

Aug 14, 1971

Aug 14, 1971

06
7,43

A

Programs Directly Affecting the Status Question

With a personal background of eight years of consulting experience in Puerto Rico, Trinidad and Tobago, and Central and South America, where I had become very familiar with the growth and application of the "Commonwealth concept", I was unprepared, during my trips to Saipan from December, 1969 into August, 1970, for the several statements made to me by members of the Micronesian Congress and officials of the Trust Territory Government regarding the status discussions in progress. The atmosphere and administrative environment necessary to constructive talks simply did not exist.

Micronesian attitude regarding the motivation and performance capability of U. S. professionals and their own supervisors was highly critical. The traditional American concern for the health and education of the individual was evident. But also evident was the clear minimization, organizationally and financially, of attention to those things related to Micronesian standards of evaluation -- where are we today compared to where we were when the Japanese were here? From personal comments made by older Islanders on Saipan, heard after dinner with their children, Trust Territory Government employees, as interpreters, I was struck by their feeling that the Japanese bought everything they had while the United States buys nothing. "The United States doesn't need us."

As a result these observations are presented in the hope that remedial action can be taken immediately to create proper administrative situation and attitude, a "cooling off" of tension or pressure relating to the present executive (the Trust Territory Government and the Department of the Interior) before the sensitive political questions integral to status are once more approached.

These observations are as follows:

1. Trust Territory Government and status. At an international meeting of public officials in late October, 1970 I was informed by an official of the Trust Territory Government that Leo Falcom, Executive Officer, had told him that Assistant Secretary Loesch of the Department of the Interior had proposed to the High Commissioner that the Trust Territory Government send executive branch Micronesians to Washington to "get instruction on the U. S. position on the status question." Shortly after, a young Micronesian executive of the Trust Territory Government wrote that he would be arriving November 16 with about 40 Trust Territory Government Micronesians. He indicated that the purpose of the trip was not publicly announced, but that it was something about the future political status of Micronesia. Later, while in Washington, he told me of the meetings which had been scheduled with officials of the Department, staff of Congressional Committees, and Members of Congress in which, among other things, questions involving Micronesian-U. S. relations were a part of the agenda.

That such a program would have been conducted at that time seemed incomprehensible to me in view of the attitudes and emotions heard in the House of Representatives, Congress of Micronesia, while I waited, in August, to discuss, informally and off the record, the findings and conclusions of our position classification and salary study.

2. Application of programs approved by the U. S. Congress. During my first visit to Saipan in December, 1969, I was informed of the need for additional housing for employees and also of the inadequacy of housing generally. I was told, for example, that after the 1968 typhoon and the speedy action of the then-President and the Congress, it took over a year to put emergency funds into the hands of people on Saipan.

On returning to Saipan, in March, 1970, I passed on to officials of the Trust Territory Government that President Nixon had, on December 24, 1969, signed Public Law 91-152 of the 91st Congress, amending the Housing and Urban Development Act; Section 403-A referred to the Trust Territory of the Pacific Islands for the first time. The Amendment covered the functional fields of urban renewal, FHA, public housing, public facilities loan program, and so on. In short, it included everything in which the Department of Housing and Urban Development is involved, including small community programs, subsidized apartments for low income family homes, and so on. This information was not known to the Division of Resources and Development, but was later verified by the Attorney General's Office. In passing, the Office of Territories then existed in Washington.

Two aspects of this were significant: (1) the question of housing for Trust Territory employees, the shortage of which materially affected recruitment programs; (2) the question of housing in its relation to economic pump-priming for the Trust Territory and to improving the living standards of its citizens.

Regarding housing for Trust Territory employees, the provisions of the Amendment opened the door to private construction of such housing, with re-financing from rents.

Regarding housing for citizens, from my personal knowledge, the true beginnings of Puerto Rico's first economic growth date to the introduction of FHA. Later the U. S. Government financed housing program in Puerto Rico and the Virgin Islands was large enough to warrant regional office designation by HUD. Perhaps as importantly, housing construction also produced the need for initial trades training, which led to the fine Commonwealth Vocational School, which produced the trades know-how so essential to commercial and industrial requirements of "Operation Bootstrap".

3. The Emergency Employment Assistance Act of 1971. Before leaving last year's question regarding delays in the application of housing programs to Micronesia, it is proper to wonder how much time will be required to put the grants provisions of the Emergency Employment Assistance Act of 1971, (Public Law 92-54), into effect in Micronesia. By definition, "state", as used in the Act, includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

4. Food and Agricultural Production. After my December, 1969, trip, during which I was deeply concerned by the lack of Micronesian produce at the Royal Taga Hotel and by information received from the Division of Resources

and Development, I inquired of Mr. John I. Thompson whether he would be willing to assist the Trust Territory Government without professional charge. Mr. Thompson, a professional associate of 20 years, from his days as Assistant Administrator for Marketing of the Production and Marketing Administration of the Department of Agriculture, is in "Who's Who" as an engineering and marketing executive. He is a lifelong Republican. Mr. Thompson responded by offering his services, except for reimbursement for transportation and living costs, to advise the High Commissioner regarding priorities and needed programs for marketing (financing, grading, packaging, storage -- including refrigeration as necessary, and transportation) of food and agricultural products. This I conveyed to the High Commissioner on my return in March, 1970. He was skeptical of Mr. Thompson's sincerity, which I later verified by letter of April 27 from Arlington. By letter dated May 25 from Mr. Peter T. Coleman, Deputy High Commissioner, Mr. Thompson received a letter from which two paragraphs are excerpted:

"The Trust Territory economy is just beginning to emerge from a subsistence to a commercial economy. Our main problem is not in marketing but in production of agricultural commodities to reduce the growing volume of food importation. In the foreseeable future, this will remain one of our major endeavors.

"Our Director of Resources and Development, Mr. Wyman Zachary, hopes to be in Washington some time soon and would like to visit with you about this matter."

When Mr. Thompson called me, he laughed and said he had first doubted my conclusions that the Trust Territory Government did not realize its problem, but that he now concurred with me completely.

There were no further contacts by the Trust Territory Government with Mr. Thompson. He is no longer interested in gratis assistance.

In the meantime, I learned from one of two Deputy Assistant Secretaries of Defense for Logistics and Installations that he had authority to issue an order for "preferential" purchases of food and agricultural products by military bases on Guam and Kwajalein. I told him that such an action would be premature unless and until it followed intensive analysis of what could be expected specifically, in food production were Micronesians provided a target at which to shoot, and assistance in marketing. In this connection, agricultural inspectors of the Division of Resources and Development deny passage of food products from one District to another though food from the same originating District is passed into Guam by U. S. Department of Agriculture inspectors. Also, food appearing in the Saipan produce market does not appear on the menu of the Royal Taga Hotel.

Is there any wonder that Saipanese and other Islanders conclude that "the United States doesn't need us?"

Recommendations:

1. That increasing the cash return from sale of food and agricultural products be regarded a priority item in improving the economic standard of Micronesia.

2. That it be recognized that an incentive is required to motivate Micronesians to produce for their area market, in view of Trust Territory Government, U. S. Territory (Guam), and U. S. military procurements of food and agricultural products from foreign and mainland sources. Concomitantly, that it be recognized that purchase of food and agricultural products by these buyers in any quantity requires immediate and intensive analysis of present marketing capabilities and actions necessary to improve them.

3. That the relative effort (budget and personnel, together with organizational focus) of the Trust Territory Government expended in the development of the food industry be examined in the light of alternative means of raising economic standards within the Territory, with special reference to the comparative time periods required to develop such alternative means; and that such a study also evaluate the volume and kinds of food and agricultural products which can be marketed by Micronesian-based entrepreneurs immediately and during a medium range and a long range period.

4. That the volume of "preferential" purchases of food and agricultural products from within the Trust Territory be established by agreement with the Office of the Assistant Secretary of Defense for Logistics and Installations, the High Commissioner, and the Governor of Guam. These should list the kinds of producible within Micronesia, and should be set above present and projected capabilities for immediate, medium range and long term periods, thus providing a necessary production incentive. (This is no different from the U. S. sugar quota with respect to Puerto Rico and Latin American Countries.)

5. That the Trust Territory Government be instructed to take necessary steps to assure the availability of financial, training, manufacturing, and transportation assistance necessary to maximum possible marketing, subject to indicated ceilings, of these products to the agencies involved.

It is assumed that because of the strategic importance of the Trust Territories the Department of Defense would be willing to assist in making refrigeration and transportation, using as guideline the requirements set forth in the basic study (Recommendation 3), available. With these same strategic factors in mind, it is assumed that not only would Defense Department contributions and such other assistance as might be furnished by other U. S. Departments such as Commerce, Interior, and the Department of Environmental Protection, receive adequate publicity among the Islands, as would the purchase agreements which might be worked out with the Department of Defense.

Management Approach and Organization Structure

As noted in p. 27 of this consultant's report to the High Commissioner, submitted August 12, 1970, the Trust Territory Government has clearly carried out Department of the Interior policies calling for maximum possible decentralization to the Districts. This it has done by placing increased responsibility upon the District Administrators, Deputy District Administrators, and District program officers. However, resulting change in headquarters organization, or authority patterns, have not accompanied this significant shift in the "action" on program planning and execution. Excessive organizational layering complicates administrative relationships and clear understanding of authorities in the headquarters program divisions. Particularly was this so, at the time of the study, in the Divisions of Education, Public Works, and Resources and Development. Also of concern was the relatively low priority accorded the financing, organization, and clear identification of programs needed for economic development of Micronesia, for which the present Trust Territory Government focus is the Division of Resources and Development.

Without attempting to assess a responsibility for the headquarters situation, which would have required organizational analysis not in the scope of the consulting contract, it was clear that executive considerations were not pre-eminent in the Trust Territory Government. By "executive considerations" I mean the identification of causes of unsatisfactory progress, timely decisions to correct these causes, and definitive command follow-through as needed either to ensure coordination to meet new schedules or to implement decisions changing programs, structure, processes, or personnel. Executive interest and capability to deal with these considerations exists in only two or three places in the top structure of the Trust Territory Government.

An administrative environment in which the Chief Executive is absent a good deal of the time or is preoccupied with other than these executive considerations can only be healthy if there is a focal point to which Division Heads and key staff officials can turn for answers and action and from which they receive acknowledged direction, guidelines, coordination, and review. This is not present in the Trust Territory Government. The Deputy High Commissioner is not an executive; he has a judicial temperament. The Executive Officer carries weight only on matters involving presentation of a Micronesian point of view to the High Commissioner; he has neither preparation nor capability as a possible first Micronesian Deputy High Commissioner. This kind of mature judgment and leadership can be found presently in the Senate, as one example, in the Chairman of the Senate Committee on Judiciary and Governmental Operations.

Recommendations:

1. That there be a critical review of the functions of the Program Divisions and the High Commissioner's office (Deputy High Commissioner, Executive Officer, Finance Officer, Budget Officer, Planning Officer, Director of Personnel) viz-a-viz the District Administrators on the way programs and policies are developed and executed, and evaluation of changes in structure and

authority needed to ensure effective coordination and channeling of headquarters resources for maximum value in the Districts.

2. That there be an evaluation of incumbents of the above positions and of two layers below them, the objective being changes as necessary to carry into effect the basic operational changes which would result from an organizational review.

3. That administrative weaknesses growing out of the lack of a strong functioning executive cadre at headquarters be corrected before they become sources of embarrassment before either appropriations or substantive committees of the Congress of the United States.

- I assume that corrective actions initiated by the Trust Territory Government following a report by the General Accounting Office to the Secretary of Interior on February 9, 1970 concerning the administration of public schools should have been completed by this time. Especially is this so since they involved documented examples of each school district developing its own curriculums, of individual schools or staff members developing curriculums, and of the lack of coordination of curriculums between Districts, and even between elementary and secondary school curriculums.

- I assume that General Accounting Office advice to the Office of Policy and Special Studies, in its report of June 26, 1970 that the Trust Territory Government does not have the capability to operate the proposed accounting system because of lack of trained accounting personnel (both Americans and Micronesians), the absence of a training program, the lack of Trust Territory Government planning, the lack of adequate supervision, and the language difficulties between Micronesian groups, and also between Americans and most Micronesians, has brought about an intensive review of training as it will be discussed in Attachment C. Certainly the Trust Territory Government will, desirably, have shown improvements before the General Accounting Office next schedules a financial management review of the Trust Territory Government.

This one example of General Accounting Office conclusions demonstrates as clearly as is possible the necessity of executives being aware of the program implications of management deficiencies, and of executives effecting changes in one program only if they follow through to correct deficiencies in related programs.

c

Personnel Management and Training

In Washington, the Office of Territories and, to the extent to which it became occasionally involved, the Division of Personnel have largely limited their exercise of central direction and review to the processing of appointments and of status changes involving approximately 300 U. S. Civil Service employees, a number which will now decrease since no new U. S. Civil Service appointments are being made by the Department for the Trust Territory Government. In Saipan, this basic tie to the U. S. Civil Service system has resulted in the allocation of a disproportionate share of available Trust Territory Government Personnel Division funds and in needless diversion of scarce supply Micronesian technicians and clerks to the process of learning and conforming to the complicated regulations governing two million and a half mainland U. S. Civil Service employees.

- An example of the result, in terms of information concerning the total personnel situation in the Trust Territory Government, is the fact that the Department of the Interior received four monthly reports, five quarterly reports, two semi-annual reports, and seven annual reports on these Civil Service employees and no information of management value on the approximately 300 contract U. S. employees or the 5,000 Micronesian employees. Neither the High Commissioner nor the Department have been interested in meaningful data on the total personnel management picture. Yet these omitted employees have included (1) the U. S. professional and administrative employees in the Divisions of Education, Health, and Public Works, and will include all U. S. hires replacing resignations and retirements under the U. S. Civil Service system; and (2) all of the employees who are the Department's trusteeship responsibility to develop to the point they can administer a functioning executive branch of the Micronesian Government, whatever its relations to the United States.

- Another example of this lack of Departmental policy interest and direction is the situation of 1969 when an unsatisfactory personnel division chief was moved laterally to a newly-created position at his same grade (GS-13) to head the training division, co-equal with the personnel division under the Director of Personnel. As a professional, I neither observed, heard about, nor read of any trades, foremanship, technical, supervisory, or management in-service training worthy of the name. Nor was there any evidence of the training division exerting any influence on the education division as to the kind of occupations for which the education division should grant college scholarships to Micronesians.

- Another example of this kind of Departmental cognizance was the appointment of Mr. Luther Baker, a Department of the Army civilian classification officer in St. Louis (GS-13) to the position, re-classified from GS-13 to GS-14, of Chief, Division of Personnel. Mr. Baker's professional background does not support a conclusion that he could offer professional guidance or training to Micronesian staff in this essentially state and local government type of personnel operation. In point of fact, he is restricted to virtually full-time personal efforts on behalf of the approximately 600 U. S. employees. The Director of Personnel, Mr. Arthur A. Akina, Jr., has already announced to the Congress of Micronesia that in 1974 Mr. Podis Pedrus, Merit

Systems Supervisor for Micronesian personnel, and the man Mr. Akina designates as Acting Director of Personnel in his absence, will become his nominee-replacement as Director of Personnel for the Trust Territory Government.

Mr. Baker, it should be noted, is a friend of the High Commissioner dating back to Hawaii bachelor days (each being best man at the other's wedding). He told me very frankly that his pre-retirement four years on Saipan at GS-14, with 20% foreign service differential and free housing, would be "what I need to set me up for retirement". These are not the professional background and personal qualities basic to a performance and relationship needed in an administration finding its way out of Trusteeship with but few bench marks. It is the kind of background which offered to this consultant, on the first working day of his arrival in December, 1969, the strong conviction that any salary plan to eliminate discrimination in pay between U. S. and Micronesian employees "would have to be based" upon the higher base scale of the U. S. General schedule. The first day of the consultant's arrival also happened to be the first day of work of this new Personnel Division Chief.

A. Conclusions:

1. Three separate systems of personnel management continue--one involving the continued application of U. S. Civil Service regulations, procedures, and guarantees to less than 300 employees; one involving policies, procedures, and guarantees to the 300 U. S. contract employees in the Divisions of Education, Health, and Public Works, as existed in 1970, and now also the additional number required to fill vacancies as Civil Service employees retire or resign and Micronesians are not available; and one involving policies, procedures, and guarantees to 5,000 Micronesian employees. As a result:

- Frozen into the structure and operations of the Trust Territory Government, which performs largely state and local functions, are a diminishing number of "lame duck" U. S. Government Civil Service employees, whose basic drives are little related to the development of Micronesian employees to replace them and who have had ample evidence that the Interior Department considers them scarcely more than is necessary to protect their Civil Service rights, as long as they stay in Micronesia.

- Hired with backgrounds of local government and private industry for term contracts are professional, administrative, and office employees whose only assured career is the two-year term of their contract and who have no possibility of transferring to the U. S. Government, either in Hawaii or the mainland, when their contracts are concluded, even though they may have been working in the same organization as U. S. Civil Service employees, have felt that their performance was of equal or greater quality and productivity, and, though never having previously considered U. S. Government employment before, would now like to put their work experience under the administrative Trusteeship of the U. S. Government to work in continued government employment.

- The Trust Territory Government Personnel Division is burdened by the financial liability of assigning scarce supply employees to the Civil Service clearance procedures and the preparation and revision of an increasing number of individual contracts, neither of which will be required when the

Micronesian government operates independently of U. S. Civil Service and Interior Department regulations. In a telephone call last week, I was informed by a responsible official in the Department Personnel Division that he did not know whether the Micronesian merit system which High Commissioner recently vetoed contained any reference to the U. S. expatriate contract employees. The Department is simply not interested in employees in the Trust Territory Government other than a required interest in U. S. Civil Service employees, and hopes they will steal away.

2. Both the Department of Personnel and the Trust Territory High Commissioner still think in terms of three distinct pay systems: (1) the Classification Act General Schedule and the Coordinated Federal Wage System under the U. S. Civil Service System; (2) a separate U. S. expatriate contract pay schedule, based on the U. S. General Schedule; and (3) a Micronesian pay plan. From this it is clear that:

- The written authorizations which the Department has in its files from the U. S. Civil Service Commission and the General Accounting Office permitting it to establish for U. S. Civil Service employees working in the Trust Territory Government a pay plan different from the U. S. General Schedule has not been utilized, nor is the Department intending to utilize it even though this has been and continues to be a major source of friction between the Congress of Micronesia and the Trust Territory Government; of poor morale between Micronesian employees and U. S. Civil Service employees, many of whom are supervised by those Micronesian employees but receive more salary; and between the contract employees and the U. S. Civil Service employees whose salaries continue to go up automatically with nation-wide increases under revisions of the U. S. General Schedule.

- Since U. S. contract and Micronesian pay plans must be separately submitted for funding to the Appropriations Committees of the House and Senate of the United States, while increases in the U. S. General Schedule are voted out by the Post Office and Civil Service Committees of the House and Senate for the entire Executive Branch of the U. S. Government, the chances of increases in Micronesian pay plans are very slim indeed. There have been two increases in the U. S. General Schedule since the last Micronesian pay plan was funded by the Congress through the appropriations process.

- The reality is that as long as separate pay plans exist, the discrimination between Micronesian and U. S. employees will increase rather than decrease.

- The increasingly close inter-relationship between Micronesian contract, and U. S. Civil Service employments, from an administrative standpoint, merely exacerbates the situation. As an example, of the 462 classes of positions found to exist in the Trust Territory Government, considering Civil Service, contract, and Micronesian employments, 10% of all classes had both Civil Service and Micronesian employees in the same class; 4.5% had Civil Service and contract employees in the same class; 7.6% had contract and Micronesian employees in the same class; and 18.4% contained one or more combinations of U. S. Civil Service-contract-Micronesian employees. These common-title classes of positions occur in virtually all Departments. More 027875

this: they occur at all organizational and salary levels.

B. Recommendations:

1. That a single personnel management system be established for the Trust Territory Government. This can be done under "excepted merit system" provisions of the U. S. Civil Service Commission regulations. Such a merit system would be strengthened if the Merit System provisions for the U. S. hires were incorporated as a part of the Micronesian merit system and approved by the Congress of Micronesia before formal submission to the U. S. Civil Service Commission. This would, of course, require prior staff preparation and discussion with the U. S. Civil Service Commission, but there is precedence for it. I have discussed it with professional staff of the Commission in connection with another administrative situation (the District of Columbia Government), and have been assured that the only concern of the Commission is that there be a merit system in fact.

- The U. S. Civil Service employee now employed by the Department of the Interior on assignment to the Trust Territory Government will need to be provided for. Since these were Department of Interior hires in Washington, D. C., a statement in the Trust Territory Government Merit System law or regulation that "these provisions apply to U. S. Civil Service employees on duty in the Trust Territory Government at the time of adoption, except as such provisions conflict with regulations of the U. S. Civil Service Commission," should provide sufficient legal reference.

Administratively, however, several desirable actions can and should be taken after discussion with the Senate Committee on Judiciary and Governmental Operations of the Congress of Micronesia. These are:

a. An evaluation of the continued necessity of retention of U. S. Civil Service employees, by years, considering their attitudes, performance, and projected changes in program requirements which would make their continuation unnecessary. This professional evaluation should consider also the on-the-job, in-service, workshop, and short-term skills up-grading courses needed to produce Micronesian employees at the levels and skills required by the dates indicated; also, the classes required and completion dates of needed secondary and vocational training programs and the college scholarships in occupations needed by the Trust Territory Government, as indicated by the Director of Personnel and carried out by the Division of Education. Recommendations resulting from this balanced evaluation should be submitted to a combined Trust Territory Government-Congress of Micronesia-Department of Interior Committee to ensure coordinated funding and executive follow-through on the agreed replacement program.

b. Positive action by the Department of the Interior to secure placement of U. S. Civil Service employees elsewhere in the Department or in other Federal agencies in Washington or in other Federal regions when no longer needed by the Trust Territory Government. The Trust Territory Government should release such Civil Service employees from operating duties and responsibilities three months in advance of their scheduled date of release

027876

by virtue of replacement by Micronesian employees, in order for them to have an equitable opportunity for exploration of the job market and to be available for interviews as a result of Department of Interior placement efforts.

c. For Civil Service employees for which evaluative recommendations indicate the desirability of immediate replacement and who possess age and years of service combinations making them eligible for retirement with full annuity, a canvassing of such employees regarding their interest in retiring voluntarily, with assurance that three months prior to retirement they will be released from operating duties and responsibilities in order to make unhurried decisions and arrangements concerning their retirement locations and plans.

d. A similar canvassing of employees for whom evaluative recommendations indicate the desirability of early replacement and who have completed 30 years of Federal service and reached the age of 50, such employees being given similar assistance to c, above, should they elect to receive retirement as a result of lay-off replacement by a Micronesian employee.

e. Hiring of U. S. expatriate employees through merit evaluations after aggressive recruitment programs conducted as a delegate responsibility to the Director of Personnel. This inclusion of contract hires under a U. S. Civil Service Commission-approved "excepted merit system" would, for the first time, aid the Trust Territory Government by providing the positive recruitment inducement of transfer elsewhere in the U. S. Government upon completion of agreed-upon terms in Micronesia without having to take additional U. S. Civil Service examinations to acquire "status". Neither timely, properly focused, nor aggressive recruitment efforts have been permitted the Trust Territory Government Director of Personnel on a sole responsibility basis heretofore, recruitment of contract personnel having been a pleasurable junket of Division heads involved. Trust Territory Government liaison offices in either San Francisco or Honolulu perform no useful purpose in this kind of aggressive recruitment program, and if they still exist funds allocated in such offices for recruitment and selection purposes should be transferred to the Director of Personnel and earmarked for the recruitment drives planned and conducted under his direction.

f. Substitution, for funds now required for professional and technical employees of the Personnel Division required for current processing of Civil Service appointments and changes of status, of funds for a qualified psychometrician or test administration specialist to train Micronesian personnel in merit system evaluative techniques, it being understood that this recommendation is intended to include within its review all positions including and below the Chief of the Division of Personnel which are currently functioning in the above-described manner. The Director of Personnel is a professional who has had years of experience at state and local level of operations and is thoroughly familiar with the merit evaluation techniques, processing, and requirements. A specialist assisting him by scheduling and administering selection evaluations and by training Micronesian staff in these techniques would produce an effective staff in a very short time.

027877

2. That the Trust Territory Government implement immediately, with the concurrence of the Department Personnel Division, all allocation changes as called for by the recent Division Classification Survey of both U. S. Civil Service and U. S. contract personnel, subject to such appeals as are assured employees under current regulations dealing with allocations. The survey allocations for the Civil Service positions were made by a long-time Chief of Classification of the Department of the Interior, now a member of this consultant's personnel staff, and he very carefully indicated the proper occupational codes and Civil Service grades appropriate to the duties and responsibilities of these employees. The Civil Service position titles need to be made, Trust Territory titles also being indicated as an alternative title in order that they be properly considered when vacancies are filled by Micronesians.

3. That the Department of the Interior exercise the authority which it has long held of establishing a single pay plan for U. S. Civil Service employees assigned to the Trust Territory Government, a pay plan having a common base with pay for Micronesian employees in positions of the same title, but with a "U. S. differential" as recommended by this consultant in the August, 1970 report to cover foreign service and income tax considerations.

- Separate establishment of such a pay plan would immediately sheer away from the skyrocketing U. S. General Schedule pay increases those employees serving in the Trust Territory of the Pacific Islands, and would free the Trust Territory Government not only of the financial burden of attempting to keep up with the pay raises of the U. S. Government but of the bad morale now resulting from the increasing gap between U. S. Civil Service and Micronesian pay.

- As provided in this consultant's recommendations, employees whose allocations placed them in classes for which their present salary is above the maximum (for U. S. Civil Service employees, the maximum would include the 50% "U. S. differential") would not receive pay increases until promoted to classes in which their salaries would be within the recommended pay ranges.

- Of course salaries will always be considered too low by jurisdictions which have no intelligent recruitment programs, or which rely solely on salary to attract personnel. I have had too much experience in successfully recruiting qualified personnel in the competitive market, at less than what competitors were offering, to be impressed by such reasoning. Naturally it may be necessary to make single grade level adjustments from time to time to reflect changes in the competitive labor market, but this can be done without disrupting the inter-relationships between classes which were found to exist as a result of the position classification and pay study. With the recommended flexibility of being able to hire U. S. employees anywhere between the minimums and maximums of salary ranges, the Trust Territory Government should be able to administer its personnel under a single pay system if it is attending to those equally important factors of "being a good employer" which challenge and attract qualified employees.