukese was considered successful, but one who failed to learn Trukese was considered a failure, even if he built a water catchment for his community. Consequently, it seemed that their relationship with the community was very close.

During the course of the years, the spirit of the Peace Corps changed. From 1971, the Peace Corps were drawn away from living with families to staying on their own. The spirit of the first volunteers possessed in the late sixties disappeared. The Trukese people more and more began to lose interest in the Peace Corps. Both parties were no longer excited and curious as to what could be done. Starting in 1972, more and more volunteers were specialists. Many of them were already living away from their families in the States. When they came to Truk, they found it hard to re-adjust themselves into the family way of living. They disliked being considered daughters and sons when they were already in their middle years. A volunteer was quoted saying, "It's ridiculous to be considered a daughter by my Trukese parents when I'm already 35 years old. When I tried to find a male partner, my Trukese parents always stopped me and told me that they would find one for me." Furthermore, the volunteers became more and more concerned about their work then knowing their families and communities. It was primarily because of these reasons that volunteers decided to go back to the States earlier or live away from families.

Rental: From 1966 to the early seventies, rental was \$10 a month and was paid directly by the volunteers-taken out of their allowances. But starting in 1975, agencies requesting for volunteers were responsible for a \$30 rental for each volunteer they requested.

Allowance: In the sixties and early seventies, the settling-in allowance was taken care of by the Peace Corps Office. Starting in the mid-seventies until today, this settling-in allowance (\$150 for each volunteer and \$250 for each married couple) is taken care of by the requesting host agency. The volunteer's living allowance was \$80 for the outer islands workers and \$120 for the district center workers in the late sixties and early seventies. But starting in the mid-seventies, the living allowance was raised to \$180 monthly. This living allowance has always been taken care of by the Peace Corps.

Peace Corps/Micronesia felt that it would be sensible if the requesting host agency assume the responsibility for the volunteers' rental and settling-in allowance. They reasoned that the volunteers were not really working for the Peace Corps, but for the requesting host agency.

As can be clearly seen, the Peace Corps is putting the volunteers more and more into the hands of the people. More and more, the Trukese are becoming involved in assuming responsibilities toward the Peace Corps.

### EFFECT ON BOTH THE TRUKESE AND THE VOLUNTEERS

Impact on the Trukese: Ever since the beginning when the first group of volunteers set foot in Truk, many things have changed. Material as well as unseeable contributions influenced the local community.



From 1966 to 1970, the period of most concrete contributions was at its greatest. School buildings, water catchments, co-ops, School Partnership Programs and radios were built and introduced into Truk by the volunteers. This was the time when school buildings, water and sewer systems were very poor in Truk, especially in the outer islands. Volunteers in classrooms in addition to their primary work, drew up proposals especially for new school building and water catchment projects. The volunteers found ways of funding some of these projects through the local government, but a few of the elementary school buildings, were actually funded through one of the Peace Corps programs - the School Partnership Program. Like the classroom teachers, the volunteers in the Health Department made significant contributions. These volunteers in Health, brought out with them radios, (co-pilot radio system) - later taken over by the government.

Through the School Partnership Program, United States sponsors raised money needed to purchase the necessary construction materials; although, the host community was responsible for a minimum of 25% of the cost and the land required. Since 1966, at least three school buildings in Truk, were actually funded through this program. These three school buildings are the two three-classroom buildings on Nama Island and the school building on Foupo, Tol.

Other noticeable contributions brought in by the Peace Corps were: the Marmar hotel, designed by a volunteer and two fishing co-ops - one on Nomwin Island and on Lukunor - planned and organized by volunteers. The Land Management System on Moen, was actually started by the Peace Corps. Truk Organization for Community Action (TOCA), was suggested, planned and organized by volunteers. Now the

Trukese are running it. Minor contributions were gardens, furniture and stoves.

Although most of the Peace Corps projects had already been built in the sixties, still some were introduced by the volunteers in the seventies. Examples of these physical contributions are the water catchment built on Lukunor, the Adult Education System on Moen and the three basketball courts on Fefan Island. The many islands charters were written by the magistrate advisors, the windmill on Ettal, the Outward Bound Program - providing recreational activities for the youths on Moen - all started with Peace Corps assistance.

Today all the teachers teaching in the elementary schools and intermediate schools in Truk are local Trukese. Few of them have received college degrees, but most are high school graduates. Out of this group, 75% received special training from the Peace Corps one time or the other. As a result of their training, these Trukese teachers are able to teach more effectively.

Today, most of the former sponsors of Peace Corps volunteers are able to understand English much better - even those who did not have any educational background. Some interviewed families even stated that English became the main source of communication in the families when the volunteers they sponsored were around. A large percentage of the teenagers and the older people understand English now. This resulted because of the success of the TESL program in the late sixties. A Trukese student at Xavier High School even stated that it was the Peace Corps volunteers who contributed a lot to his ability to speak English. He went ahead and said, "The Peace Corps volunteers, my teachers in my elementary school, contributed a lot to my passing the Xavier High School Entrance Examination."

Even though the Peace Corps policy is that volunteers should not try to change the lives of the people, but let themselves be changed, it has never worked out that effectively. The volunteers have brought both negative and positive ideas, changing the values and the life-style of the Trukese.

Interviewed Trukese said that their attitudes toward the using of time had changed because of the volunteers. "There is no use rushing away from what I am doing now. There is always plenty of time for everything." This was their attitude before, but now they have adopted the volunteers' attitude. "I have to hurry now because I'm on business. See you later." A former local teacher stated that before the volunteers came to Truk, most Trukese teachers went to their classes at least five minutes late. But when the volunteers came, these local teachers saw them going to their classes on time and so they too started to go to theirs on time.

When the volunteers came, young ones developed the habit to speak up for their rights. Teenagers especially, more and more lost their respect for elders as a result of this new attitude. When parents talked to them, surprisingly, they snapped back at them. Youths started to live away by themselves and adopted the lifestyle of the volunteers; therefore, parents increasingly lost their control over them.

Today if you jog around, especially Moen, you will see that most of the things originally brought in by volunteers are being adopted by the Trukese: backpacks, long hair, patched pants and a boy and a girl sitting together in a broad daylight. Many local people believed that Peace Corps were the ones who first introduced "pot" into Truk. Besides the local Trukese, a volunteer even stated that Peace Corps introduced "pot" in the early days. "I'm beginning to believe that it was the volunteers who introduced 'grass' into Truk," he said.



Impact on the Volunteers: In the late sixties, the rate of Peace Corps termination in Truk was low compared to the early seventies. The rise in the rate came about because the requested volunteers in the late seventies were specialists; therefore, when they came to Truk, they could not adjust themselves into the slow working pace for they were used to "getting things done". Also, they were specialized in specific areas of work. They could not find satisfaction in their assignments because their "brain" could not be challenged. Some of these specialists found it impossible to stay, so they went back to the States in frustration. Finally, these volunteers had been living a fast paced life and when they came, they could not accept the slow pace; thus, many volunteers of the "specialist" era terminated early.

From the very beginning, volunteers have always encountered cultural adjustment problems in the areas of language, customs, style of living and attitudes toward sex. Most volunteers found that what the offices and agencies told them to do was completely different from their outlined description of work. The description of jobs were beautiful, but, "there was nothing in reality when the volunteers set foot in the agencies' offices," claimed a volunteer. Some volunteers found that the agencies requesting them forgot all about them. The community developers or magistrate advisors found themselves facing clan conflicts and leadership opposition to what they would do. The requesting host agency did not know what to do with them, so they told them to do whatever was needed to be done.

On the other hand, there were many volunteers who completed their two year tour and either extended their services or went to the States and came back later. The volunteers who extended their

contracts did so because they either had unfinished projects and decided to stay back and complete them or they came to love the islands and decided to stay for a while. Some even decided to settle down and stay forever. Today, there are at least ten ex-volunteers in Truk. At least five are married to local Trukese and the rest are working on contracts. But it did not always mean that these volunteers did not face the same problems and frustrations the ones who terminated earlier faced. A volunteer was quoted as saying, "I crawled on the ground like my Trukese sisters when their brothers and cousins were sitting, oblivious of any funny and insulting remarks people said about me. I did whatever my sisters did. I began to appreciate the customs and practices on the island."

Despite misunderstanding of job description, the insufficiency of support and guidance from the Peace Corps Office and the indifference of the requesting agencies, most of the volunteers remained. Their willingness and eagerness to help the Trukese people and to improve the face of Peace Corps in Truk and their appreciation of the islands and the people helped them to ignore these small problems. A former volunteer said, "I found that the Peace Corps group on these islands had polished up a bad scene for the Peace Corps. I have to stay to do my responsibility and try to improve this scene, despite all the alienation I faced."

## CONCLUSION

"Should the Peace Corps continue its existence in Truk in the future?"

Present Peace Corps volunteers are serving the needs of the Trukese people in the areas of community development, youth development and economic development. They have been responsive to the needs of the Trukese, despite

terminations, project failures, insufficiency of support and cultural adjustment problems they faced.

The Peace Corps provides assistance at a cheap cost. Volunteers have been assisting the Trukese in their critical needs but without getting any monthly "pay checks" from the host agencies.

On the other hand, radical changes have occurred in Truk because of the volunteers. They have brought different attitudes, values and customs which are now being adopted by teenagers especially. Some conservatives said that they did not want all these radical changes.

Another disadvantage of the Peace Corps is that it discourages the Trukese from looking toward self-reliance. Most Trukese think that they can request volunteers anytime they need their assistance. Theoretically, the Peace Corps in Truk is "in business to put itself out of business".

The strength of the Peace Corps in providing assistance to the Trukese people has decreased. This resulted because local Trukese have taken over the jobs of the volunteers. Therefore, less positions are available for the Peace Corps volunteers. These positions are usually in health and economic development. In addition, a majority of the staff positions in the Peace Corps are filled by Micronesians. As a result, more and more of the Peace Corps responsibility is in their hands. Also, both the Trukese and the Peace Corps have lost interest in each other.

During the course of the Peace Corps program the spirit of service among volunteers has changed. Previously, volunteers had pride in their efforts in learning the language and culture. They strived to assist and facilitate the



promotion of development. Presently, such pride, spirit and enthusiasm is now fading.

Some of the Peace Corps feel that there are enough young men and women who can do the kinds of jobs they are doing now in Truk. They feel that the Peace Corps is just a tool used to make Micronesians more dependent on the U.S. It makes the volunteers feel bad when they are hired to work for Trukese while there are many other local people around who can do the jobs. This is one of the reasons why some Peace Corps volunteers got so frustrated in their work.

Some volunteers are opposed to the continuation of the Peace Corps program. Most local people are too. The question whether the Peace Corps will remain depends on the desire of the local people. If they don't need the Peace Corps assistance anymore, the Peace Corps can be removed immediately.

Nobody will know what exactly will happen to the Peace Corps in 1981, when the Trust Territory will cease to exist as a

political entity. There is nothing to indicate that 1981 would be the date for discontinuing the Peace Corps, but there is always the possibility. On the other hand, the need for assistance in a variety of development sectors may be greater than before. Peace Corps could be instrumental in providing such assistance. No matter what happens, it is safe to say that the influence the Peace Corps has had and will have in Truk will remain for a very long time. □



## **The Northern Marianas Gambling Referendum as AN ACT OF SELF DETERMINATION**

By Samuel F. McPhetres

(AUTHOR'S NOTE) In 1975 the people voted in a plebescite to adopt the Covenant to establish a Commonwealth in union with the United States and separate from the rest of the Trust Territory. In 1977, they voted in a referendum to adopt the Commonwealth Constitution. Other than these two issues, no vote on a topic other than the election of officials had been held until 4 November 1979 when the people voted nearly 3 to 1 in a referendum to repeal a law permitting casino gambling and slot machines in the Northern Marianas.

The telephone rings at the home of an anti casino worker; "Mrs. X, I know where you were last night. I know all about you. I want to get to know you better myself". Mr. X is off-island.

Mr. and Mrs. X are attending a funeral wake a few days later and the phone rings at home again. It is answered by the

babysitter: "I know who you are. I know your sister attends Mt. Carmel High School and I want to be her boyfriend".

Never any identification, always polite but with just a hint of violence. No voice when Mr. X answers the phone. Always aware of the movement of Mr. and Mrs. X throughout the island.

A friend of Mr. and Mrs. X: "Aren't you afraid someone is going to come to your house one of these nights? Do you own a gun?".

The police: "The Yakuza (Japanese Mafia) are on the island. We will have you under surveillance for the next 48 hours for your own protection".

"Casino gambling and slot machines will mean the total economic development of our islands. It will mean a retirement fund, scholarships, aid to public and non public schools and medical referral."

"Without casino gambling our islands are finished. We will not be able to pay for the new generator plant, we are not able or willing to fish or to farm and we must demonstrate the stability of our

government and its laws to foreign investors by not repealing PL 1-14, permitting casinos and slots. If the referendum repeals the law, nobody will have confidence in us."

"\$60 million will come to Saipan in the first few years in taxable income with just 2 casinos and it will have no negative effect on our people".

"Our people will be discouraged from participating in gambling."

The carrot and the stick, applied most liberally to the efforts at installing commercial casino gambling in the Commonwealth; threatening the supporters of the referendum and wooing the general population. Also, the most commonly discussed aspects of the Referendum. But there is another perspective.

On 4 November 1979, the people of the soon to be Commonwealth of the Northern Mariana Islands went to the polls and soundly defeated PL 1-14, 70%/30%, in a heavy voter turnout. Already in effect for one year, the law permitting up to 8



casinos on Saipan immediately and more throughout the area later was repealed 30 days later.

The referendum on casinos in the NMI was an historic event in several ways: First it was the first of its scale and kind anywhere in the Trust Territory to be successfully carried through. The closest thing to it was Truk when a municipal ordinance permitting alcoholic beverages was repealed by referendum.

Second, it was the first time the people of any part of the Trust-Territory (again except for Truk on a much smaller scale) rejected a claim that an activity would bring more money to the people than the cultural and social problems known to be related to that activity. (The infamous cargo cult syndrome, still popular in many parts of the Pacific, was rejected for the first time by popular vote.)

Thirdly, and perhaps most importantly, it was the first time that a popular movement, cutting across class, economic and ethnic lines, was successfully organized against an act of the elected legislative body and as such, determined the course of future development by eliminating at least one option. It was a true act of informed popular self-determination, and not just self-government.

The pundits who have commented on the referendum in the NMI have, for the most part, cited the participation of the Roman Catholic Bishop Felixberto Flores as the reason the people voted for repeal. They note the predominately Catholic culture of the NMI and the all-pervasive influence of the Church in the society and then drop the inquiry.

A few others have noted the residue of fear and suspicion which was left by an investigation into corruption in the government of the NMI by the FBI during the summer of 1979 as a major element in the people's decision.

Still others have associated the vote with the positions of the two political parties, the Democrats and the Territorials. The Democrats, more or less, openly supported the referendum and repeal while the leadership and majority of the Territorial candidates adamantly opposed it.

All of the above, and others not mentioned here, have different elements of validity but one major element was overlooked: the process of the referendum was a people's decision and was an expression of judgement of the legislature and its leadership. As such, it represents the first time the people of the Marianas stood up to their elected leaders and told them they believed they were wrong and that the people didn't approve of the directions the legislature was taking. Culturally this was a revolutionary position for the people of these islands, being accustomed to accepting the dictates of higher authorities without question.

It is this aspect of the referendum which deserves more attention.

In order to grasp the context of the situation in the Northern Marianas, there are several principles which must be recognized. First is the question of political leadership.

There is no indigenous traditional leadership in the NMI with the exception of the ethnic minority, the Carolinians. And even among the Carolinians, the role of those identified as chiefs is far less pervasive than in Yap or Truk, the original home of the group.

Moral, social and cultural leadership in the Marianas has come primarily from the Church since the Spanish period. The Japanese exerted a very authoritarian control over both the Church and the society in general during its period of dominance in the area.

The (oversimplified) net result of this was that such leadership that did exist within the people was identified with one or the other of the external forces.

While changing somewhat under the American Administration (more liberal policies, promotion of elected legislatures, intensive education in the democratic process and the encouragement of individuality, etc.) the final authority even then was total and in the person of the High Commissioner in all matters of government. There was a beginning split in the roles of church and state, but still without responsible leadership developing a working experience from within the society.

In the meantime, over the past 20 years or so, political parties were developed which were as much substitutions for clan systems and social clubs as political springboards for aspiring politicians. The parties became elements of family life which were intense and all consuming, supporting the poor, helping at first communions and funerals and in general becoming an integral part of the daily life of the people. At the same time, the parties were dividing the society into two camps of dedicated adversaries on almost any issue. This division was not as total as it may seem by this description simply because the parties had no real political power for the reason described above relating to the role of the High Commissioner (appointed by the United States President to administer the Trust Territory). The party leadership could do and say whatever they wanted but were never in a position to be held responsible in any substantive manner.

And then, on 9 January 1978, the Marianas became self-governing under its own constitution based on democratic principles originating in the American tradition. The executive and legislative branches were elected by the people and without higher authority to control their actions other than the constitution itself. (And, of course the Covenant establishing the relationship with the United States.)

Immediately upon assumption of office, both the executive and the legislative leaders vied with each other for the exercise of the powers previously held by the High Commissioner, their only experiential model, and saw themselves as without checks and balances between elections.

Because of the constitutional provision for over-ride of veto authority and the dominance of one party, the Territorials, in the Legislature and the Democratic party in control of the Executive branch, the legislature and its leaders had the edge of power. And they used it liberally without giving serious consideration to the popular sentiment on key issues. It became automatic for the legislature to pass bills known to be opposed by the Governor, wait for his veto and then to override the veto, regardless of merits. A



stalemate in the governmental process resulted. The Governor, of course, was quick to accuse the legislature of being responsible for the malaise.

Underlying this conflict was the concern for getting the economy under way, with the least possible investment of local effort and resources.

The administration put most of its effort into seeking increased supports from Washington through budget allotments and federal programs. The leadership of the legislature, attempting to break away from the ties of the Commonwealth Covenant to Washington and its controls, especially over fiscal matters, downplayed assistance to local fishing, agriculture and tourism related appropriations and programs and sought easy money from foreign private sources. And the casino interests were waiting in the wings. Without going into the allegations of substantial pay-offs and bribery which are being investigated by the FBI, the legislature rammed through the gaming act in November of 1978, disregarding the testimony of a majority of witnesses including the Ladies Against Casino Gambling opposed to the act, with only one dissenting vote. The bill was promptly vetoed by the Governor and then over-ridden with three dissenting votes in the house. In spite of a petition signed by 2500 citizens against casino gambling. The petition, mobilized in a matter of days, represented nearly half of the registered voters of the Northern Marianas and over half of those on Saipan. ("We know best what is good for the people" and "We aren't going to let a bunch of dumb women tell us what to do", were some of the comments reported in the press citing certain legislators.)

It was at this point that the battle was joined. On the one hand, a legislature so self-confident that it ignored the stated wishes of a large proportion of the voting community and on the other, the citizenry without any experience in calling its politicians to account for their actions outside of the normal electoral process. Gone forever were the days when the District Administrator, acting on the High Commissioner's absolute authority, could issue an executive order repealing a law as was done in 1975 to stop the proliferation and use of slot machines in Saipan.

How does a band of dedicated but inexperienced citizens, coming from all walks of life and representing membership in different political parties defy the established political powers, and take on an adversary with apparently unlimited funding and an excellent sense of the felt needs of a majority of the people?

To understand the range of issues, the law itself presents the best case. It was deliberately designed to enlist the support of the poor and the church, a combined group representing more than 90% of the population. By stating that all revenues from casinos had to go to the four programs of scholarships (providing education for all students abroad), medical referral (a chance to go off-island for any and all medical care and avoid the inadequate and substandard facilities of the Saipan hospital) and to public and non public schools and retirement (money for all the older workers presently looking forward to depending on their children in their old age), the drafters of the law touched on some very sensitive nerves. After all, given the economic underdevelopment of the NMI, who could be against these benefits?

And, of course, when many of the pro-casino people talked about the millions that would accrue to the treasury in tax money, without talking about the corollary - alien labor to run the establishments - the dollar signs were very persuasive.

Without going into the many loopholes in the law designed to protect the local people from contamination and the islands from corruption, it soon became clear to anyone who gave the law a careful reading that for or against commercial gambling in principle, the law itself was a poorly drafted document.

The Ladies United Against Casino Gambling, presented the petition signed by 2500 people against the bill to the legislature during the hearing. The Ladies United Against Casino Gambling reformed into the Citizens United Against Casino Gambling and, with the assistance of a lawyer from the Micronesian Legal Services, drafted up a petition for a referendum in February 1979. The NMI Constitution requires that 20% of the

eligible voters sign a petition before the issue to repeal a law could be put on the next general election ballot.

Many dedicated little old ladies, farmers, business and professional men and women, housewives and students, went through personal hell to circulate the petition between February and September. They had to explain the law, the purpose of the petition and encourage an otherwise lethargic, fearful or hostile population that signing the petition was their right and would not result in persecution or hardship. And, of course, that signing was not voting. There was a great deal of confusion on this issue, some deliberately stimulated to confuse the people and to keep them from signing. Many of those who had signed the original petition had been challenged by promises or threats. There were also personal, family and job threats but a core group of about 50-75 persons withstood all and gathered over 2000 signatures.

In the meantime, the Gaming Commission was formed according to the law in early 1979. Two slots were not filled because the governor did not make any appointments. Two were appointed by the Speaker of the House and two by the President of Senate. The fifth member was appointed by the other four.

As the Commission worked, it attracted 6 applications for casinos, each one accompanied by a \$10,000 non-refundable application fee and a promise that each casino built would have a plant worth not less than 2.5 million, a one million dollar security deposit and a minimum of one million dollars in taxes to the NMI for the four specified funds. Applications were from Japan, Korea and local citizens.

Fortunately for the Casino operators, none took the chance of beginning construction pending the outcome of the referendum.

As the year progressed, the battle lines became more and more clear. The members of the Legislature supporting the casino left the promotion of the business to the members of the Commission. The Citizens United took the lead in opposition. It was, after all, a legislative election year and none of the members



running for re-election wanted to be personally identified with a position which might be rejected by the voters.

In September, the Commission fired the first serious salvo in an attempt to block the referendum, then becoming a reality. The Commission, charged by law with enforcing the regulations to protect the people from negative side effects of casinos, charged in court that the petition was out of order and should not be certified because the people did not have a chance to try casinos first and find out if they were good or bad. Besides, all of the signers should have been opponents to casinos and not just the general public, according to testimony.

The court decided that the petition was in order but dealt a blow to the progress of the referendum by requiring the re-wording of the ballot. The petition ballot wording had been based on the concept of being for or against casino gambling and slot machines. The Judge, from California, insisted that since the referendum was to repeal a law, it should be yes or no for repeal. This was just the reverse of the understanding of the general population and meant that if you were against casinos you had to vote yes and no if you wanted gambling. Great confusion resulted, as was intended by the pro-casino group in demanding the re-wording when the sufficiency of the petition was established by the Judge.

Shortly after the court rendered its decision, the petition was certified with a little over 1300 signatures of the 2040 declared valid, enough to meet the 20% requirement. The balance were not certified due to illegibility, Japanese script or because the name was not on the list of registered voters. As soon as the required minimum names ( a little over 1200 ) was reached, work on verifying the balance of questioned signatures was stopped.

As soon as certification was assured, the Citizens United and the Commission squared off in the media. Public debates were sponsored by Guam Cable TV, and KSAI radio. Paid political advertisements, initially dominated by the Commission members, gradually became more balanced between the two sides as the Citizens United won a decision from the

FCC requiring free air time for the group on the local commercial radio station WSZE to compensate for the large amount of time bought by the pro-casino group, headed by the Chairman of the Gambling Commission. Later the group renamed itself the Committee for Sound Economic Development when the involvement of Commission members in their official capacity was questioned by the Governor.

Money was major issue in the unspoken campaign. The Citizens United was able to raise about \$5,000 in donations from private citizens while estimates of the money available to the pro-casino faction based on paid air time on TV and radio alone appeared to be well over \$10,000. This does not include printing and other expenses.

In the spoken campaign, the pro-casino group emphasized the potential economic development aspects of casino operations as they interpreted them, including the sensitive issues of the four areas of exclusive benefit mentioned earlier.

That anti-campaign focused on the debatable points of the law, the social and economic effects on the society and culture and the ability of the NMI to control the "industry" and possible related criminal elements once it was established in the islands.

As the campaign progressed, new elements were injected. The Democratic Party took an active anti-casino role with one of their principle personalities, Dr. Benusto Kaipat, a Carolinian medical officer, taking the lead. Dr. Kaipat appeared frequently on TV and in the Democratic campaign rallies to condemn the side effects of casinos such as crime, prostitution, deteriorating health care and other elements.

The Catholic Church took an open position against the law and throughout the campaign kept up the pressure which was climaxed by a visit to Saipan, Rota and Tinian by Bishop Felixberto Flores in conjunction with the Citizens United program. A televised address by the Bishop was given maximum exposure on the local station to great effect.

Protestant and Catholic clergy joined forces in endorsing a resolution condemning casinos and collectively and individually took public stands.

The directors of the Catholic and Protestant schools, targeted for receipt of gambling revenue, rejected publicly any support from casinos.

But it was the process of debate which was remarkable in this referendum.<sup>1</sup> The use of radio and TV to present the issues, the time that people had to study their positions (about eight months)<sup>2</sup> and the broad spectrum of participation in the process all contributed to a very informed electorate. This electorate rejected the promise of easy money, something unheard of and certainly unexpected by the pro-casino interests. Had the people of the NMI been as informed about the Covenant for the Commonwealth before the plebescite in 1975 or the NMI constitution in 1977, the votes might have been very different. As observers of the current situation have frequently noticed, there is a lot of Monday morning quarterbacking going on about the contents of those two documents as people begin to feel their effects today.

One of the lessons learned in the NMI by the referendum was that the people have replaced the High Commissioner in authority and have the power to make their own decisions. The approach to lawmaking which characterized the First Constitutional Legislature in its first two years must now adapt to the reality of a population which is willing to effectively oppose unpopular or unreasonable actions by that body when the implications are understood. The Legislature can no longer get away with saying that since they were elected they have the right to make major decisions unquestioned by the voters. The traditional threats and promises of earlier campaigns will no longer be as effective as they once were.

Gambling issues aside, this experience has altered politics in the Commonwealth for all time, hopefully for the better.

#### FOOTNOTES:

1. In 1975 the people voted to become permanent American citizens, as opposed to independence or free association, under terms which gave the U.S. sovereignty over the Northern Marianas.

In 1977 a constitution was adopted for the Commonwealth which designed the basic form of government consistent with the requirements of the Covenant.



*In 1977 a constitution was adopted for the Commonwealth which designed the basic form of government consistent with the requirements of the Covenant. In both cases, decisions by the voters were made without a clear idea of the alternatives. The ballot question in the Covenant plebescite included the provision that a vote against the Commonwealth would keep the NMI locked in with fate of the rest of the Trust Territory, at that time still working for free association or independence. It was become U.S. and successful or remain with the rest of Micronesia and all that that implied. And at that time feelings were running high against union with the rest of the Territory.*

*In the constitutional vote the people determined how they would govern themselves, something they had never done before.*

*In the gambling referendum, the people were faced with a decision which allegedly would have brought literally hundreds of millions of dollars to the islands in casino and related development and would have established the economic base of the Commonwealth for all time. Again the alternative was not clear since the alternative to casinos as economic development has not yet been determined in a practical manner or on a scale commensurate with the proposed casino potential.*

*In the three major decisions by the people of the Commonwealth, they have voted for political status, for the form of government and what they did not want in economic development.*

*2. There were three months of "political education" on the Covenant to establish the Commonwealth and about 4 months for the Constitution prior to the votes on these very complex documents in 1975 and 1977 respectively.*

□

# Problems of Growth and Investment in Micronesia

by Elizabeth Udui

Modern economics has been bred chiefly in the industrialized nations of the world, and despite its claim for general applicability to under-developed countries, it bears the stamp of institutions and issues characteristic of the "capitalistic" industrialized areas. Thus, as new nations emerge and strive for economic independence and economic growth, they tend to apply various classifications to their national economies without too much question. The upshot of such exercise has often proven to be more self-defeating than the resulting value derived.

The problem of the content and relevance of economics thus arises inescapably. Are the economic principles taught by the industrialized nations of the world really susceptible to general application? Or are they culture-bound and relevant mainly to industrialized countries? Is it possible to create a general economics which would be as useful in the United States, West Germany, or England as in Singapore, Fiji, Togo or even in Micronesia? Or must we be content with several species of economics which will remain distinct in intellectual content and applicability? Is it possible to create investment opportunities in island nations, or are the factors mitigating against development overwhelming? The answers to these and many other related questions must surely depend upon the analytical approach one may wish to take, and the comparative experience and results that could logically follow.



The problems of modern economic growth in Micronesia are by far no different than those being experienced by other developing countries of the world. But, while the elements of modern economic growth for developing countries continue similarly to plague the island governments in Micronesia, several factors, both fixed and man-made, have contributed to the exacerbation of economic woes and creation of seemingly insoluble economic problems. These then are questions we would raise as we consider the various problems of economic growth in Micronesia.

It has long been recognized that among the developing nations, the economic problems of small islands or island nations are not only numerous but perhaps more complex and tenuous when compared with those of countries with large contiguous land areas. This is certainly true in Micronesia, where development, which entails encouraging investment in productive enterprises, must of necessity be balanced against possible destruction of fragile island environments.

We consider the problems of economic development in Micronesia the problems of investment, rather than of social welfare. The process of investment is the accumulation of capital--funds, machinery, etc.--in quantities large enough to bring profits to the investor and to encourage economic growth. Investment

is directly concerned with such intangibles as the will of the people to seek out opportunities for economic advancement and their willingness to take present risks in order to make future profits. It also involves the will of the government to initiate policies which will allow new economic opportunities to be seized and developed. Awareness of the complexity of some of the issues involved in establishing successful investment in Micronesia will lead to solutions to some economic problems and could give insights to specific areas where economic growth could take place.

As a starting point, we should first consider the fixed factors in Micronesia's investment environment--geography and location--and then intangibles such as the people's will to invest, government policies, labor, infrastructure, financing, and markets.

### Geography

The two features of Micronesia which are strikingly evident are smallness and isolation. Great distances separate the major administrative/commercial centers in Micronesia. Even within a single state, expanses of water ranging from a few yards to hundreds of miles separate various islands from each other. All of the Micronesian islands are long distances

from major trade centers in Asia and the Americas.

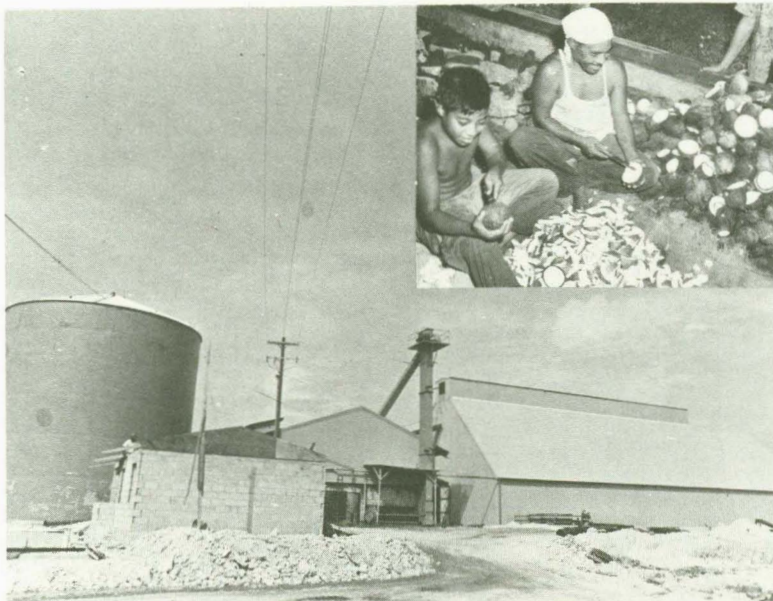
The islands are further constrained by their small size (together they total only 720 square miles) and by their dispersion over 3 million square miles of ocean. They have few natural resources, few raw materials, and few primary products to develop or export.

These scattered, small-sized land masses result in a scarcity of fertile land areas, and comparatively few acres of level land for commercial agriculture purposes. Even if a commercial farm were established, its operating costs would be high since it must remain small due to limited local market outlets and lack of export opportunities. Micronesia, as do many other Pacific island areas, depends on only one export--copra--grown and harvested inefficiently in the subsistence sector.

Mineral resources on land are scanty, with no apparent opportunities for development outside of phosphate and bauxite deposits in Palau and some scattered industrial clays in Yap, Ponape, Palau and Truk, which may make a marginal local building industry possible. Exploration for offshore minerals and hydrocarbons is not possible at this time, with the exception of a few areas of shallow depth. The exploration and development of the deep waters in Micronesia's 200-mile zones requires expensive and sophisticated equipment not widely in use. Developers prefer to continue investigations of areas in which production of hydrocarbons has already been proven.

Still unexplored, with the exception of tuna, are the opportunities to harvest products from the vast expanses of the ocean surrounding the area. With the exception of Van Camp Seafood and one small cold storage plant in Palau, there is no large scale local investment in marine products processing. The Micronesian governments are, however, receiving income from the rental of fishing rights in the 200-mile zones to Japanese, Taiwanese and American fishing fleets.

While geography, isolation, and few natural resources do place limits on investment opportunities, Micronesia's location in the central Pacific makes some of the islands potential sites for transshipment centers for Pacific trade between Asia and the United States. Lack of industrial development, isolation from population centers, tropical climate and unique cultures make it ideal for tourism development.



Copra oil mill in Majuro, Marshall Islands. Small island countries such as Micronesia usually have a less diversified economy than other countries at the same level of development and tend to specialize. In the case of Micronesia, this specialization is in copra and coconut products.



Geography then is the setting in which the intangible influences on development play out their roles.

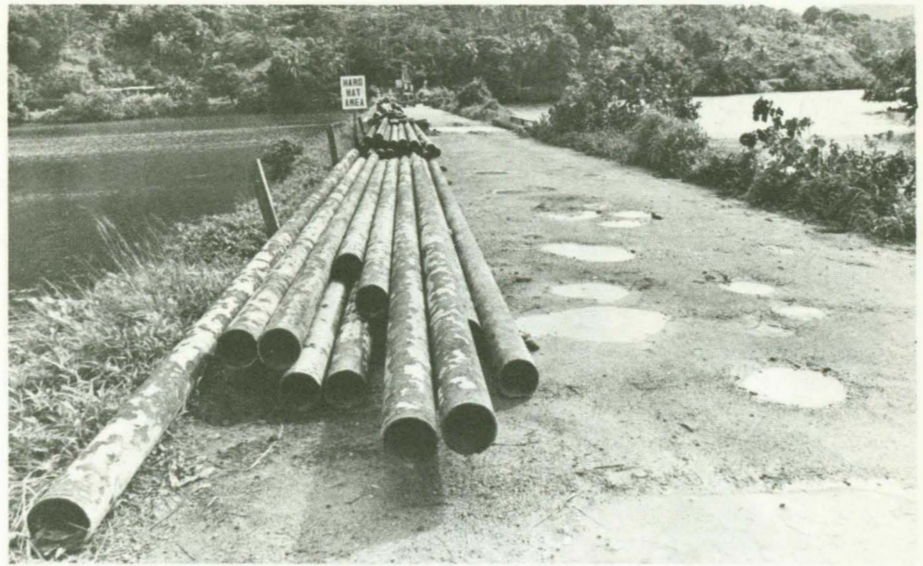
### Will to develop

Notable throughout the U.S. administration of Micronesia has been the reluctance of investors, both Micronesian and foreign, to pursue innovative business development schemes in Micronesia. This may be because the very nature of investment involves initial sacrifices with little hope for immediate return on investment and mostly for long term possible future benefits.

There has been no real desire evident on the part of the local people to risk their capital in any business activity outside of retailing where almost all losses can generally be passed on to the consumer. There are few Micronesian "entrepreneurs" who will take high risks in the hopes of large profits. These enterprising people are looked on with suspicion by the rest of the Micronesians. In their dealings with foreign investors, Micronesians appear to play the role of "silent partner" leading one to believe sometimes that their participation in a joint venture is to make it palatable to the general population without assuming any of the risks involved.

The reluctance on the part of Micronesians to take a risk position in any venture may well be due in part to the social structure of the islands. For while the island extended family acts as a social security system for its poorer members, the increasing demands the family puts on its wage earner members truly inhibit incentives to save and invest. It is estimated that the dependency ratio in Micronesia is 7:1, i.e., each wage earner supports at least 7 dependents. Group mores and cultural restraints imposed by the extended family system inhibit risk taking and prohibit individuals from advancing too far ahead of the group in terms of personal gain.

Family and clan ownership of land place cultural restraints on development. An entrepreneur must spend considerable time, effort and money to clear land titles from complex social and legal problems in order to provide the land necessary for his development project. There is no domestic real estate market which enables land to move easily into higher value uses, and no title insurance. Land titles issued by the various Land Commissions may still be subject to claims from Micronesians residing outside the Territory for a period of 20 years after the title is issued.



The conditions of roads in Micronesia may drive prospective investors away...or if they stay, it may take a while for them to get over their initial shock.

The Micronesian situation bears out the contention by leading development economist W. Arthur Lewis that an extended family system and rapid economic growth are rarely found together. He adds that reluctance to encourage economic growth is probably directly related to fear of breakdown of this social system which provides so many benefits to its members.

Also exacerbating the reluctance to take risks is the propensity of the more affluent Micronesian citizens to consume imported goods. In the eyes of local businessmen, retailing is a much more palatable place to invest than in manufacturing goods from local materials. In Micronesia the propensity to consume imported goods is so overwhelming that the cottage industries found in other developing countries which produce low cost consumer goods from local materials do not exist.

Lacking the experience of cottage industries, there has been no incentive to develop modern or even semi-industrial methods of manufacturing in Micronesia. Establishment and management of manufacturing ventures are thus not familiar methods to local businessmen who prefer, except in a very few rare cases, to stick to retailing. The only government effort to encourage development of manufacturing techniques is in Ponape where the Small Industries Center attempts to train local craftsmen and then assists them to set up small low-technology manufacturing ventures.

### Government policies

Other than a few unsuccessful ventures such as cacao, coir fibre, a boatyard and running hotels for its employees, the Trust Territory Government has maintained a "hands off" attitude toward private business and turned rather substantial efforts to the improvement of social services on a broad population basis. Millions of dollars have been poured into education and health programs in this one-sided approach with the result that there is a relatively highly educated and healthy labor force available, but no jobs.

The lack of a strong pro-business attitude on the part of the Micronesian governments, coupled with the glaring lack of development of the private sector, must have been confusing the potential investors. Even more confusing must have been the adoption by the Micronesian Congress of a Five-Year Indicative Development Plan calling for cutbacks in government spending and for development of the productive sectors and the subsequent actions of the new entities to increase their own employment in the areas of administration, health and education.

The policy of the U.S. administration since its very beginning was to protect against exploitation. Even the meager expression of interest in development too often was met by the local political and business establishments with suspicion and in certain cases with strong resistance.





Beaause of its favorable location, Micronesia offers investment opportunities in



fisheries

In the area of foreign investment there was no active promotion done by the government, and real desire to make investments involving substantial amounts of capital on the part of the foreign investors was wholly lacking. Where a firm interest was shown by an investor, he was not actively assisted with his investment proposal and invariably he would be forced to run the gamut of the various bureaucratic procedures and requirements alone.

The Micronesian governments have not been as sensitive to the need for economic growth in the private sector as they might have been had they not been wards of the United States and their entire economy subsidized for over 30 years. The arrangements being sought in negotiations for future political status stress continuance of these subsidies leaving one with the impression that the sense of urgency for welfare payments overwhelms that for economic development.

A decisive factor in local governments' attitude toward encouraging investment was that they did not have complete control over the investment process and were more eager to expend their efforts in seeking determination of their future political status. Under the Territory's foreign investment law, local foreign investment boards could only make recommendations as to the desirability of certain investments, while the High Commissioner was the final authority. Total responsibility for regulation of foreign investment has now been transferred to the entities and the situation may change.

While this may explain reluctance of the local governments to encourage investment, the reasons to invest or not to invest in Micronesia on the part of various prospective foreign investors are less easily ascertainable. One can never be certain whether or not foreign investors actually believed that opportunities for a significant return on their capital could be found in Micronesia. Perhaps this in part is due to fragmentation and isolation of the area. Often, investors cited the world economic situation, the distance from major investment centers, the uncertainty of the stability of the new governments, and lack of infrastructure as reasons not to invest. They also complained about the time consuming bureaucratic processes they had to follow in order to set up their business.

Overall in Micronesia, there are few investment opportunities which do not require imaginative thinking, large inputs of capital, additional infrastructure, protective tariffs or incentive measures. With Micronesian businessmen dominating the retail sector, the government owning, controlling and operating utilities, large construction projects bid out at the international market place, new investment opportunities are actually restricted to high risk areas in agriculture, marine resources, industry, and, possibly, offshore minerals.

If the more recent past is any lesson, successful investment in Micronesia will need deliberate government intervention in the economy to act as a catalyst for

productive enterprise. Indeed, positive thinking, if not reorientation in thinking on the part of the governments, will probably be required to achieve significant economic growth. Various actions such as imposing high import taxes on commodities being produced locally, access to government transportation and communications systems and so forth will be necessary.

In the past the government has engaged in business, not for profit, but in pilot projects to test feasibility, or for convenience, such as running a government-owned hotel to provide accommodations for government employees on field assignments or to expend "windfall" federal funds which by happenstance became available. At one time, the government operated a handicraft marketing outlet which was later taken over by private interests and subsequently, without the government support, could not continue to operate at a profit and closed down. Too often government assisted projects or businesses failed when the government dropped out, due to lack of management skills, or, in the case of government granted soft loans, failure to service such loans.

At the present time, the government operates a broiler project in Truk, a small industries center in Ponape, and a feedmill project in Palau which are slated to be turned over to the private sector, if feasible. It also owns and operates utilities.

One possibility of resolving the problem of risk is yet to be tried. The Micronesian governments could form corporations jointly with private interests





*tourism*



*transshipment*

to engage in high risk ventures or to take over existing utilities. Such government investment would be desirable where the private sector is unwilling or unable to take the initiative. Such enterprises would be partially owned by the government and partially by private (either domestic or foreign) interests. The involvement of the government and concomitant protection would enable these enterprises to have a better chance to make a profit or break even. They would have access to financing, management and technical assistance from sources normally available only to governments. Through their unique combination of government and private resources they would have the flexibility needed for business success.

### Incentives

Micronesia's investment climate, no matter how restrictively its foreign investment law was administered, could have encouraged and attracted investment. For example, there are no limits on the capital structure of investment (except in the case of corporations formed in the Territory where at least 3/4 of the authorized stock must have been subscribed for and ten percent (minimum \$1,000) paid in). By filing a simple registration statement and posting a \$5,000 bond, a foreign corporation could be allowed to register. Applications for foreign investment permits could be submitted to each entity in Micronesia with a \$100 filing fee. A separate filing fee is required by each entity at this time and local business

licenses are available with payment of a minimal fee.

There are no restrictions on entry and repatriation of profits or limitation of profits or dividends. There are no provisions and authority for appraisal of technology; there are no rules regarding quantum and extent of royalties, technical service fees, or other restrictions on technology transfer. The government does not reserve any rights to minerals or other resources on land, other than in its homestead program and land exchange situation.

Tax rates are low, although based on a gross receipts formula rather than a net profit—a fact which makes it unpalatable to some exporters of commodities who are locked into prices fixed by the world market. Copra producers pay no income taxes; business (both resident and non-resident) is taxed only on that portion of income derived from within the Trust Territory; and thus, double taxation is not a concern.

Despite these and possible other inducements to investment, no significant inflow of capital was detectable and it is doubtful if a systematic program of incentives undertaken by the government could have done much. A recent study by ESCAP (United Nations Economic and Social Commission for Asia and the Pacific) on "Reorientation of Industrial Policies" points out a painful fact too often forgotten in developing island nations, that is, neither government restraints nor incentives have been successful in encouraging establishment of industry where infrastructure, availability

of finance, markets and skilled manpower are not available. This is an observation which is seen so true in the Micronesian experience.

### Infrastructure

The condition of Micronesia's infrastructure is a deterrent to investment. It is often remarked that if a prospective investor visited Micronesia to look at business opportunities, the very condition of the roads would drive him away. And even if he stayed, it would take a while for him to get over the initial shock. Local businessmen complain about recurring power and water outages which disrupt the normal flow of business.

Transportation and communications systems are vital to economic development and to the encouragement of investment. While some islands do have access to world-wide communications, it is on a very limited basis. Only few areas in Micronesia are served regularly by shipping lines from international ports. Micronesia's transportation systems on the whole are geared to imports, and, with only the one way cargo, freight rates are high. Micronesia needs export industries, if only to insure that transportation services for imports will be available in the future.

All areas have sporadic shortages of water and power, and many areas lack modern warehouses, cold storage plants, docks and harbor facilities. Power systems are dependent upon imported fuel and world technology in alternate energy sources is not advanced or safe enough to be substituted at lower cost. Many large



businesses have found it necessary to supplement local power and water systems with their own generators and water catchments.

The Trust Territory Government is well aware of lack of infrastructure. In 1976, it began a \$233 million capital improvements program with its goal to establish basic minimum infrastructure in the Territory. These projects include airports, sewer systems, power, roads, water, docks, etc. The program is scheduled for completion in 1981.

In addition, a \$3.3 million program to upgrade and expand the communications system has also begun and consideration is being given to the use of satellites to further improve communications.

These investments may still not be enough to stimulate private investment to the extent needed to move the economy ahead. The present program will provide the basic facilities needed for the present residents of administrative centers, but no provision is made for expansion of population, new business development, maintenance or replacement.

While the benefits of this program cannot be disputed in terms of social welfare of the population, it is the productive sectors of the economy in the end that will have to support the public sector. Infrastructure, strategically planned and sited to encourage production, could serve as a catalyst for productive investments in Micronesia, by supporting already established industry and providing the base for encouraging clusters of new industry. It is important that social services do not run away with the entire public sector budget of Micronesia, to create a proliferation of areas which are beyond the capacity of the economy to support, even considering grants from the U.S. Government. It is also important that public funds be shifted to expenditures on infrastructure which is needed to encourage investment, possibly to the detriment of some government-provided social services.

### Manpower

As far as the Micronesian labor force goes, it is dispersed and generally untrained. Its general attitudes toward work and productivity are sometimes disappointing to modern businessmen. The private sector is at a particular disadvantage, as government wage rates have been established without regard for supply and demand of labor, productivity, or wages prevailing in the private sector.

This puts Micronesia at a comparative disadvantage with Asian or Pacific countries where wage costs are lower, and productivity is on a similar or higher level.

In the traditional, subsistence sector, or the sector where a surplus of goods -- marine, agricultural, handicraft -- would normally be produced and sold for cash income, people prefer to produce only enough for their own subsistence needs, as selling their surplus would not give them the income that a wage earner in government employment makes. This is particularly true in the outer island areas, where villagers, formerly donating their labor for community projects, have now found out that U.S. federal programs will pay them a wage for the same work. When the federal programs terminate, villagers may no longer be so willing to donate labor.

Low wages in the private sector and the pervasive influence of government employment have led to misallocation of labor, to low productivity, and -- a penchant for desk jobs. The problems related to productivity, however, can be and have been, in some instances, overcome through proper incentives and training.

Micronesia, as many other island countries, does have a favorable population density ratio, with the exception of Ebeye, as compared to the countries of Asia. Similarly, the Micronesian per capita income (\$820) which relies on U.S. Government grants as its base, ranks it high among the developing countries. Micronesians, themselves, are also better educated and in much better health than many Asians, making for a strong labor force. And, if the labor force is limited in numbers, it has much high living standards and aspirations than its neighbors.

An important part of the development process is the activities of managers of capital (property) which involve a whole range of special skills from management to technical. Micronesia is at a particular disadvantage because many business management skills are best learned only by practice and not from books. As the private business sector in Micronesia grows, management skills will most likely have to continue to be imported. In order to ensure that these skills are passed on to Micronesians, it might be advisable if the Protection of Resident Workers Act were revised to require businesses to employ at least a certain percentage of local residents in supervisory and management jobs to learn these skills from the imported labor.

### Markets

The greater is the market or perceived market for goods, the greater the propensity for investment. Markets are facilitated by large contiguous wealthy populations, consumer demands and accessibility. Where transportation systems are too meager and expensive to extend markets, such as in Micronesia, production for internal markets can be stimulated to some degree but ambitious expansion beyond what internal markets can absorb will have both short and long run difficulties.

In Micronesia, consumer spending is not dependent upon income from productivity and production of investment goods. It is derived almost 90 percent from grants from the U.S. Government which are used to pay salaries. Because there are no productive enterprises, the local market becomes a function of the amount of money being paid out in government salaries.

As long as government funds are used predominantly for salaries, the purchase of consumer goods will probably remain high in proportion to savings as there would be no incentive to save for investment purposes, only to save for purchase of more consumer goods. Savings in Micronesia are more likely to be put into improvements in housing, which, while significant in terms of capital assets and construction, is not significant in terms of productive enterprise.

In Micronesia, high freight rates between domestic market centers and raw material sources and between foreign markets and potential centers of Micronesian production seem to indicate that import substitution industries would be the most logical place for investment. The islands' small and scattered populations cannot support viable import substitution industries without government protection and support, as economies of scale would require production for the export market as well. Government encouragement and protection of infant import substitution industries may not be a desirable method to achieve growth simply because of the restricted size of the domestic market. While support of local industry would normally call for the government to impose import taxes to force the price of imports higher than local products, in Micronesia this policy may lead to the development of highly inefficient domestic industries at a cost too high to be borne by the economy or consumer. The steep increases in oil prices and resulting



changes in factors of production, may now call for capital intensive, rather than labor intensive projects and the very demands of the capital investment call for larger markets.

Markets to stimulate local industrial production could be encouraged by cooperation among the governments of the region to encourage regional trade. But even if the market problem could be alleviated, consumer taste in the islands has been geared to imported products for more than 20 years and locally produced goods of possible lower quality may prove most likely to be unpalatable to the local consumer, in competition with imported brand name items. In the absence of some world-wide catastrophe or radical change in government policy, imports will no doubt remain as high as they are today, or about \$400 per capita.

The islands have a relative disadvantage for producing goods for their neighbors and closest markets due to high transportation costs and quality control. For example, in shipping produce from a Micronesian state to Guam, quality is of great importance. Because of high freight rates and erratic plane or shipping schedules, the prices of Micronesian produced items are close to or even higher than prices of produce imported from the United States or Japan, and they must be marketed on their quality.

Micronesia has obtained favorable tariff treatment from the United States and a few other countries under the GSP (Generalized System of Preferences) system. This system, however, does not give the Trust Territory a comparative advantage over other developing countries for exporting to GSP offering countries. As most of the other developing countries have low wages in the area of agricultural production and processing, special exemptions from the tariff or highly capital intensive industries with sophisticated technologies, paying high wages, and producing competitively priced products are required in Micronesia to overcome this disadvantage.

Thus, Micronesia will probably continue to rely on one, two or three export industries--copra, fish and tourism come immediately to mind--which must have a comparative advantage for success.

#### Financing

Obtaining adequate financing for business ventures is another obstacle to investment in Micronesia.

At the present time, a Trust Territory usury law prohibits interest rates higher

than 12%. Outside of Micronesia, interest rates range from 12% to over 15% for high risk loans. Local banks have never been aggressive in making loans and their conservative lending policies have been reinforced by the usury rate and by the lack of mortgage laws with which they can feel comfortable.

The banks' policies have tended to reinforce the local, existing business structure and to grant loans on a personal basis, mainly for the retail trade. Complicating the reluctance of the banks to pursue an aggressive loan policy has been the need for bookkeeping capability in small local businesses, lack of technicians to process loan documents, lack of accountants, and, because of the limited potential for loans, limited profit potential for the banks. Interest income from total loans which could be made is not an incentive for the banks to support the level of service and hire the type of personnel who would aggressively generate and pursue credit-worthy loans.

In addition, pressure has never been brought on the banks by local governments or businessmen to expand their capability to make loans. Proposed government action in some entities, which would require retention of capital in the banks of Micronesia, may force banks to make local loans, but this is probably not the answer to obtain adequate financing from sources within Micronesia.

Foreign investors have more of an advantage in obtaining financing than the local businessmen, in that they could secure loans with off-island collateral. However, large corporate businesses which might finance through this method would prefer to have their investment protected in terms of perpetuity under stable governments and be assured of a reasonable profit on their investment. The present possible terms of land leases (40 to 55 years maximum with no option to renew) and restriction on ownership of land by non-citizens, added to the other constraints listed above, no doubt have deterred foreign corporations from exercising this means of securing investment financing.

While it is not possible for non-citizens to purchase land in Micronesia, leases with long tenure are possible and could be obtained. In view of the development which has taken place in Hawaii and Saipan using leaseholds, there must be factors other than ownership of land which predominate in any negative investment decision.

Foreign investors may feel insecure in putting up capital intensive businesses if they feel that the government is unstable and cannot offer them security from nationalization or expropriation. Since Micronesia is a high risk area, investors need large profits to be able to recoup their initial investment and then some as quickly as possible so that if the businesses failed or were taken over by the government for some reason, their losses would be minimal.

#### Conclusion

As can be seen from the above, it is extremely difficult to encourage investment in Micronesia due to geography, small market size, limited infrastructure, absence of industrial or manufacturing experience, inadequate financing, lack of will for development, and high labor costs compared to neighboring developing competitive areas.

Two means to stimulate investment discussed above would seem to be logical at this stage in Micronesia's development. One would be to put maximum effort into infrastructure to create the basic structure for development. The second would be to encourage the development of needed, but high risk, local industry through formation of semi-government corporations.

These recommendations, if implemented by the emerging governments of Micronesia, may do much toward reducing uncertainties which the private investor might see as deterrents to direct investment. They could prove the profitability of selected enterprises and thus encourage new investments in Micronesia.

In pursuing these development goals, the Micronesian governments must seek to achieve a balance between meeting the social aspirations of their peoples and their development needs and between being a welfare state or an entrepreneurial state. As we look toward the future, we are optimistic that the institutional, cultural, geographical, political economic and other obstacles to investment can be overcome by vigorous action of the emerging governments of Micronesia and that they are willing to make the sacrifices necessary to obtain long term benefits for their people. Some of the most successful economies of the world are found in small countries, including island states such as Singapore and Hong Kong. There is no reason why the Micronesian island states cannot join them. □



# HISTORY OF NURSING IN THE TRUST TERRITORY

by Mary O'Regan



*Mrs. Isobel Winkel, wife of the Trust Territory High Commissioner, addressing the newly graduated nurses on Saipan, Commonwealth of the Northern Marianas.*

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*The present Nursing Division in the Trust Territory of the Pacific Islands has evolved over a span of some 30 years. From its humble birth in 1947 when President Harry Truman signed the Trusteeship Agreement making the United States an administering authority of Micronesia, the nursing program was first initiated at the Guam Naval Medical Center under the Administration of the U.S. Navy.*

## BRIEF HISTORY

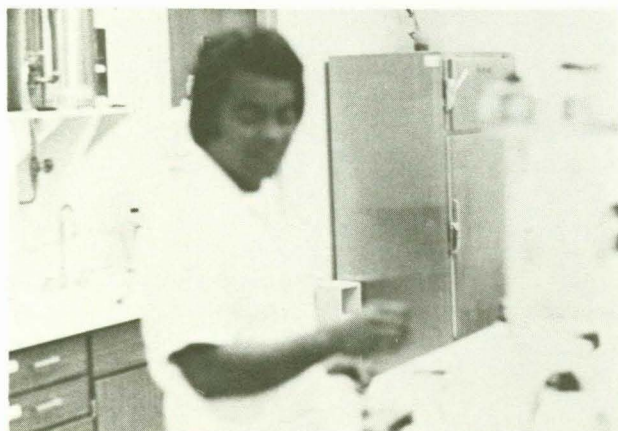
In 1953 the original School of Nursing was established by the Government of the Trust Territory on the island of Moen, Truk District. It later moved to Ponape, then to Palau. In 1963 it was moved to Saipan. The present campus was built in 1968. Affiliation with the University of Guam, was established from 1972 to 1975. The University of Guam conferred the first Associate of Science Degree in Nursing to the graduates of Class of 1973. In May 1975 the School of Nursing was transferred from the jurisdiction of the Trust Territory Department of Public Health to the Community College of Micronesia under the Department of Education. In February 1978 the School of Nursing was transferred from the jurisdiction of the Department of Education to the College of Micronesia Board of Regents.



## BECOMING A NURSE

A prospective student of nursing must be accepted at the Community College of Micronesia (CCM) by passing certain entrance requirements, one of which is a comprehensive examination in English, Mathematics and Reading comprehension. Students begin their studies at the CCM campus in Ponape State with the intent to study nursing. However not all find nursing what they expected. Some find the academic work too demanding, and change their field of studies. This is not unusual for any college student. Those who continue their studies in Nursing will complete the first year at the Ponape campus, and then transfer to the CCM School of Nursing on Saipan. The medium of instruction is in the English language. While at the School of Nursing on Saipan, the students gain their clinical experience at Doctor Torres Hospital by rotating through each of the Hospital services. This includes the operating room where students will scrub-in and assist with surgery, and the delivery room where the students will also assist with the delivery of the newborn.

At the present time, there are about 20 senior nursing students undergoing their clinical experience at Dr. Torres Hospital in Saipan. After two and half years of intensive studies and clinical experiences, the student graduates as a Graduate Nurse with an Associate Degree in Nursing.



*Mr. Podus Pedrus, Charge Nurse, Hemodialysis Unit, Ponape State, Federated States of Micronesia.*

## TRUST TERRITORY PROFESSIONAL NURSES

If we look at the graduate nurse in the Trust Territory today, we find that 40% are male and 60% female. In fact two of the six Chief Nurses in the three political entities (Palau, Federated States of Micronesia, and the Marshalls) are men. The graduate nurse in Trust Territory is a graduate of either the three-year program instituted by the United States Navy in Guam, or the present two and a half year program initiated by the Trust Territory Health Services, and more recently the CCM School of Nursing Associate Degree Program. The

graduate nurses of the Trust Territory of the Pacific Islands have had a good preparation for their responsible jobs. The whole Nursing component of health care services in the Trust Territory has been, and is today being met by 169 Micronesian graduate and registered nurses.



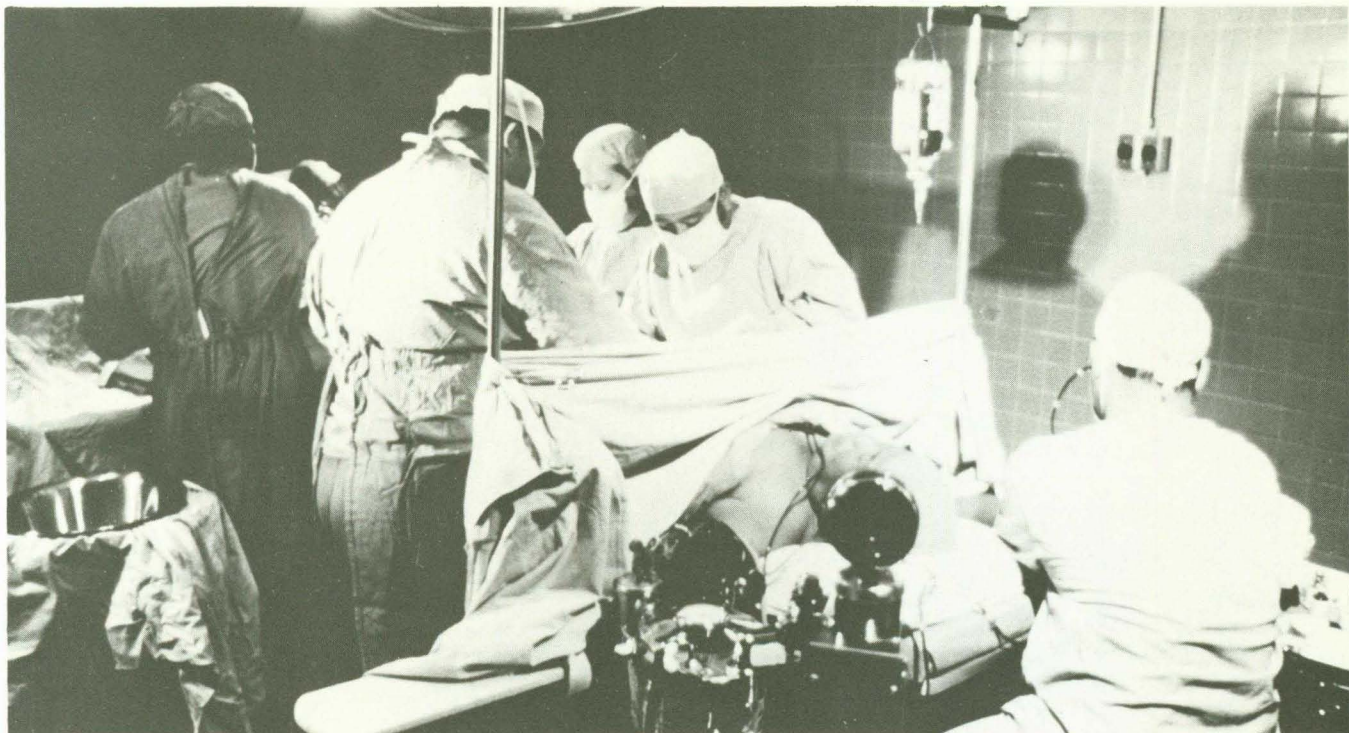
*Mrs. Shinobu Poll, Chief Nurse of Truk State, Federated States of Micronesia.*

## DUTIES AND RESPONSIBILITIES

Major duties for nurses in Micronesia include deliveries, giving newborn care, care of the medical/surgical patient, minor surgery, i.v. therapy, assisting the Medical Officer with patient care and keeping records. The nurses function much more independently in Micronesia than in the States. The nurse prepares the operating room and assists with surgery, in addition to running the central sterile supply room. During the evenings and nights, when the medical officer is not in the hospital, although there is one on call, the nurse often sees and treats the patients who are brought into the emergency room. Most recently, the nurse has been assigned to cover the Pharmacy to fill prescriptions in the evenings, nights and weekends. Nurses also are expected to look after the general maintenance of the hospital and report needed repairs.

Nurses visit the dispensaries in the outer islands, villages and municipalities routinely to supervise the Health Assistants and to check on problems. Home visits may be made any time of the day or night in medical emergencies.





*Nurses assisting in the operating room, Doctor Torres Hospital, Saipan, Commonwealth of the Northern Marianas.*

### PRACTICAL NURSES

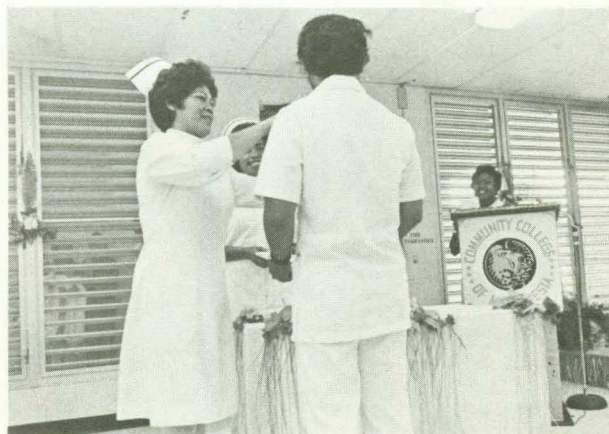
The practical nurse in the Trust Territory is a person who has shown interest in Nursing and has had on-the-job training under the direction of the graduate nurse. The practical nurse is usually in training over a period of one year, or more. The content of instruction for the practical nurse varies according to what clinical experiences are available. There is no formal study as there is with the graduate nurse program. There are approximately 159 practical nurses in the Trust Territory.

### BACKGROUND

Historically, Micronesia, which is composed of 2,100 islands scattered across three million square miles of ocean, has been controlled by four foreign nations, Spain, Germany, Japan and the United States. The first three nations were more interested in raw materials for the motherland, and of course to christianize the natives. This was especially true with Spain and Germany. Japan, which assumed the mandate of Micronesia under the League of Nations in 1914, used the islands for her own interest economically, politically, and militarily. The Japanese health program consisted of hospitals with physicians, pharmacists, midwives and nurses who were Japanese people, and the health program was mainly for their nationals. Only under the United States as an Administering Authority was Nursing established, developed and advanced to its present maturity.

### CONCLUSION

During this critical period with the new governments from the three political entities emerging, Micronesian nurses will need to meet together to insure quality service for the people of all the Islands. It is greatly hoped that through the Micronesian Nurses Association, the professional Association for Nurses throughout Micronesia, that nurses will join together in order to better perform their functions as well as maintain their professional intergrity and cohesiveness. □



*Mrs. Sizue Yoma, former acting Dean of Community College of Micronesia School of Nursing, awarding a graduate nurse pin during the commencement ceremony, Saipan, Commonwealth of the Northern Marianas.*



Holiday in Majuro  
by Mary O'Regan

*'Tis morning now - dawn is breaking  
Clouds are low and threatening  
Heavy with moisture  
Winds blow furiously  
Telling me  
It's winter on this coral rock*

*Ocean waters peak with whltecaps  
Wanting to pass their furor  
Across this narrow strip of island  
To sister waters of the lagoon*

*Where are the people?  
The streets are empty  
Of passing cabs and cars  
I enjoy the solitude of my walk  
To the Hospital: Majuro is on Holiday*

*I turn the corner and enter  
Into the bustle  
Of the Out Patient arcade.  
Majuro comes alive!  
"Business as usual"*

*For the diabetic knows no holiday.  
Those who come each morn at seven  
Are here again today.*

*That, holiday or no-  
The Hospital is there  
For whatever the needs may be*

*Majuro on holiday, a happy time  
For children playing with friends  
The songs of youth, the winning team  
Shopping for dresses-to-be  
All add to the festive atmosphere  
For this visitor called ME*

*But the quiet zone of the Hospital  
Knows no holiday today for those  
Who come and go  
To the place where caring never ceases  
And loved ones rest assured*

FEAR  
by Val Sengebau

During the midnite hour  
When silence reigns  
I sit alone until four  
With my thoughts so sore  
Over my souvenir  
... of unfulfilled promises  
... and of broken hearts.  
Then cautiously fear creeps in  
Like a chilling night wind  
That freezes the soul's wit.  
The fear that fears fear  
And fills the mind and heart  
With unreasonable doubt  
and reprisal jealousy and hate.  
Fear that poisons the mind  
And cripples the heart,  
You turn sunshine into pitch black  
Yet you fear death itself  
Your epitaph shall be:  
"Here lies fear  
Vanquished by valor  
And trust in hope."

MAMANG  
by Anne M. Udui

Out on the beach,  
we sat just my  
mamang and me....  
and we watched as  
the little ones played by the  
sea.

casual conversations as  
she weaved, for it was  
only through her hands  
she could speak, she  
believed.

At this  
end of the day, we  
spoke like two friends  
half the way...  
and I told her  
why life was easier  
far away.

Like a ship that  
sails out of sight,  
still searching for  
another in the night.

Then she smiled  
and I felt she did  
understand, then she put aside  
her basket and held out her hand.

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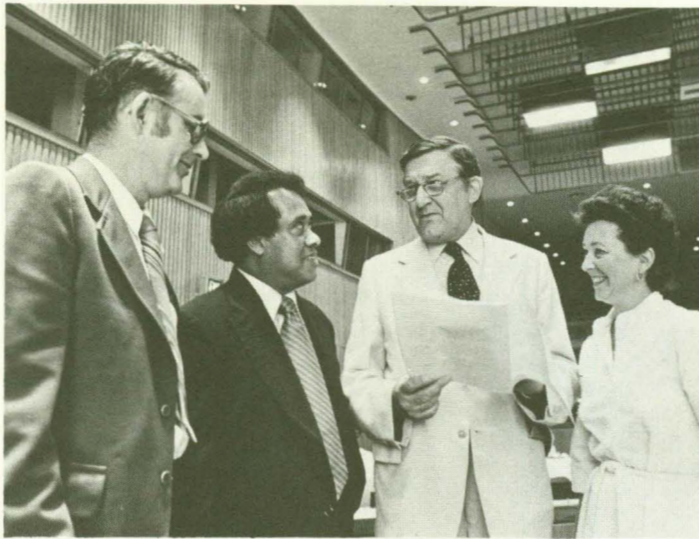
Prearranged stars on  
an unknown night,  
having meaning in what  
they say,....guiding  
my little canoe and I along our way.

The early wind, awakening  
me so that I won't sail  
off course, far away bringing  
my little canoe and I along  
our way.

Still, All is calm and the  
sea gulls bring that something,  
a daydream of land,  
the home I'll see today.

Reassuring....  
my little canoe and I along  
our way.





*Representatives from the Trust Territory Government who attended the the Trusteeship Council meeting during the month of May this year. Left to Right: Samuel McPhetres, Public Affairs Division, Lazarus Salii, Administrator, Department of Development Services, High commissioner Adrian P. Winkel, and Mrs. Irene M. Johnson.*



*Delegation from Palau to the United Nations. Left to Right: Tosiwo Nakamura, Speaker of the Palau Legislature, Mrs. Elizabeth Nakamura, Vice-Speaker Santos Olikong, Legislator Victorio Ucherbelau, then Acting Reklai Eusevio Termeteet, and Palau Deputy District Administrator Haruo I Remeliik.*





*Delegation from the Commonwealth of the Northern Marianas. Left to Right: Pete Tenorio, President of the Senate, Marianas Legislature, Governor Carlos Camacho, Legal Counsel David Price, Eddie Pangelinan, Washington Representative for the Northern Marianas Government, and House Speaker Mitch Pangelinan.*



*Delegation from the Federated States of Micronesia. Left to Right: FSM President Tosiwo Nakayama, FSM Washington LNO Asterio Takesy, Jame Stovall, FSM Washington legal consultant, Adon Amaraich, Secretary for Foreign Affairs, Fred Ramp, FSM Attorney General, and Dan Perrin, National Planner.*



*Representative from the Government of the Marshall Islands. Left to Right: Aton DeBrum, Secretary of External Affairs, and Richard Copaken, legal consultant for the Government of the Marshalls. In the background are two legal staff.*



# Trust Territory of the Pacific Islands

Prepared by Public Affairs Division, Headquarters

## BACKGROUND

The Trust Territory of the Pacific Islands, known collectively as Micronesia, was established as a Strategic Trust Territory by the United Nations in 1947 with the United States as the administering authority.

Since 1947, there has been a gradual assumption of self government in various parts of the Territory depending on the freely expressed wishes of the inhabitants. It is anticipated that in the near future, the Trusteeship will be terminated and the following new governments will be fully established:

### THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Office of the Governor  
Commonwealth of the Northern

Mariana Islands  
Saipan, Mariana Islands 96950

Located south of Japan and just north of Guam, the Northern Mariana Islands will become a Commonwealth of the United States with full U.S. citizenship status being granted upon termination of the Trusteeship Agreement. This status was chosen by the people in a U.N. observed plebescite on 17 June 1975. It now has a constitutional government with nearly all of the prerequisites and responsibility granted by the new status. The seat of government is in Saipan, NMI, and is headed by a governor elected by popular suffrage.

### THE GOVERNMENT OF THE MARSHALL ISLANDS

Office of the President  
Government of the Marshall Islands  
Majuro, Marshall Islands 96960

Following the rejection of union with the rest of Micronesia as a permanent status, the Marshall Islands established its own constitutional government, modeled after the British parliamentary system, on 1 May 1979 in Majuro, Marshall Is. It has a President in place of a Prime Minister and a unicameral parliament (Nitijela). This easternmost part of the Trust Territory has negotiated a political status of Free Association with United States, retaining political sovereignty but granting certain defense rights to the United States Government in return for some services and annual budgetary supports.

## THE FEDERATED STATES OF MICRONESIA

Office of the President  
Federated States of Micronesia  
Ponape, Caroline Islands 96941

The States of Yap, Truk, Ponape, and Kosrae, forming the central area of the Territory, adopted the Constitution of the Federated States of Micronesia on 12 July 1978. The Marshalls and Palau rejected the Constitution. The seat of government is in Kolonia, Ponape and is headed by a President elected by a unicameral Congress.

The FSM, like the Marshall Islands, has been negotiating a political status of Free Association which will retain sovereignty in the local government. In return for certain benefits accrued from the U.S., the defense of the islands will be the responsibility of the United States.

## REPUBLIC OF PALAU

Office of the Acting District Administrator  
Palau, Caroline Islands 96940

Palau adopted its constitution on 9 July 1980 following considerable political activity including two prior referendums. It is expected that constitutional government will be installed in Palau on 1 January 1981 with an elected President and a bi-cameral legislature. Palau is also negotiating for Free Association although it is approaching the concept of Free Association in a slightly different tone than the Marshall Islands and Federated States.

## GENERAL

Pending the termination of the Trusteeship, the three Constitutional Governments are gradually assuming the authority of government from the High Commissioner under terms of a Secretarial Order (3039) which delineates the continued responsibilities of the Administering Authority.

The Mariana Islands was administratively separated from the authority of the High Commissioner in 1976 following approval by the U.S. Congress of the Covenant establishing the Commonwealth.

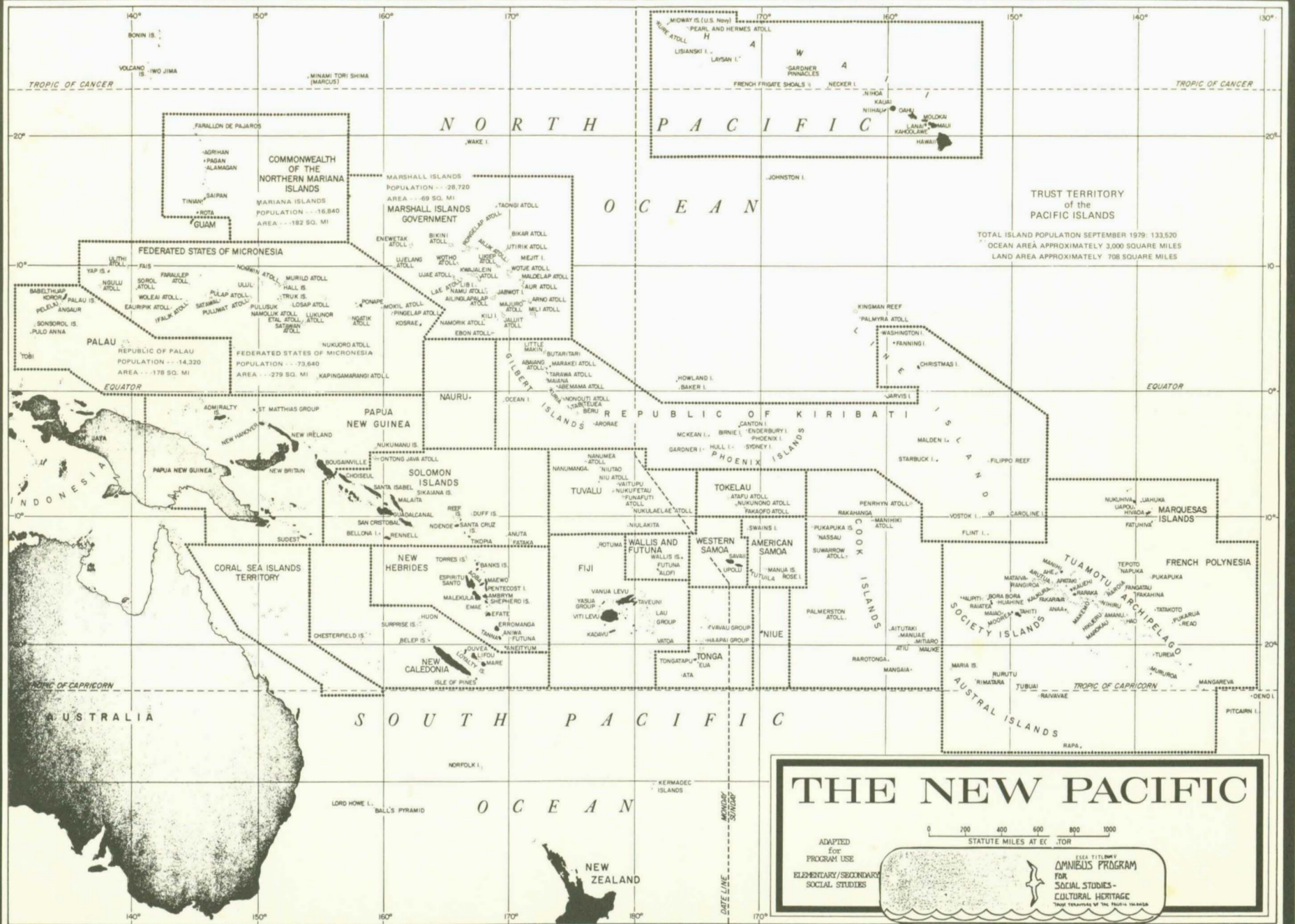
All of the Trust Territory remains legally intact and its inhabitants are Trust Territory citizens, including the Northern Marianas. Termination of the Trusteeship Agreement is expected to be simultaneous for all components, possibly in late 1981.

## FREE ASSOCIATION

The United States is negotiating with the Marshall Is., Palau, and the Federated States for an arrangement by which in return for certain budgetary supports to the new governments and some U.S. government services such as postal and aviation services, the U.S. will have exclusive use rights to certain parts of the area for military purposes as well as the right to deny access to any other national military. The agreement can be terminated at any time by either party. It will be approved in a popular plebescite with U.N. observers after the negotiations have been completed.

The MICRONESIAN REPORTER and its predecessor, the MICRONESIAN MONTHLY (first published in 1951), are available on Microfiche at \$2.00 per fiche for individual copies or \$250.00 for the complete set of 147 fiche through volume four, 1979. The MICRONESIAN REPORTER is valuable source of general information covering the past 30 years of Micronesia development. Order from the Printing and Publications Office, Trust Territory Government, Saipan, C.M. 96950. All orders per-paid. Check should be made payable to the TREASURER, TRUST TERRITORY.







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