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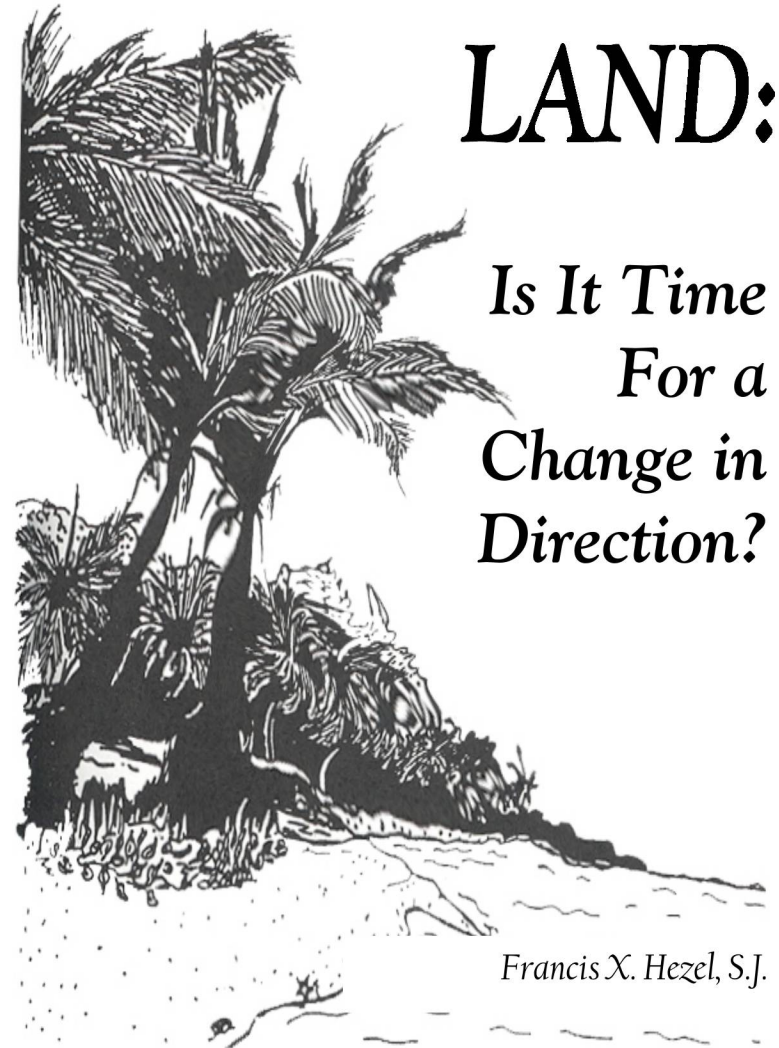
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LAND:

*Is It Time
For a
Change in
Direction?*

Francis X. Hezel, S.J.



Lucio hesitates for a few seconds before entering the store. He has been here hundreds of times before to buy rice, canned meat and other groceries, most of it on credit. A few months ago, as he began serious work on the construction of his new house, he started picking up lumber and building supplies from the store. The store owner, an old friend of his, told him that he could add the cost to his tab. But when he returned three weeks ago to pick up some electrical wiring and plumbing fixtures, the manager invited him to his office and explained that the store would have to begin collecting from the people who owed them money. His own debt was now close to \$10,000 and they would have to ask for payment. Since Lucio has no savings and no steady income, he has no alternative but to offer the store manager a piece of land to pay off his debt.

- *Eminent domain may need to be invoked by the governments to meet their legitimate land needs in the future, especially in connection with public projects such as the airport or dock facilities. Although governments may possess such power on paper, they have been unwilling to use it for fear of paying the inevitable political price.*
- *Zoning measures may soon have to be implemented to guard against private land owners' indiscriminate use of their land for opening rock crushers, car repair facilities, junkyards, and so forth near sites that have a potential value for tourist development.*

Conclusion

Traditions are as vital to the life and welfare of a people as their cash income. People live by their myths, and we have no right to do violence to the quasi-sacral nature of the traditional links of people and their land. On the other hand, the world that Micronesians now inhabit has changed in fundamental ways that are not always reflected in these myths. People ought to be left with their myths intact, but they should not fool themselves into believing that these are operative today in the same way as in years past. Retention of myths is one thing; pretending that the social realities today are ruled by them is another. The latter is what must be changed in Micronesia if land is ever to be used as effectively as it should be in bringing about the development that is encouraged by our leaders.

This is the first of a series of three articles that Micronesian Seminar will be distributing on land use in Micronesia



government as alien from themselves and their own interests. To be honest, the much publicized cases of land speculation at huge profits by some key government officials has not increased the public's confidence in the impartiality of its government. Whatever the truth of the matter, there is surely room for improvement here. Whenever a government leader takes advantage of his position, and the information to which he has access, to fatten his wallet, public resentment only deepens.

Nonetheless, the general attitude of the public must be challenged. The government is, at least in theory, not just another group to further its own interests; it should represent the common good, the welfare of all. There are issues that arise regarding land that will require intervention by some disinterested party to mediate for the sake of the public interest.

At very least, the people of Micronesia must concede to the state and national governments the right to regulate land use, sometimes even determining it, for the common good. There is a foundation for this in some of the states, notably Pohnpei and Yap, where chiefs once enjoyed some authority in this respect. They once did in Kosrae, as well, although the powers of the paramount chief in this regard have long been forgotten. Chuuk is a different case in that chiefs never held any real authority over anything other than family land.

Such a turn-around in thinking will mean popular acquiescence in certain important principles, none of which has been fully accepted to date.

- *Payment of easements for use of land for public projects—roads, phone lines, cables, sewers, for instance—should be minimal if any. Individuals must begin to see that the public good must at times override private considerations. This is a particularly important issue in Chuuk.*



Why Raise the Question?

This little scene has become common today. Land is parlayed into cash, which is used to pay for imported food and other merchandise. Land has come to be regarded as a saleable commodity like bags of cement, lumber, and the fruits and vegetables that the land itself produces. During the past twenty or thirty years land offices everywhere in Micronesia have been recording numerous land sales. During the early 1980s between 60 and 80 land sales yearly, with the total value of land sold exceeding \$200,000, were recorded in Chuuk. Even in Pohnpei, where land sales have been forbidden by law, land often passes from person to person for a price. As the circumferential road was being built around Pohnpei during the 1970s, landowners in each village it reached would sell pieces of land to buy themselves pickup trucks. Later, during the early video craze, some people sold their land to purchase television sets and VCRs with the cash they received for their land. Whether we like it or not, we have to acknowledge that land is being bought and sold like any other commodity.



“We have to acknowledge that land is being bought and sold like any other commodity.”

But Land is Our Strength and Life

Throughout the centuries land has been the source of life for Micronesians. If this was true of all agrarian societies, it was all the more true for the population of a group of small, land-scarce islands. To have land was once to be able to provide for all one's basic needs: food, housing, transportation, and medicine. Land was as much a



basic element of life as the food that was grown on it, and the two terms were used interchangeably on many islands. People spoke of eating from their piece of land. It is difficult to exaggerate the importance that land has always had in the eyes of Micronesians. "Land is our strength, our life, our hope for the future," a Chuukese proverb declares.



Land is not only life, but it is also a way of life, Bill Alkire once wrote. By this he did not simply mean that the patterns of life in Micronesia must be in tune with the rhythms of nature and respond to the availability of resources. He was suggesting that "throughout Micronesia the basic social institutions have been molded by adaptation to the concept and reality of limited land." Kinship itself was molded to fit land ownership patterns. "Land creates the concept of 'blood,'" is the way another author expresses it.

The belief in the primacy of land is expressed in various ways in different island groups. In Yap people are named after parcels of land. Titles to chiefly powers there derive from ownership of estates rather than the other way around. Hence, the Yapese say "the man is not chief, the land is chief." In the Marshalls, people in the not so distant past would usually identify themselves as belonging to a certain named piece of land, for the land was a better means of identification than their own name. In Palau, until recently, the head of a household would take his title from the name of the estate that he held, so he might be known as "Master of a certain piece of land." Micronesian attitudes on the subject are captured in something that an anthropologist on Palau heard again and again: "People come and go, but the land and the name of the



Micronesians were not permitted to stake their land on a loan because there was no way that the bank could assume ownership of the land if the borrower defaulted on his loan. Even if this had been permitted, there was no need to do so in the past since other means of borrowing were readily available.

If his business is unsuccessful and he is unable to repay the loan, the banks should be able to foreclose on him without having to send out the militia to take possession of the land. This can be done if the landowner is given to understand that he may retain the ownership of the land even if he does not have possession of the property. In at least some cases another investor can be encouraged to come in and pay the lease to the original owner, thus giving him some profit from the commercial activity that takes place. The business future of the islands will depend on banks having the authority to foreclose on mortgages. Yet, this can be done more easily if banks employ such mechanisms as to assure the landowner that all is not lost when the would-be businessman defaults on the loan.



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Land Use for the Common Good

There is a lingering attitude throughout Micronesia today that the government is a "foreign" entity. Even if not foreign in the sense that it is administered by a colonial government, it is foreign to the extent that many do not see the government as something representing the interests of the people at large. People generally continue to view the



- *Outsiders who establish a business in the islands will have to be protected against local squatters.*
- *The courts must show impartiality in their judgments, for courts that rule in favor of local interests regardless of the merits of the case will only discourage outside investment.*
- *A spirit of good will and mutual support must be encouraged between the investor and the landowner, preferably with the landowner having a stake in the business.*

This is not to say that landowners should be forced to take imprudent risks in the name of development. They, too, need legal protection. The current legislation, which is tilted toward protecting them over investors, should not be entirely discarded even if it needs modification to be fair to the interests of investors as well. Local landowners will need to be protected against the risk of making a land lease and being deprived of any share of the rewards of possible escalation in the value in their land. Some mechanism for readjustment of land lease values needs to be found in the event that the land appreciates greatly. An agreement that offers the landowner a percentage of the gross income from the business is one way of dealing with this problem. This would give him a stake in the success of the business, making the landowner and the investor collaborators rather than competitors. There are other means that might also be explored, including a stipulation that the land be reappraised at regular intervals during the lease term.

In the event that the investor is a Micronesian rather than an outsider, he should be permitted to use his land for collateral to obtain the necessary loan for his project. In the past



land stays and never, never changes." Such practices and beliefs express the almost mystical relationship that Micronesian people seem to have developed to their land. The dead were buried on the land, the dying sought its refuge, and new generations were nurtured from its soil. The history of the land was an integral part of the family history and an extension of the kin group.

People parted from their land just about as willingly as they would lop off one of their own arms or legs. If land was life for traditional Micronesians, then loss of land was a form of death; in Chuuk, according to one author, it was lamented with the cry "I am no longer alive." A Yapese who had lost his land, usually as punishment for some serious offense, was said to have lost his voice and, in great measure, his identity.

Protection of Land in Post-war Years

The importance of land, which is a scarce resource on small islands, is enhanced by the strong ties that Micronesians have always seen as existing between themselves and their land. The sacral nature of land and its enormous value as a resource has been recognized in post-war years, in Micronesia as in other parts of the Pacific, by legislation designed to prevent islanders from losing land to expatriates. Throughout the trusteeship era even to the present day, private land could not be alienated in favor of non-Micronesians. The sale of land to non-Micronesians was expressly prohibited by law in every part of Micronesia, and the prohibition still remains in force in the Marianas, despite the fact that the population there are American citizens bound by US law. The Pohnpei State constitution goes even further than this, forbidding outright all land sales, even to other Micronesians.



Land leases, too, were strictly regulated. In most parts of Micronesia they were limited to 25 years, for fear that a long-term lease would effectively deprive a family of its land for more than a generation. Moreover, land could not be used as collateral against loans since Micronesians could not forfeit the land to the bank if they defaulted on their loans. Most of the banks were foreign institutions, in the first place. Even if they weren't, however, it would have been unthinkable to deprive an islander of his most valuable possession—an extension of his own identity, as land was viewed.

There was good reason to be concerned about loss of land. Everyone had some familiarity with the tragic loss of land that native Hawaiians and other Pacific islanders had suffered during the nineteenth century. Some had heard the story of the bibulous Hawaiian woman who, while consumed by a sudden thirst, had sold acres of prime land in Waikiki for a jug of wine that she finished off in an evening. The plight of the landless in Asia and Latin America, and the extreme poverty that stemmed from it, served as a cautionary tale to warn Micronesians away from repeating the same tragic mistake. Even if the US could not protect Micronesians from the ravages of social change, perhaps they could at least be spared the loss of their land.

The US administration had adopted a protective stance with respect to land from the very outset of the trusteeship, but its policy reflected more than a concern for land alone. Fearful that large injections of capital and labor to fuel a modern economy would only produce the same results as in the heyday of the prewar Japanese boom, US officials made it their policy to avoid any repetition of what the US saw as exploitation of the islands and their people. Economic development that outstripped the Micronesian capacity to direct it and profit from it would have only benefited the outside investors, US



conditions. Many individual landowners, like Lucio in the story at the beginning of this article, have sold off parcels of land to pay debts incurred at retail stores. People should be encouraged to take justifiable risks with their land for investment purposes, not just to indulge their impulsive habits of consumption. If land is well on the way to being commodified anyway, its use should be channeled responsibly to promote economic growth for the benefit of themselves, their offspring and their nation.

The capital investment in Micronesia in the future will not come from government sources, which have hitherto provided a risk-free environment for Micronesian landowners, but from foreign business interests. FSM and the other Micronesian nations will have to compete with other countries for the capital needed to build the hotels, establish the fish loining plants, and set up the productive industries needed for the development of these countries over the long run. To gain access to this capital, the states will have to provide a hospitable climate for investment and the incentives potential investors need to do business here. People with money looking for an investment opportunity will have to be convinced that they stand a chance of making money in Micronesia.

What does this mean in the concrete? It means at very least that:

- *Land leases must be of sufficient length to attract investors, meaning that the 25-year limit will probably have to be lengthened.*
- *Lease agreements will have to be secure so that investors have a fair chance to recoup their money without fear of the landowners renegeing on the lease.*



elected to do—it must provide an ever increasing share of its expenses by itself.

Hence, it is imperative that land be viewed as a resource for development and that it be used as such. We no longer have the luxury of thinking of land in one way (investing it with an aura that derives from the past) and acting in a totally different way (parlaying it into commercial advantage). It's time to look rationally and objectively at the place that land now plays and will play in the national economy.

Land Use for Private Investment

To create a climate favorable to foreign investment entails nothing less than a radical modification of the set of attitudes that are rooted in Micronesian feelings toward their land, attitudes that have been strengthened by the US administration's protectionist policies throughout the trusteeship. Let it be understood that this does not suggest that Micronesians adopt cavalier attitudes toward land ownership. People should still do everything humanly possible to protect their land, but they must also see it as a resource that can and should be used to win economic advantages for them and their nation.

Investment means a willingness to accept a certain measure of risk, for if the project fails the landowner may have to allow the bank to take his land or at least lease it to someone else. Yet, in recent years Micronesians have shown themselves more than ready to accept such risks under certain



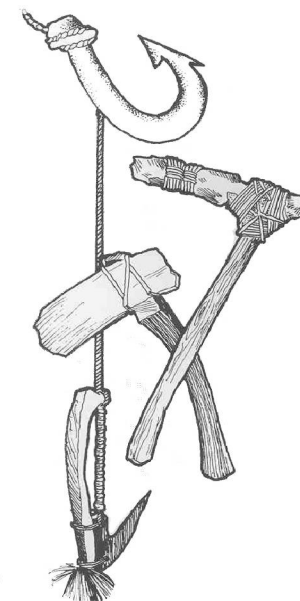
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policy-makers believed. Accordingly, for years foreign investment was discouraged. American capital was finally permitted in 1962, and only in 1974, with the Foreign Investment Act, was money from other nations welcomed. "Micronesia for Micronesians" was a slogan that was scrupulously followed in economic development policy even before it became the rallying cry of young political activists in the late 1960s.

In this protectionist era, seed money for development projects came from the government rather than from foreign investors. A person who wanted to put up a hotel or a store on his land needed not apply to a commercial bank for a loan to do the construction. Indeed, commercial loans were a rarity during most of this period. Prospective Micronesian entrepreneurs were able to secure low-interest, risk-free loans through the Economic Development Loan Fund (EDLF) and other government funding sources. Default on such loans was common but without serious consequences to the entrepreneur since it was generally understood that no one stood to lose land as a result of such defaults. It was the best of all possible worlds for the would-be Micronesian businessman. A person could embark on a development scheme which, if successful, would enrich him and contribute to the development of his islands. If the project turned sour, the would-be local businessman could walk away without any real jeopardy to his holdings.

Development may have been in the air since the 1960s, but it was certainly not a daredevil type in which a person risked his





home to make a fortune. In an age in which seed money was plentiful, people were urged to hang on to their land no matter what. Land sales were becoming more common between Micronesians, but this was to obtain ready cash for consumption, not for investment purposes. If the cash economy and the prosperity it promised fizzled and failed, people could still find an economic refuge and a livelihood on their own land. They could continue to support themselves as their ancestors had for hundreds of years.

Time for a Change?

Although land was once sacred, standing as it did at the center of the traditional resource base, its position is being redefined today. The cash economy, in providing an alternative resource base, has undercut the centrality of land and eroded the mystique surrounding it. People may have once felt that losing their land was like suffering amputation, but many today have come to realize that they can live without land, providing they have the cash to rent a house or to buy an apartment abroad. No longer the marker of identity that it once was, land is coming to be seen as alienable. In the eyes of some, in fact, it has already become just another marketable commodity. As a Marshallese government official so succinctly put it, "Once people said that they belonged to the land; now they say the land belongs to them."

Whatever Micronesians may say about land, whatever they may have believed about its sacred value, people have been treating it as a commodity for some years now. It is being bought and sold as such. In answer to the question "What is my land worth?" a Micronesian might have once answered "My life and more." Today he is likely to assess its worth in terms of the market value of land in a place: \$25 a square meter in town, and \$5 to \$10 in rural or residential areas.



Whether we like it or not, cash has replaced land as the basic currency of the nation and the main form of support. Increasing numbers of Micronesians have chosen to seek a life abroad that offers the guarantee of a paying job and new forms of security. They have confirmed the fact that the economy is rapidly and relentlessly being monetized in those ways that truly matter.

The people of Micronesia have already voted with their feet. Not only with regard to the value set on land, but also in embracing the changes in the aspirations and lifestyle that are guiding the path of development in Micronesia. Outside investment is necessary to spark the economic growth needed to meet Micronesia's future needs. In the past we might have done without a large cash economy, depending instead on sustenance from the land. But not today. The large cost of government services that we have all come to expect today imposes the demand that the national economy be far more productive than it had to be before. In the past, Micronesia might have been able to manage its national finances nicely without achieving a very high level of productivity, but that was with a great deal of help from the US. In the future FSM can depend on some foreign aid, but not subsidies of the magnitude that it received from the US under the trusteeship and in the early years of the Compact. If the nation is to take its place in the modern world—something that its people have

