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February 20, 1969

Mr. H. Robert Haldeman
Assistant to the President
White House
Washington, D. C.

Dear Mr. Haldeman:

I have just returned from a business trip that included a stay in Guam and a visit to Saipan. I was interested and tried to learn something about the Trust Territory. The situation is so disturbing that I am writing you in the hope that you (as a former fellow advertising and marketing man) may route this letter to whoever will influence the selection of the new High Commissioner and his Deputy.

Let me try to summarize as briefly as I can the factors I'm concerned about:

Under Japanese rule, Saipan, the seat of the Trust Territory administration, had 30,000 people, with apparently profitable sugar, rum and copra industries. Today there are less than 10,000 people. There is no agriculture. Even vegetables are imported from Guam. I asked a local businessman what is the principal industry of Saipan, and he said, "90% government". The welfare expense, compared to anywhere in the U.S., is high. Incentive is lacking.

The people who could provide an incentive, representatives of private industry, are blocked to the point of exasperated frustration. By law, Micronesians must own 51% of every business enterprise. But Micronesians have neither the capital nor the present ability to assume this responsibility. As a result, outside capital resorts to subterfuge: For example, Air Micronesia has "loaned" large chunks of its facilities to its local partners.

There is a very high premium on the handful of Micronesians who have risen above their environment to become capable businessmen. They are presently and potentially powerful because they are the people outside capital will seek out to provide the majority interest. And so it seems possible that, as time goes on, this handful could exert a monopoly influence reminiscent of that formerly enjoyed by the Big Five in Hawaii.

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Mr. H. Robert Halderman

February 20, 1969

I believe that if venture capital could be given greater encouragement, it would naturally seek to employ local people and to train them as quickly as possible to take over increasingly responsible positions.

The welfare concept is not only destroying initiative. It is also destroying local pride. For example, we build a school but do not let the Micronesians participate in its planning or its construction. The inference is we feel they are too stupid. Therefore, the school becomes something foreign. And they throw rocks through the windows.

I talked with a construction engineer working as a civil service employee of the T/T. I believe him to be capable and dedicated. His wife also works for the T/T -- is programming computer systems. She, too, has developed a deep desire to help the Micronesians. But the engineer has decided to return to the States in July because he's become convinced that under existing policies his efforts are futile. And he's the type we need. His estimate of the personnel situation is interesting: 15% of T/T employees are doing a good job; 15% are doing the T/T a great disservice; 35% have been assigned to the wrong job -- would produce if re-classified; 35% are vegetables. Bureaucracy is established to the point where self-preservation comes first and the interests of the T/T a poor second.

This is a beautiful land. It has a tremendous potential for tourism. It could be a showcase for development of local initiative. It has great strategic importance: we will lose Okinawa in five years, and Bangkok is not enough. Guam will become increasingly important militarily, and it would be untenable to have alien control (or influence) over the T/T.

Somewhere among your many thousands of potential appointees is an Ugly American who would jump at the chance to develop a spirit of free enterprise among these charming and wonderful people, to promote the tourism that will develop income and air capability, and to protect our strategic interest.

Hope you can do something.

Warm regards.

Cordially,

Richard T. Clarke

Richard T. Clarke

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