

APPENDIX I

ECONOMIC DATA IN THE TRUST TERRITORY

An analysis of any economy must necessarily be based upon reasonably accurate statistical measurements of the various segments of that economy. For reasons which have never been clear to the writer, the collection of statistics of the type and quality required to make informed decisions relative to the Trust Territory economy, have never been undertaken on a serious, continuing and sustained basis. Recent comments on this subject from a variety of sources are worth noting:

From the Robert R. Nathan Report dated December 1966:

"Statistics of the kinds usually available to the economic development planner regarding such basic and essential characteristics as population size, characteristics, and distribution; the labor force and its industrial and occupational composition; wages and incomes; kinds and sizes of economic activities by major sectors; availability, location and present use patterns of various kinds of resources; and other such basic elements are largely unavailable for the Trust Territory. The lack of these basic data severely limits the precision with which conclusions and projections can be made. The serious limitations of information and data, and the rapid rate of change which now characterizes political, economic, and social conditions in Micronesia preclude accurate projections and forecasts for any extended future time period. In fact, it is impossible to know precisely what situations exist even today rendering projections into the realm of tomorrow even more treacherous".

The former Chief of Economic Development as recently as April, 1970, in a report for Kusaie wrote: "A repeated plea is again offered: the decision making process needs to be supported by (1) the systematic gathering of economic and social data; (2) its analysis, and (3) informed, flexible forward planning. Without accurate, adequate basic data which is required for monitoring of change, economic policy cannot be intelligently framed. Problems cannot be fully understood nor solutions anticipated."

The U. N. Report itself states, "although data furnished by local authorities are checked against previous reports, some sources of error cannot be controlled."

..... "Want to advise that 1/2 to 1/3 of all businessmen in Palau (my estimate) fail to have been reported in the past."

- Steele Holman, July 6, 1971.

..... The 1970 fish catch for Palau District was not reported for inclusion in the U. N. Report. This in itself is amazing as Palau is the site of the Marine Resources Division.

We are constantly called upon to provide economic data in the form of import/export data, individual and corporate income, etc., all of which in a developed, sophisticated, technological society are available as a result of reporting requirements imposed by law on the various sectors of the economy. For instance, the legal requirement to report "value added through the manufacturing process" in the U. S. Census of Manufacturers, or rental ~~income~~ reported to U. S. Census of Housing and wages and salaries reported to Bureau of Internal Revenue, assessed valuation of property, etc.

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To date, none of the above have ever been collected by the Trust Territory Government, indeed, the only economic statistics collected have been those data which appear in the U. N. Report, ~~and these data, by the admission of the collecting agency, should be "used at your own risk".~~

A cursory review of any economic analysis of the Trust Territory will reveal a statement relative to the dire shortage of measurement tools.

A few examples follow:

- ..... We do not know the population of Micronesia.
- ..... We do not know the number of people engaged in subsistence agriculture.
- ..... We do not know the number of businesses in Micronesia (other than those reported to Social Security and those are not complete).  
relative to
- ..... Information / individual district imports to, or exports from, the U. S., Japan or any other country are not available at Headquarters.
- ..... ~~40% of Micronesia's food imports consist of three products (sugar, rice, canned fish) . . . . But no one knows how these imports are divided among the districts.~~
- ..... There is no accurate picture of visitor entries by district.
- ..... We do not even know, nor can we find out, how the budget was allocated (in terms of total funds) to the six districts in past years.

Thus, in full consideration of the limitations mentioned above, the attached comments are provided on the economy of the Trust Territory.