

February 28, 1962

MEMORANDUM FOR MR. KAYSEN

SUBJECT: Pacific Trust Territories

Recent interest in the Trust Territories stems from the June 1961 report by a special investigating mission of the United Nations Trusteeship Council. This visiting mission wrote a 100-page report, which concluded that American colonial management was both uninspired and in need of urgent repair. Since that time some glacial progress has been made within the Government to improve our policy towards the Trust Territories. As part of the plan to improve our wretched posture in the Trusteeship Council and aid the some 73,000 inhabitants on these islands, the Department of Interior has attempted to remove the \$7.5 million ceiling which Congress placed on the amount which could be expended for the Trust Territories. The Department of Interior did not suggest an alternative ceiling. This raised the hackles of the House and Senate Interior Committee respectively, since the fear that it would lose control over any authorization if the Department of Interior was given carte blanche seemed to exist. The performance of the Department of Interior before the House Committee was not a particularly stellar one. Most accounts suggest that High Commissioner Goding's performance before the House Interior Committee was noted more for its conservative tone and lack of urgency than for anything else. Goding seemed to be opting for a \$12 million appropriation, since administrative costs have arisen for reasons to be explained herein. However, he stated that changes and undertakings in the Trust Territories should be made at a gradual pace over a 20-year period. Goding's performance has been contrasted to that of Governor Lee of Samoa, who had special and specific projects to present to the Committee. Because of his approach and apparent seriousness of purpose, he was able to increase the authorization from \$2.5 million to \$9 million and now \$14 million (BoB approved) for FY 1963 for Samoa. This suggests that there is support in the House for programs of aid if they are made specific enough and if Congress is shown what had to be done and why.

(The politics of personality could contribute to the success of a more substantial presentation to Congress. Secretary Udall, ~~who~~ was a member of the House Interior Committee, and Claude de Sautels, a member of the White House staff under Larry O'Brien, was the Administrative Assistant to Congressman Aspinall, who is the Chairman of that Committee. Hence, contacts are present to undertake the kind of new approach suggested in the letter from Secretary Udall.)

Some recent political changes of merit have taken place in Trust Territory administration. However, they are not of the kind which would result in improvement of economic and social conditions. A bone of contention raised by the UN Visiting Mission was that the headquarters for the Trust Territories administration was outside of the Trust Territories. It has now been moved from Guam to Saipan, and Saipan has now been transferred to the Trust Territories. But this is not an unmixed blessing, since this has resulted in increased appropriation going for administration, rather than substantive aid to these areas. As Commissioner Goding stated to the House Interior Committee, \$12 million would be adequate to meet rising administrative costs, but would permit few if any new programs. It might even have the effect of slowing down the existing development program.

Tax reform is also being considered by Commissioner Goding, although as yet no change has been undertaken. This is an especially important question for the Territories, since there is an uneven and discriminatory tax policy on various items which favor Americans as against the penurious Micronesians. And further, there is a falling off of tax revenues.

The State Department seems anxious to improve the conditions in the Trust Territories, since they have to bear the brunt of attack on the United States in the Trusteeship Council. They seem to be disposed towards a massive program for massive education, electric power, water purification, and industrial development program, although all of these ideas are in the gestation stage, and not beyond.

The Peace Corps has taken some interest in this area, although they have not gone beyond the preparation of planning stage. Their intention is to undertake projects of teaching English as well as other elementary intellectual disciplines. I understand that they also may attempt some building projects as well. My understanding is that they will present some of their plans to Congress on their role in the Trust Territories. They have not been galvanized into action by the Department of Interior.

If new efforts along the lines of the letter prepared over the signature of Secretary Udall are put into effect, I would suggest that a team similar to the kind that went to Okinawa be sent from the United States to consider (a) the viability of the Pacific Trust Territories as an integral unit, and (b) specific suggestions in the form of a report which would be acted upon here at home. Specifically, a comprehensive plan with well defined priority

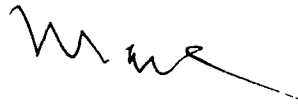
and stages of development should be prepared for the entire territory, although immediate steps that could be undertaken should not be held up while this plan is prepared. For example, those things which could be undertaken immediately are removal of customs duties on handicraft items; placing a tax on hard liquor (on Kwajalein) and removal of the necessity for Micronesians to have a passport or visa to enter Guam or the United States proper.

The U.S./U.N. visiting commission report outlines a responsible list of programs which could be undertaken in the near future and which would improve our situation in the U.N., as well as improve the lot of the Micronesians. I have spoken at length with those in the Government who are responsible for operations in the Trust Territories. All of them agree that the criticisms of the Commission are fair, although no specific plans have been prepared which would rectify some of the conditions or pursue some of the suggestions of the visiting commission. I think that the Commission Report can be used as a basis for action now by the Government and further study by an American visiting group. I herewith quote some of the more pertinent recommendations of the U.N. Visiting Mission:

- "(iii) The initial stages of the development plan might include measures for the improvement and expansion of copra production, the extension of the planting of cacao and pepper, the introduction of coffee and other tropical crops, and the commercial cultivation and marketing of fruit which grows in the Territory such as banana, papaya, oranges and pineapple. Due emphasis should also be given to the establishment of processing and manufacturing industries based on the Territory's produce.
- "(iv) As a measure to increase copra production, more extensive and suitable arrangements should be made for the collection of copra from different islands. For instance, copra collection centres and storage facilities should be provided in the larger centres of production far away from District Headquarters to lighten the burden of excessive transportation costs on the producers.
- "(v) Special attention should be given to the development of fisheries in the Territory for export as well as for internal consumption. The small fisheries project in Palau should be expanded, and a fish canning industry should be developed in Palau, Ponape and Majuro.

- "(vi) More satisfactory procedures for the financing of development should be established. A Development Fund should be created. These plans will involve a substantial increase in the financial and technical contribution of the Administering Authority. Greater facilities for savings and the mobilization of internal capital for development purposes should be provided. The establishment of co-operatives, agricultural and industrial, should be given strong encouragement from Government. In particular the formation of co-operatives for the processing of copra and for the cultivation and processing of copra and for the cultivation and processing of cacao and other cash crops should be set up wherever possible.
- "(vii) A marketing expert should be stationed at the Headquarters of the Territory. It should be his task to study the scope and availability of foreign markets for the Territory's produce and also to advise on the development of markets inside the Territory. An officer experienced in the organization and functioning of co-operatives should be similarly attached to the Headquarters staff to stimulate and to supervise co-operative activity in the Territory.
- "(viii) A Handicrafts Board should be set up with representatives drawn from different parts of the Territory and should be assisted by an expert in organizing and standardizing handicrafts with a view to expanding production for export.
- "(ix) Vocational education should be developed throughout the Territory and full-time vocational schools to be established should teach such subjects as furniture making, boat-building, navigation, handicrafts, garment-making and technical and mechanical skills.
- "(x) Special attention should be paid to the development of cheaper surface transportation facilities between islands. A fleet of small vessels such as the 50-foot schooners already in use in some places might meet the needs of the Districts. The Territory's fleet of ships might be strengthened by the addition of two or three ships so as to increase the frequency of field trips. An increasing number of Micronesians should be taught the skills necessary to operate these vessels.
- "(xi) The Territory requires the services of experts of all kinds. Emphasis should be on obtaining experts who have knowledge of

the needs of tropical countries and practical experience of development in tropical areas. Greater use might be made of the assistance available under the United Nations Technical Assistance Programme and from the United Nations specialized agencies. An increasing number of educated Micronesians should be sent out for education and practical training in such fields as tropical agriculture, fisheries, handicrafts and the others referred to in this chapter."



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