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THE ECONOMIC FUTURE OF SAIPAN

A REPORT TO THE PUBLIC
by the
SAIPAN CHAMBER OF COMMERCE

SAIPAN, MARIANA ISLANDS
DECEMBER 1972

03234

SAIPAN CHAMBER OF COMMERCE - 1972

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INTRODUCTION

This report is presented as a public service to the people of Saipan and others interested in the growth and prosperity of the island. It is a summary review of the basic facts and the key issues raised at the conference on the Economic Future of Saipan held on November 30 and December 1, 1972, on Saipan. More important, it contains specific action recommendations adopted by the Saipan Chamber of Commerce after considering the facts and issues presented at the Conference.

The purpose of the Conference was limited to two broad objectives. The first was to find out what the main areas of concern are when people talk seriously about Saipan's economy and how it should develop. The second objective was to allow discussion of these issues from as many different viewpoints as possible. It was not the intention of this brief conference to discuss all issues exhaustively and to reach specific recommendations by the customary procedure of floor voting. It was intended mainly to help all participants and particularly local citizens understand better what sound modern economic development means, what is needed before it can happen, and what effects, good or bad, it can have on the island and residents of Saipan.

In sponsoring the Conference, the Saipan Chamber of Commerce assumed that sound economic development should be the concern of all sectors of the community, businessmen in particular, but also political leaders, educators, government executives, church and civic leaders, and interested private citizens. In other words, the Chamber believes that, based on experience in Guam and the United States, that in the long run the most profitable economic climate will result when the needs and the problems of the entire community are met and when there is support and participation by all sectors of the community in promoting economic activity.

For this reason leaders and representatives from all sectors of the Saipan community were invited to participate. As a result of the two days of informative speeches and discussion, we

As a result of the two days of informative speeches and discussion, we believe that sufficient data and expert advice were provided to warrant the Chamber of Commerce making certain specific recommendations for action. It is important to understand that many of the recommendations cannot be implemented without the initiative and cooperation of many different agencies and organizations working together toward a common goal. The Chamber of Commerce pledges to do its share of the work ahead by joining with others to reach the development goals we together set for ourselves. We think these recommendations will help businessmen and all Saipan residents begin moving toward a far higher standard of living and a far better quality of life than has ever been known on this island.

BASIC FACTS OF SAIPAN'S ECONOMY

In reviewing the remarks made by the eight guest speakers and the related comments by panelists and conference participants, it became clear that a limited number of basic facts exist regarding Saipan's economy which are likely to remain for some time as realities to be faced in any efforts to expand or guide economic development. These are listed at random without any intention of indicating the relative importance of each.

1. Broadly representative planning will be required if profitable development is to take place without serious social or political conflict.
2. A stable political system is absolutely necessary for attracting outside investment.
3. An adequate body of laws and public regulations relating to local and international trade are essential to a sound business climate.
4. Tourism is logically Saipan's major economic growth potential. However, there are other supplemental economic activities which will expand or be created to contribute to a balanced economy: agriculture, fishing, services, trades, retailing, possible military installations on Tinian and others.
5. Barring entirely unforeseen and major political and economic changes in Japan, there is virtually an unlimited market of Japanese who want to visit and spend money on Saipan.
6. Any significant increase in Saipan's economic growth will require a significant increase in the permanent population of Saipan because there are not enough current residents to fill all the jobs that such growth will create.
7. Economic development on Saipan cannot occur unless there are adequate docks, roads, harbors, air transport facilities, utilities, sewage disposal systems, postal system, communication system, police and fire protection, immigration controls, pollution controls, zoning laws, education and training programs, and access to efficient banking and legal services.
8. Investors in businesses on Saipan are mainly interested in making a profit on their investment. When anything unfairly restricts or threatens the security of such investments, the investor is forced to invest his money elsewhere.
9. As Saipan's economy grows, there will be many opportunities for citizens of Saipan to participate at all levels. The major obstacle to participation will be the individual's lack of interest in saving for investment, unwillingness to learn new ideas and skills, unwillingness to work or accept the responsibility of operating or owning a business, and failure to exercise wise precautions with his land.
10. If the general qualifications and skills required for a job on Saipan are available locally, it will always be cheaper to hire local workers than to import them from the outside. The reason for this is that Saipan businessmen must pay for the round-trip transportation of each alien worker and also provide housing.

KEY ISSUES

In reviewing the ideas, advice and questions presented at the Conference, they all seemed to fall into six general topics or key issues:

1. Constraints to economic development
2. Responsibilities of the government at all levels in economic development
3. Participation by Saipanese in economic development
4. The role of agriculture and fishing
5. Financing economic development
6. Economic relationship between Guam and Saipan

Each of these issues will now be reviewed and recommendations by the Chamber of Commerce will follow each summary.

Constraints to Economic Development

No one at the Conference denied that the "most favored nation" policy of the Trust Territory Government and other foreign investment policies were major constraints on development because it prevented readily available capital investments. It was generally recognized that certain kinds of infrastructure need to be improved such as water, power, and telephones. Education and training were considered basic for insuring maximum participation by local citizens. It was urged that the educational institutions on Saipan focus on the needs of the Marianas realistically in terms of the kinds of career skills needed in the future. For example, Japanese appeared to be a logical language skill needed. The fact that the District Department of Education did not participate in the Conference indicated a lack of understanding as to their role in economic development.

Another constraint noted was the present restrictions on the use of Micronesian land which it was believed could be made more flexible but still retain basic safeguards and protect ownership by Micronesians.

A final decision on the future political status of the northern Marianas would remove the constraint of uncertainty that now exists to trouble planners and potential investors.

The lack of an adequate development plan as a guide for making legislation to promote business activity, protect the environment, and provide zoning is a serious matter and many of Guam's present infrastructure and utilities problems have resulted from this same shortcoming.

Certain constraints are particularly related to tourism. Sightseeing guides are unlicensed and historic information given is not always accurate. Saipan needs a marina for boating sports. Marpi and the eastern side of Saipan need upgrading to be more attractive and accessible to tourists and the public. The public lacks vital information about tourism and tourists so it can play an active role in beautifying Saipan and being hospitable to Japanese visitors. More attractions are needed to interest the active Japanese tourist and many of these can be income producing for local businessmen.

Finally, and very significantly, is the present lack of at least 500 first class hotel rooms and a direct air service with Japan. The Japanese tourist market requires a minimum number of hotel rooms on Saipan before tour operators and airlines are willing to promote the island and book passengers because of the cost involved in this promotion.

- RECOMMENDATION:** That the Marianas District Legislature create a Marianas and Saipan Planning Commission pursuant to Public Law 4C-76 and make maximum use of all available expertise and information in beginning an island development plan.
- RECOMMENDATION:** That earliest possible action be taken by the Trust Territory Government and the Department of Interior to liberalize its policies on foreign investment and that the Saipan Chamber of Commerce offer its specific recommendations to assist the Government in modifying its policy.
- RECOMMENDATION:** The District Government is urged to continue emphasizing the improvement of basic facilities, including power, sewage treatment and disposal, water, telephones, fuel storage, airport and shipping facilities and roads.
- RECOMMENDATION:** Representatives of the Saipan business community and the local school curriculum authorities begin meeting to see how the schools can help youngsters to prepare better for participation in a Japanese oriented tourist based economy.
- RECOMMENDATION:** The District Government seek whatever assistance is needed to create a model land law for the Marianas District in anticipation of a new political status and which would take full cognizance of the serious land problems that have interfered with sound social and economic growth on Guam.
- RECOMMENDATION:** The Marianas Tourist Commission work jointly with the Chamber of Commerce to develop a preliminary tourist development plan for use by the Municipal or District Planning Commissions and other appropriate government agencies.
- RECOMMENDATION:** That the Marianas Tourist Commission be restructured to include representatives of the hotel, airline and travel agency businesses with offices on Saipan.

Responsibilities of the Government

It was recognized that several levels of government will share responsibility for providing basic facilities and services to Saipan. The U. S. Government will continue to be involved through its strategic interests in the northern Marianas and in providing defense and foreign affairs direction. Territorial, district or island governments are properly responsible for providing basic physical infrastructure discussed earlier. In addition, government is recognized to be responsible for providing adequate police and fire protection, a sound legal and judicial system, immigration controls, postal systems, educational system, and public parks and recreation facilities.

The government should also enact all appropriate legislation for insuring balanced development of all sectors of the island community, promoting economic growth while helping social development also.

- RECOMMENDATION:** The Chief of Public Safety and other appropriate police officials meet with tourism planning groups to determine public safety improvement needs on Saipan for further action by the Government.

RECOMMENDATION: The Municipal Government adopt a strict anti-littering ordinance and seek all means to improve the cleaning and maintenance of public beaches, historic sites and other public areas, as well as improve general garbage pick-up and disposal.

RECOMMENDATION: The Marianas District Legislature pass legislation to establish district parks and recreation areas.

Participation by Saipanese in Economic Development

There was concern expressed about insuring every possible opportunity for local citizens to participate in the economic growth of Saipan. It became clear from a number of questions from the audience that the possible forms of participation were not very well understood and that a serious need for public education exists. In particular, some small businessmen appeared puzzled by advice from government officials and the costly ups and downs of the current market situation for marginal service and agriculture enterprises.

It appears that many local citizens, including better educated government employees do not understand how a private citizen invests in a business and how a return on investments is realized. There is also confusion about corporate ownership and the legitimate rights of those who provide the major capital for business development.

Perhaps most significant is a general lack of understanding among local citizens as to the various options open to them in using their private land to maximum personal advantage in future commercial transactions. For many, their land will be the only key to direct participation in Saipan's economic future. Advice is urgently needed to make sure local citizens have a fair opportunity to act in their own self-interest. On a small island, serious social problems can erupt when families find themselves destitute of land to live on.

RECOMMENDATION: The government should provide programs of public education, using primarily the broadcast media, to explain how economic growth, particularly tourism can be expected to improve the standard of living on Saipan and how each citizen can maximize his participation in economic growth. All possible forms of economic participation should be thoroughly and repeatedly explained in the local language.

RECOMMENDATION: As a legal trustee the government should seek ways of providing a land advisory service to private land owners. A well publicized program is needed which aggressively reaches out to land owners and urges them to learn about the possible ways they can retain their land and still profit from it. They should also be advised of the possible good or bad results from selling their land.

RECOMMENDATION: That a citizens group be appointed by the District Administrator to review the recommendations of this report and assist in finding ways to implement them. The group should have representation from the social, political, business and religious sectors of Saipan.

The Role of Agriculture and Fishing

Compared to the issues of government responsibilities and constraints on economic development, agriculture and fishing received very limited attention. It was generally recognized that some form of profitable agriculture and fishing could result from tourism and would have the advantage of being a local market. Criticism by two developing entrepreneurs (one in farming, the other in fishing) indicated that the local market demand for fresh fish, farm products, and sport fishing or picnicing is simply not stable enough to offer security to both buyer and seller. Some farmers were accused of failing to follow advice from agricultural agents. Lack of diversified production was also mentioned as a problem. A large central public market now under construction promises to help farmers' marketing problems. Sport fishing and the need for a marina were clearly recognized as essential to tourism - when the tourists begin arriving in sufficient numbers.

RECOMMENDATION:: The government provide all encouragement possible to local farmers and fishermen to look at local tourism as they key market of the near future rather than exportation of crops.

RECOMMENDATION: To insure at least a minimum local market for fish and to meet the coming demands of hotels and restaurants as well as increased family consumption, the government is urged to provide material and technical assistance in developing a Saipan fish market with appropriate facilities for encouraging full time local fishermen.

RECOMMENDATION: To facilitate the financing of local boat purchases and to protect boat users, the government is urged to create appropriate laws and regulations establishing licensing and safety inspection for all boats used in the Marianas District.

RECOMMENDATION: In view of limited land and increasing reluctance among young people, both on Guam and Saipan, to work long hours in the sun, the government should develop and demonstrate the use of hydroponic cultivation of vegetables to insure a constant year round supply to the growing local market.

Financing Economic Development

There was little doubt that present foreign investment policies are restrictive to economic development and proper changes retaining certain protections for local land owners might attract all the outside capital needed to finance private business development.

It was in the area of public or government finance that a number of ideas were presented. It was mentioned that income to the government from military installations are likely as one source of revenues in addition to an annual operations grant from the Department of Interior.

Another suggestion for increasing revenues (which would also help balance a basically tourism economy) was to have a favorable tax law ("tax haven") in regard to foreign corporations.

It was strongly urged that certain revenue devices should be established to earmark funds for the development and maintenance of tourist facilities, many of which are also shared by the

public. In the U.S. and Japan people willingly pay to visit places such as Disneyland and Yomiuri Land. Saipan can be such an attraction and an admission charge for tourists can be established. Hotel room taxes, airport head and use taxes and gasoline taxes should be earmarked for utilities, recreational facilities, roads and airport improvements.

Finally, it was noted that Saipan, as part of the Trust Territory, is now receiving assistance under some special Federal programs and this form of aid would be expected to increase when a new political status for the northern Marianas is decided.

RECOMMENDATION: The district government should begin immediate development of a tax law which will guarantee earmarked revenues for developing and maintaining public tourist facilities. The existing hotel room tax should be earmarked for this purpose. It is important to create such laws before rather than after tourists begin arriving in significant numbers.

RECOMMENDATION: The District Government is urged to obtain expert advice at the earliest possible time for developing a local tax structure which is most appropriate to the sound growth of Saipan's tourist based economy.

The Economic Relationship Between Saipan and Guam

It was urged by the Chairman at the opening of the Conference that purely political status concerns were not to become issues in order to abide by the Chamber of Commerce policy of non-involvement in politics. It became clear, however, that the status question was inextricably tied to a number of economic concerns which were mentioned earlier and all of them very much relate to Saipan's present and possible future ties with Guam.

The desire by Guam business representatives to establish the closest possible economic ties with Saipan was obvious. A suggestion was made that the Saipan and Guam Chambers of Commerce set up joint committees to promote mutually beneficial ties. Administrative and legislative bodies from Guam and Saipan were also urged to do likewise.

Some concern from the Saipan business community was expressed indicating that great caution should be exercised in developing ties with Guam. These comments were strengthened by Japanese and U.S. travel spokesmen who emphasized that Saipan could possibly surpass Guam as a tourist destination if the proper steps were taken, indicating that Saipan is perhaps less in need of support from Guam than has been generally thought. In addition, it was often noted that Guam was failing in several respects to develop a sound economic and social infrastructure necessary to maintain its current growth.

Nevertheless, there seemed to be some optimism that the Guam experience could be beneficial to Saipan and that there was certainly much room for cooperation, particularly in the area of tourism, communication and transportation.

RECOMMENDATION: That all government and private agencies participating in development planning for Saipan give utmost attention to the experience of Guam. Guam has learned a great deal about the problems and benefits of tourism, and Saipan stands to gain much by learning about Guam's shortcomings and successes.

APPENDICES (Conference Documents)

CONFERENCE AGENDA

Thursday, November 30, and Friday, December 1
at the Royal Taga Hotel in Saipan

Conference Leader: David M. Sablan, Vice President and General Manager,
Microl Corporation, Saipan

Wednesday, November 29

6:30 p.m. Cocktail reception at the Hafa Adai Hotel, hosted by the Saipan Chamber
to welcome guest speakers. All participants and guests are invited to
8:00 p.m. attend.

Thursday, November 30

9:00 a.m. Welcome by Jim Johnson, President, Saipan Chamber of Commerce

9:15 a.m. Greetings from the High Commissioner of the Trust Territory of the
Pacific Islands, Edward E. Johnston

9:30 a.m. Greetings from Vicente D. Sablan, Mayor of Saipan

Guest Introductions

9:00 a.m. "Guam and Saipan: A Marianas Partnership" Speaker: W.M. Ord, Guam
Chamber of Commerce and Vice President, Bank of Hawaii, Guam Branch

10:30 a.m. Coffee Break

11:00 a.m. "The Proper Role of Government in Promoting Economic Development"
Speaker: Dr. Henry H. Albers, Professor of Management and Chairman of
the Department of Management, University of Nebraska

11:45 a.m. Pool side barbecue

1:00 p.m. Greetings from Vicente N. Santos, President, Mariana Islands
District Legislature

1:15 p.m. Question/Answer Session directed to panel of morning speakers
Address by Joseph S. Screen, Secretary-Treasurer, Saipan Chamber
of Commerce

2:30 p.m. "Trust Territory Foreign Investment Policy" Speaker: G. Dudley
Dambacher, Chief, Economic Development, Trust Territory Government
(will include question and answer session)

3:30 p.m. "Japan's Relation to Tourism in the Marianas" Speaker M. Kanematsu,
Executive Vice President, Japan Travel Bureau, Inc.

4:00 p.m. Conference adjourns until 9:00 a.m. the following morning

6:30 p.m. Beach side luau, music and entertainment

Friday, December 1

- 9:00 a.m. Greetings from Francisco C. Ada, District Administrator, Mariana Islands District
- 9:15 a.m. "Focus on Micronesia's Master Plan" Speaker: Philip N. Chamberlain, Chief of Planning, Trust Territory
- 9:30 a.m. "Saipan's Master Plan: A Key to Sound Economic Development" Speaker: Thomas Sheehan, Marianas District Planning Officer, Trust Territory Government (graphic demonstration included)
- 10:15 a.m. Coffee Break (slide show of Saipan's attractions during the coffee break)
- 10:45 a.m. "Saipan and Tourism" Speaker: Martin P. Pray, Associate Professor Travel Industry Management, University of Guam
- 11:15 a.m. Pool Side Buffet
- 1:00 p.m. Question/Answer Session: Panelists: Bill Mooney, Chief of Labor, Trust Territory; Bermin Weilbacher, Chief of Agriculture, Trust Territory; Joe Screen, Secretary-Treasurer, Saipan Chamber of Commerce; Richard Miyamoto, Attorney General, Trust Territory; Pedro Dela Cruz, Chairman, District Foreign Investment Board
- 2:00 p.m. Conference Adjourns
- 3:00 p.m. Post Conference activities available to visitors from Royal Taga Hotel - Bus tour of Saipan - Lagoon Boat Tour of Managaha Island.

Greetings by the High Commissioner of the Trust Territory
of the Pacific Islands, Edward E. Johnston

To the Conference participants:

Saipan enjoys probably the greatest measure of varied economic activity of any area of the Trust Territory, and I think it is equally true that Saipan is on the verge of a great economic future, especially in the field of tourism.

It will undoubtedly be pointed out during these meetings that when an island or a group of islands develops into a major tourist destination area, supporting businesses and service industries are attracted. And it is this subsidiary development, under proper regulation and control, which can lead to a balanced and productive economy working to benefit the resident population.

Your concern here should be not only with tourism and the potential which it offers, but with all forms of economic development and the basic decisions which must be made now so that economic gain alone does not overshadow the more important consideration of orderly growth.

From the agenda before you, I see that master planning is to be discussed, and I hope that there is genuine interest on your part in the matter of zoning ordinances and other relatively unexciting—but no less important—long-range considerations.

I would also like to congratulate the Saipan Chamber of Commerce for taking the initiative in organizing this conference. It's a step in the right direction.

Edward E. Johnston
High Commissioner

Greetings by the District Administrator of the Mariana
Islands District, Francisco D. Ada

GREETINGS AND HAFA ADAI:

It is with a great deal of pleasure that I would like to welcome on behalf of the Marianas District, the members and guests of the Conference on Saipan's Economic Future sponsored by the Saipan Chamber of Commerce.

We are very proud and pleased to have been selected as the site of this very important, momentous and timely conference as the subject matter is of vital interest at this present time, not only to us, of the Marianas District, but to the Trust Territory. I have been advised that the theme of this conference shall be "The Economic Future of Saipan."

We, particularly here in the Marianas stand at the threshold of tremendous development presently spearheaded by tourism and its related industries but also with very increasing and promising prospects in the areas of industry, manufacturing and others. The Chamber of Commerce will undoubtedly play a major role in any desirable and significant developments throughout Micronesia.

In closing, a very warm "buen berido" and welcome to the Marianas District. If I or the District Administration can be of any assistance, we will feel it a privilege if you would call upon us.

Francisco C. Ada
District Administrator
Mariana Islands District

Greetings by President, Marianas District
Legislature, Vicente N. Santos

Mr. Chairman, invited guests, honored guests and friends. I am especially pleased to have this opportunity to welcome you to Saipan and to the first privately organized and sponsored economic conference ever held in Micronesia.

During the next two days, you will be exchanging ideas with each other on the future economic potential of this area as well as other parts of Micronesia. For those of you who do not already know, you will find that our area is unique and is perhaps unlike any other area of the world. So the rules that would normally apply, will have to be changed if you wish to participate in the economic development of this area.

A review of the program that has been prepared for your meetings shows the comprehensive scope and extent of the subject matter that is to be discussed. By the time this conference ends, all of you should have a better idea of how you can participate in the economic development of our island community. As most of you know, the Mariana Islands District Legislature has, since it was chartered in 1963, supported constructive, planned and diversified economic development in the Mariana Islands District. We continue to support economic development that is consistent with the life style, customs and habits of our people.

I think that it is fair to say that the people of the Marianas do not wish to have their islands taken over by tourists or industrial complexes - rather, they desire balanced economic development so that the uniqueness of our island living can be retained.

We congratulate the Saipan Chamber of Commerce for taking the initiative in organizing this conference and we are looking forward to the results of this exchange of ideas.

Again, it is my pleasure to welcome all of you to Saipan.

Thank you

Greetings by Mayor of Saipan, Vicente D. Sablan

It is a pleasure to welcome you all to this important conference on the economic future of Saipan. I am sure that your discussions will be of great importance to the people of Saipan and I want to take this opportunity to wish you every success. The Saipan Municipal Government is ready to provide all assistance and cooperation possible in the important work you are doing.

Thank you.

Greetings by President, Saipan Chamber of Commerce, James B. Johnson

To the Participants:

To those of you who do not live on our lovely island of Saipan, welcome! May your stay be both fruitful and enjoyable. Thank you for attending this most important meeting. I regret that I shall be unable to be with you as I will be in the United States on home leave.

This conference is the "brain child" of Mr. David M. Sablan, whose father, Mr. Elias P. Sablan, first suggested the formation of a Saipan Chamber of Commerce. The first meeting was held in 1958. Mr. Jose C. Tenorio was elected the first president and has been a loyal member since the Chamber's inception.

The recommendation that fostered the creation of the Chamber read in part: "A Saipan Chamber of Commerce could be the driving force to plan and determine the economic development and economic welfare of the district, (it) should be organized (to) protect, further, and foster the commercial interest of the district." At long last, this conference is addressing itself to that task. I am using the term "first conference" because I believe this initial meeting will reveal the value and need for future conferences of this type.

There are many problems and obstacles in the path of economic development in the Marianas District. How many, their complexity, their nature and the ways and means to overcome them depend entirely within what context we desire to define economic development. If we attain to no other goal at this meeting than a definition of economic development patterned to Saipan, we will have not only built a foundation for creativity in the future, but will have constructed a road on which it will be economically feasible and safe to travel. Today, at this conference, let us explore the possibilities.

James B. Johnson
President
Saipan Chamber of Commerce

Address by W. Michael Ord

W. Michael Ord is a Vice President and District Manager for Micronesia as well as Guam Branch manager of the Bank of Hawaii.

He is also the President of the Guam Chapter of the American Institute of Banking, Past-President of the Guam Chamber of Commerce and a member of the Guam Rotary Club and Hawaii Employers Association. Mr. Ord received his education in England and is a graduate of the American Institute of Banking.

GUAM & SAIPAN - A MARIANAS PARTNERSHIP

Prior to 1900, Guam and the other islands in the Marianas chain were unified though subjected to the influences of the Spanish and to a lesser extent the Germans. With the signing of the Treaty of Paris, Guam was ceded to the United States and immediately the Mariana Islands were split up. Whether this was done on purpose or in naive ignorance is a topic of discussion in itself and I don't intend to dwell on it. Suffice it to say that it would be comparable to taking the island of Hawaii from the State of Hawaii and creating a separate, independent nation.

The indigenous people of both Guam and Saipan are mostly Chamorro in origin. They speak the same language and even to date there are considerable close family relationships between the two areas.

At the end of the first World War, Japan claimed all of the German held islands under a mandate by the League of Nations. From that time up to the second World War the Japanese influence in the Northern Marianas was considerable with Saipan and Tinian islands having vast sugar cane plantations with a yield second only to Hawaii. With the termination of the war, the plantations were not reactivated and the land has lain basically idle since, except for the Bar K Ranch on Tinian, and nominal farming by individuals for their own consumption.

Likewise in Guam, since the end of the second World War, little has been done to encourage an agrarian economy and, if anything, the people were induced away from the land. The United States Navy being more interested in catering to its needs than those of the Islanders, particularly with respect to the future.

In November 1962, Guam was hit by a devastating typhoon — Typhoon Karen. While the damage and loss incurred was tremendous, it could be said that Typhoon Karen was a blessing in disguise. While the analogy may surprise some of you, Guam received vast amounts of Federal funds to help rebuild the island and to date, some ten years after the fact, we are still receiving some of those very same benefits.

At this point, let me quote a few statistics to show what has happened in Guam during the past ten years and then I will compare same with available statistics for Saipan. At fiscal year end 1961 — Guam, there were total bank and other financial institution deposits of \$25MM against which there were loans outstanding of \$13.6MM — at fiscal year end 1971, deposits totalled \$87.4MM against loans of \$96.8MM. You will note that Guam has gone from an underloaned situation in 1961, to an overloaned condition by \$7.6MM. This does not include approximately \$45MM in FHA home loans being serviced by banks though sold to FNMA. This has been accomplished by the branch banks on island pulling in unloaned funds from other areas, principally, Hawaii, California and New York.

In 1961, deposit and loan figures are not available for Saipan. In 1971, deposits totalled \$2.2MM against \$4.00MM in loans. While this reflects an overloaned condition the deposit figure is incorrect in that no consideration is given for demand deposits. Comparison is not possible except to say that Guam has an increase in outstanding loans of \$83.2MM while Saipan had only \$4MM outstanding altogether.

Guam imports in 1961 were \$24.7MM compared to \$115MM for 1971, or looking at it another way, \$575 per capita import to \$1,653. Saipan imports in 1961 were \$1.1MM compared to \$8.6MM for 1971, or \$118 per capita import to \$657.

Another interesting statistic is the 1962 fiscal year end value of building permits issued totalling \$2MM as a compared to the value of building permits issued through fiscal year end 1971 of \$45.3MM. This represents an increase of \$43.3MM. The value of building permits issued for the first six months of fiscal year 1972 is \$36.2MM. While the figures for fiscal year end 1972 are not yet available, I think the total value for the year will represent as impressive an increase over the prior year as any other increase over any given prior year. The value of building permits issued in Saipan is a statistic which I have been unable to develop with any accuracy, however, I would guesstimate that through fiscal year end 1971 it was probably a maximum of \$2MM.

In 1967, Guam had some 4,500 visitors (business and pleasure). In 1971, we had a grand total of 119,174 visitors. This is a result of increased international flights principally from Japan. By 1975 Guam is predicting receiving 275,000 tourists and visitors. Tourism did not begin in the Marianas until 1968 when Continental/Air Micronesia commenced its operations. However, through calendar year end 1971, the Marianas received 22,337 tourists or approximately one-fourth of Guam's tourists.

From these few statistics chosen at random, Guam's rate of growth has been phenomenal compared to Saipan.

Why do you ask should there be such a significant difference in the two areas. Guam, as an unincorporated territory of the United States is infinitely better off than the Northern Marianas who are currently a part of the United States Trusteeship or Micronesia. While Micronesia is administered by the United States through its Department of the Interior, it is solely dependent upon the U.S. to supply it with its annual budget and they do not qualify for federal programs as does Guam. Additionally, Guam enjoys considerable annual expenditures made by the Federal Government in the support of the various military establishments on the Island. These facilities in turn create jobs which pay the same wage as an individual would enjoy in the United States Mainland. Plus, Guam's minimum wage law is higher than the Federal, thus upgrading the per capita income infinitely higher than the per capita income enjoyed by our sister islands to the north. Saipan, as a part of Micronesia, has had to endure a number of drawbacks which I believe have been unrealistic and very negative to the economic growth and overall well-being of the indigenous people. These are the "favored nation" clause in the U.N. trusteeship agreement which permits only U.S. investment and ownership of land is restricted to Micronesian only. The majority of Americans and American businessmen still don't know where Micronesia is, so there is little wonder that the investment to date is nominal. American investment in Guam has not been as great as it could because of a quirk in the application of the Internal Revenue Code as it applies to Guam. Fortunately, the United States Congress has just passed legislation eliminating the discrimination and we should see increased U.S. investment beginning in 1973. Not only is land ownership restricted to Micronesians, but they can't even mortgage it to existing banks in Saipan for home construction or other purposes. Guam, of course, operates much like any other American community where an individual can mortgage his property or do anything else that he likes with it within zoning limitations.

One thing that Guam, for all its sophistication, and Saipan have in common is the pathetically poor infrastructure. Our telephones, power, roads, sewers and airports are all totally inadequate to sustain a viable economy and, sooner or later, will cause the economy to falter if action isn't taken quickly to remedy the situation. In this respect, while we recognize the fact that the Marianas have been given permission to negotiate a separate status agreement with the United States, we believe that any negotiations between the Marianas and the United States should allow for representation from Guam. This is vitally important as we believe it is inevitable that sooner or later the two areas will be again joined together in a common Territory of the Marianas. However, before this happens, we believe that the Marianas should first gain a separate unincorporated territorial status which should then make them eligible for the same federal programs that we currently enjoy. In

obtaining this status, it is vitally important that the interests of the people of the Marianas be safeguarded to minimize exploitation by Guam or elsewhere. In particular, I refer to land ownership which could in itself have a devastating effect on the people in the Northern Marianas if the Japanese, Taiwanese and Americans in Guam, etc., be allowed to indiscriminately purchase real property as has been permitted in Guam. The end result will be that the average individual will not be able to afford a home since the cost of construction, plus real property acquisition, would be so high as to preclude the indigenous people from qualifying for financial assistance. We believe that a minimum wage scale should be adopted with a built-in schedule for increasing the minimum wage either annually or bi-annually until such time as it equals the minimum wage in Guam. This would require restraint on the part of Guam to avoid increasing the minimum wage other than in keeping with the national level so as to permit the northern islands to achieve a comparable per capita income as we enjoy here. Again, during this interim period the legislatures, as well as administrative bodies of the two areas, should create working committees with the idea of achieving the aforesaid objectives and others not stated but necessary for a smooth transition. The business communities through their respective Chambers of Commerce should do likewise. Together, Guam and Saipan should explore the possibilities of qualifying for loan funds from the Asian Development Bank or other comparable institutions to obtain low interest and long-term financing for telephone, road and other infrastructure improvements. Since Guam's economy is so far ahead of Saipan's, it behooves Guam to offer unprejudiced advice and assistance, where possible, to Saipan if reunification is desired. Emphasis should be placed on a master plan that is realistic and imaginative. The lessons learnt in Guam need not be learnt again in Saipan. We believe that in all probability certain segments of the military will move into the Northern Islands which will create jobs in itself and help to balance the economy. Tourism will be the major resource, with the primary competition being Hawaii. Ways will have to be found which will enable the entire Mariana Islands to compete with this formidable competitor in the East.

In summation, we were unified, broken up by default, and now we are trying to find a way to get reunified equitably — the ultimate objectives being Statehood. If our politicians won't take the leadership in this endeavor, then the businessmen must.

Address by Dr. Henry H. Albers

Dr. Henry H. Albers is Professor of Management and Chairman of the Department of Management at the University of Nebraska. He was appointed by the U.S. Secretary of Labor to serve as the chairman of the Great Plains (Iowa, Nebraska, Kansas and Missouri) Manpower Committee. He received a B.A. degree from the University of Iowa in 1941 and an M.A. in 1946; his Ph.D. was awarded by Yale University in 1951. Before coming to the University of Nebraska, Dr. Albers taught at the University of Iowa, Iowa State University, Michigan State University, the University of Minnesota, and Yale University. In 1964, he served as guest lecturer for Staff Management Seminars for the Portuguese Air Force in Lisbon and the Republic of Korea Air Force in Seoul. He has made a study on managerial organization for the telephone industry and is a consultant with the U.S. Army Management Engineering Training Agency, the Strategic Air Command, the Department of Labor, and the Trust Territory of the Pacific Islands. A series of articles by Dr. Albers on Micronesia's economic development has been published in the Pacific Daily News and other Pacific publications. Dr. Albers was the principal discussant on the planning of medical manpower in the Pacific at the South Pacific Seminar sponsored by the University of the South Pacific, Suva, Fiji in 1970. He gave a paper, "Manpower Development: Future Prospects and Problems," to the Fiji Institute of Management and participated in a panel on economic development on Fiji radio. Dr. Albers is the author of a number of management books, including a widely used basic textbook, which have been translated into Spanish, Portuguese, Dutch, Italian, Japanese, German, Danish, and Romanian.

THE PROPER ROLE OF GOVERNMENT IN PROMOTING ECONOMIC DEVELOPMENT

Economic development cannot proceed without a high degree of political stability. A major consideration in this respect is the nature of future government in the Marianas and Micronesia generally. Some possible alternatives include "free association" and "territorial status." I am not going to be concerned in this talk with the possible ways in which this

matter might be resolved. The important consideration is that the people of Micronesia should play an active part through their established political, governmental, and traditional leaders in determining their future status. The solution given to the status problem should not be contrary to the popular will. A failure to recognize this point could result in political and social conflict, which would not serve the interest of economic development. Another consideration is that there seem to be rather significant differences among Micronesians as to the direction that economic development should take. The various districts, island groups, and individual islands should be given a great deal of discretion in determining the manner in which they seek to promote their economic future.

In a recent article, I indicated that there are three basic models for Micronesian economic development: (1) the Japanese model; (2) the tourism model; and (3) the traditional model. The Japanese model, which expresses the experience of the Japanese period, involves a large importation of foreign capital, labor, and population. For the most part Micronesia was administered for Japan and the Japanese rather than for Micronesians. Although the traditional Micronesian leadership was utilized, the top positions and the ultimate power rested with the Japanese. However, economic development was rapid because the Japanese brought with them such essential ingredients as management, capital, technology, and skilled labor.

The second model for economic development, the "tourism model," makes tourism the primary instrument of development. Agriculture and fishing are not ignored, but a large proportion of economic activity would be directly and indirectly related to tourism. The rate of development would be high, if Fiji and Guam are good examples, but it would not be as high as in the Japanese model.

The "traditional model" is so-called because it would best protect the traditional Micronesian culture from outside influences. There would be relatively little emphasis on tourism or industries that bring in outsiders as either visitors or workers. Agriculture and fishing would be the primary industries. Economic development would have to take a step backward in many of the districts if this model were strictly followed.

Which of these models will Micronesians follow in their future development? There will be differences in the manner in which various districts, island groups, and islands answer this question. Micronesians as a whole will probably move away from either extreme—the Japanese or the traditional model. However, there are some who feel that the Japanese period was good from an economic point of view. Others appear willing to sacrifice economic well-being to preserve their traditional culture and society. A significant portion of Micronesia, especially the Marianas, will adopt the the "tourism model" for better or for worse.

As I expressed it in an article on tourism, "Micronesia has the potential of becoming the kind of paradise people envision when their thoughts turn to Pacific Islands. Such a goal can be achieved if there is effective economic planning." Economic planning must take into account the aspirations and interests of the Micronesian people if paradise is to include them. The fear is often expressed that economic development will mean the loss of control by Micronesians. There are predictions that outsiders will eventually own the best land, control the major enterprises, occupy the top managerial positions, and accumulate most of the profits. Governmental planning should take this problem into account and make every effort to assure continued control by Micronesians. Such control is not incompatible with a high rate of economic development.

The economic situation will continue to be influenced by a sizable input of the U.S. dollars as "compensation" for actual and potential military bases. Such funding will have the effect of assuring a given level of economic well-being. The expenditures of any U.S. forces who occupy such bases will have an additional impact upon the economy. The multiplier effect of such expenditures will significantly affect the economic situation and continue to give strong support to the trade and service industries.

Some of the following resources and requirements would appear to be necessary for an economy in which tourism is a primary instrument of economic development. Modern infrastructure in the form of docks, harbors, airfields, roads, utilities (such as electric power and water), and sewage disposal systems are highly important. Effective regulation and control in the form of a code of laws (such as partnership and corporation law); law enforcement through an efficient police force and a sound judicial system; fire protection; pollution control; zoning; and immigration control are essential. There must be a modern postal

system, an efficient banking and monetary system, and a good communication system. Economic development also requires a well-planned educational system which together with vocational training can provide the necessary labor.

What are some basic problems to which government should give special attention during the next decade? The following conditions are assumed: (1) continued U.S. strategic interests in Micronesia and funding to support such interests; (2) close economic and political ties with the United States; and (3) the "tourism model" as the primary basis for economic development.

Investment is major problem. The incentive to save in Micronesia does not appear to be high, which means that personal saving is not an important source of investment funding in the immediate future. Educational programs by government and private organizations (such as banks and insurance companies) to induce savings can be helpful as economic development proceeds. Some "forced saving" through taxes may be possible, but the political situation places a limitation on this approach. The social security system provides a related source of investment funds, but safety should be an important consideration in this respect. Government loans and loan guarantees provide another source for private investment. The use of guarantees makes possible the use of regular commercial channels thereby creating additional investment.

Some U.S. and foreign investment is probably necessary if economic development is to proceed at a reasonable rate. The "most favored nation" clause creates an obvious problem in this respect, especially because Japanese investment is important in the light of the close proximity of Japan to Micronesia. A large percentage of tourists will be Japanese; U.S. hotel and related interests have many other options as do U.S. tourists. The restriction upon land ownership is not a problem if reasonable leasing arrangements are possible and if problems relating to land tenure can be resolved.

Several conclusions on the problem of investment seem appropriate. Investors from the United States and foreign nations are essentially interested in making a profit and are generally willing to accept reasonable regulations if there are good profit expectations. Investors fear political and economic instability and possible radical changes in public policy. It should not be assumed that investment funds are easy to attract. Investors normally have numerous options for their funds. For example, the Japanese have invested heavily in Hawaii in recent years and now own a number of large resort hotels and top restaurants. Japanese tourism in Hawaii has increased significantly.

As economic development proceeds, the structure of the labor force in Micronesia will be similar to that of the United States, Japan, Great Britain, and Germany. There would be unskilled labor performing such menial tasks as scrubbing floors and cleaning bathrooms as well as highly skilled electricians and computer programmers. Managerial and professional personnel would constitute a sizable proportion of the total labor force. Economic development should give rise to a new leadership group in the private sector, which will serve to counterbalance those who view their future primarily in political terms. There will probably be a rather severe shortage of labor in Micronesia as economic development occurs. Some of this shortage can be overcome by utilizing the most advanced technology, such as computers to perform accounting operations. Some foreign labor will also need to be imported. Government must develop a reasonable approach to this problem if such labor is not to become a permanent part of the population. A few Indian laborers imported into Fiji became the majority in a relatively short time. Such labor can be brought in under contracts for specific purposes and periods of time.

Micronesia could well take a lesson from the inflationary pressures faced by the United States. The problem of inflation has no easy solution and has a number of adverse consequences: (1) it has priced the U.S. out of some markets; (2) it has "created" unemployment because it has forced reduced governmental spending; (3) it has promoted temporary price and wage controls. All of this has implications for Micronesia. Higher wage rates without higher productivity promote inflationary pressures. The resulting economic instability and uncertainty are not conducive to orderly economic development. Also important is that Micronesia could price itself out of the international market for its products and services. Some of the prices charged tourists in Guam, for example, are already too high. Tourists have other options which might cause them to bypass Micronesia.

The United States is presently seriously reviewing its educational policy. Dr. Sidney P. Marland, Jr., U.S. Commissioner of Education, feels that we should give greater emphasis to "career education." What kind of educational mix is appropriate for the United States or for

Micronesia? There are probably too many college graduates in the U.S. and too few skilled workers of all kinds. A similar situation may prevail in Micronesia. Government should review its policies in this respect. What are some of the important needs? There is a need for entrepreneurial and managerial skills to develop small business enterprise. There is a need for skilled craft workers of all kinds. Tourism creates the need for such personnel as front desk receptionists, bookkeepers, dishwasher, cashiers, cooks, waiters, waitresses, watchmen, janitors, bellboys, and room maids. There is also a demand for people who can speak foreign languages, especially Japanese.

A major consideration is to develop appropriate attitudes. The Micronesian society, through its own governmental and societal leaders, should give emphasis to the importance of productivity in economic development. The U.S. faces a similar problem in this respect. Tourism also presents a number of attitudinal problems. The tourist is in many respects an "intruder" who may not abide by established cultural or social norms. Also important is that the tourist does not generally live at home as he does on vacation. Tourists are not necessarily wealthy people and should not be viewed as "exploiters" of those who serve them. Educational programs in foreign languages, cultural anthropology, and history are extremely important in societies with high levels of tourism.

There is a need for statistical data on consumer spending, investment, government spending, import-export activity, and particular industries. Economic planning cannot become effective without such data. There is a need for estimates on the manner in which tourism will affect economic endeavor, such as estimated distribution of tourist expenditures, labor specialization, seasonal demand patterns, demand and capacity, etc. This kind of information is required if tourism is not to become an economic burden in the form of excess capacity and unemployment. There is also the problem of relating other aspects of economic development, such as agriculture and supporting service industries, to tourism.

Pollution control and zoning are critical problems. The waters that surround Saipan and other islands should be brought under strict pollution controls. Pollution on land in the form of litter (beer cans and other debris) should likewise be strictly forbidden. Zoning ordinances should be developed to permit orderly development and preserve the available attractions. Every effort should be made to maintain the indigenous culture both for purposes of tourism and to protect the heritage of the people.

In conclusion, I should like to make the following recommendations: (1) government and private associations, such as the Chamber of Commerce, should actively cooperate in setting priorities and developing specific plans for economic development; (2) government should consider changes that might be appropriate on such matters as foreign investment, importation of foreign labor, pollution, zoning, land tenure, and the legal system; some kind of priority should be given to Micronesians to assure their continued control of their economic destinies but the restrictions should not preclude necessary participation by foreign investors; (3) the educational and training programs should be reviewed in the light of future needs for purposes of economic and social development; (4) public and private financial institutions should develop plans for overcoming the financial problems of economic development; and (5) manpower planning should be given a high priority in planning for economic development.

Address by G. Dudley Dambacher

G. Dudley Dambacher, Chief, Economic Development, Trust Territory Government of the Pacific Islands. He has a B.A. degree from Whitman College, Washington State. He was former president of Punahou Cliff Corp., Honolulu based Real Estate Development Company, and area manager of Pillsbury Company.

TRUST TERRITORY FOREIGN INVESTMENT POLICY

Mr. Chairman, Distinguished Guests, Fellow Saipanese and Friends of Micronesia. It is both an honor and a privilege for me to participate in this Economic Conference. I am confident that information and the resultant ideas exchanged here will go a long way in expanding our understanding concerning the problems and programs of the Trust Territory Government in promoting economic growth. I have been asked to discuss with you policies of the Trust Territory Government concerning private foreign investment, with emphasis on the Marianas experience in encouraging outside investment capital to augment their meager domestic resources. It is within this framework that my presentation today will follow.

There is no shortage of investment opportunities in Micronesia. Each of the six districts is at different stages of development, but generally speaking all have business opportunities yet untapped. The fact that economic development had proceeded slowly is a result of several factors, both internal and external growth constraints. These key constraints to major economic growth include but are not limited to the following:

1. Need to provide expanded infrastructure
2. Need to improve prevailing laws and regulations dealing with effective use of land
3. Shortage of managerial skills and local talent
4. Shortage of investment risk capital
5. Most Favored Nations Clause restrictions

The first three constraints mentioned are what I would term internal constraints towards growth which many developing countries like Micronesia normally face. I will not attempt to discuss them in detail but suffice to say these factors are problem areas that have direct implication in promoting private foreign capital Micronesia, particularly in setting up the necessary investment climate to induce outside investors.

An inadequate access to finance has been a major impediment to the establishment and growth of small independent enterprises in these islands. The latter two constraints have acted effectively to preclude any augmentation of the limited Micronesian capital through joint venture investment with firms other than American.

The present interpretation of the Most Favored Nations Clause which stems from Article 8 of the Trusteeship Agreement, in my opinion, appears somewhat restrictive to the effect that only U.S. citizens or corporations wholly owned by such citizens are permitted to do business in the Trust Territory. This restriction serves to discourage competitive inflow of private foreign investment and also narrows the availability of capital resources from abroad, not to mention other side effects, such as the problem of curtailing illicit business dealings by promoters from countries other than U.S.

Here is what Article 8 of the Trusteeship Agreement states in part:

"In discharging its obligations under . . . the Charter. . . the administering authority, subject to requirements of security, and the obligation to promote the advancement of

the inhabitants, shall accord to nations of each member of the United Nations and to companies and associations organized in conformity with laws of such member, treatment in the Trust Territory no less favorable than that accorded therein to nationals, companies and associations of any other United Nation, except the administering authority."

Several attempts were made in past years to have this policy amended to the extent of allowing investment companies and organizations from countries other than the U.S. to finance development projects in Micronesia. Efforts to date however, have not been successful. Pacific Investment Company for Asia, which is a multi-national, Panamanian corporation with many U.S. blue chip stockholders, at one time requested to provide financing in form of equity participation in Micronesia, but their request had to be declined as this would conflict with the most favored nations clause.

Following PICA's experience, the Republic of Nauru submitted a request to the High Commissioner for permission to invest in the Territory. Their request was approved on the condition that any investment undertaken in the Trust Territory by the Republic of Nauru must comply with all pertinent instance, the Attorney, Department of Interior opined that on the basis of Paragraph 4, Article 8 of the Trusteeship Agreement the United States as administering authority recognized her authority to execute commercial treaties and agreements with non-members states. The United States elected to execute this authority when the Department of Interior authorized the High Commissioner to establish commercial treaties with the Republic of Nauru. The Attorney for the Department of Interior further opined that such a decision is neither obligatory nor is it the intent of the Trust Territory Government to advocate a policy of general applicability. The reasons the Trust Territory Government established close ties with the Republic of Nauru is primarily because of the unique geographical, traditional and cultural relationship that exists between the people of that region and the people of the Marshall Islands District.

Here are some of the answers to questions occasionally raised concerning the applicability of the most favored nations clause:

1. In view of the Trust Territory Government's adherence to the Most Favored Nations Clause of the Trusteeship Agreement, may a non-United States citizen or corporation make loans to Trust Territory citizens? Affirmative.

REASON: The Most Favored Nations clause only requires that all members of the United Nations be afforded the same rights in the Trust Territory as may be afforded any any particular nation other than the Most Favored Nation. Inasmuch as the practice has been in the past to allow Non-United States companies and citizens to extend credit to Trust Territory citizens, which extension of credit is in the nature of a loan, the Attorney General's office opined that by virtue of the Most Favored Nation clause all member nations of the United Nations are allowed to extend credit to Trust Territory citizens.

2. What form of security is permissible for a loan extended by non-United States citizens or corporations to Trust Territory citizens?

ANSWER: The Attorney General's office opined that the security for the loan may take any legal form except that the loan may not be secured by any collateral which might be controlled by the Lender. The reason the loan may not be secured by real property is that non-Trust Territory citizens are not permitted by law to have any interest in real property and thus, real estate as collateral and foreclosure of such is an impossibility.

3. May a foreign corporation incorporated in the United States for convenience purposes be allowed to do business in the Trust Territory? Negative.

REASON:: The Attorney General's office interprets Article 8 to limit the investment in the Trust Territory to only citizens of the Trust Territory and citizens of the United States. Foreign corporations incorporated in the United States for convenience purposes are not permitted to invest in the Trust Territory.

4. Is it permissible by law for sales representatives to solicit orders from the general public ? Negative.

REASON: It is the opinion of the Attorney General's office that solicitation of orders from anyone other than a licensed importer in the Trust Territory is not permissible by law.

While I am sure that most of you are aware of the procedures in applying for a business permit, I would outline the application process and the criteria employed in the evaluation of a business permit request. But before proceeding, I must reiterate once again that the only foreign investments permissible by law at the present time in the Trust Territory are investments by U.S. citizens or corporations wholly owned by such citizens. There have been several occasions in the past when news articles printed in Japan, Taiwan and elsewhere gave specific accounts of investment projects being financed by Non-United States investors. Efforts will continue to disseminate accurate information concerning the law of foreign investment in the Trust Territory, so that interested investors are made fully aware of the present Trust Territory policy in this regard.

As you realize, there are six districts in the Trust Territory and each district has its own Economic Development Board which depending on the investment proposals, attempts to encourage or discourage outside foreign (American) investment. The members of these Boards all have different opinions and beliefs relative to the value and contribution various business proposals might make their particular district economy. For this reason, it has been our practice to persuade potential investors to establish contact at the first instance with the district boards in which they propose to do business, to gauge their reaction relative to their investment proposal. If a business trip can be arranged, interested investors are also encouraged to visit the district for a first hand review of the economic potential and to meet with members of the board and other local leaders and businessmen.

In submitting an application for a business permit, the following questions among others must be fully answered in the investment proposal.

1. Is there any economic need for the service or activity to be performed?
2. Will such an operation result in a net increase in exports or a net decrease in imports?
3. To what extent will such an operation deplete the island natural resources?
4. Will the operation adversely affect the island ecology?
5. To what extent will the operation allow ownership, management and employment of the Trust Territory citizens?
6. Will the operations enhance the over-all economic well-being of the district without adversely affecting the existing social and cultural values and ethnic conditions of the district?

Other information required in submitting an application for a business permit is set forth under Title 33 of the Trust Territory Code. (A copy of this law and also blank business permit application forms are available at each district Economic Development Office and at Headquarters Economic Development Division).

An applicant for a business permit must submit in triplicate the standardized application to the Director of Resources and Development, together with a \$100 non-refundable filing fee. The Director of Resources and Development, Mr. Wyman X. Zachary is responsible, among other things, in ascertaining the adequacy of the information submitted. The Director's Office, through the Division of Economic Development, serves primarily as de-facto secretariat to the six district Economic Development Boards, and may utilize the Department's technical personnel in conducting economic evaluations on any investment proposal upon the request of the district boards. All business permit applications and all information supporting an application is transmitted to the district board concerned. It must be pointed out quite emphatically that the district economic development boards have strong influence in recommending approval of any business permit to the High Commissioner.

Upon completion of the District Economic Development Board's evaluation and recommendation, the Board will forward its recommendation to its District Administrator, then to the High Commissioner, through the Director of Resources and Development for final disposition of the Business Permit application.

In recommending approval, the District Economic Development Board shall indicate the conditions under which a business permit may be granted, among which are the following:

1. The duration of the business permit.
2. The types of business activity or scope of business activity in which the applicant may engage.
3. The minimum amount of Trust Territory citizen ownership and control in non citizen business.
4. The length or time a non-citizen corporation chartered outside the Trust Territory may do business under its permit before it must form a Trust Territory Corporation and sell a certain percentage of its stock to Trust Territory citizens.
5. Guarantees of employment preference for Trust Territory citizens.
6. Guarantees of training programs for Trust Territory citizens.

The Degree of sophistication at the district level in processing an investment proposal varies from one district to another, depending on the level of technical competence available locally. Also, I wish to point out that even the time spent in having the district board process a business permit application varies considerably between districts ranging from a month to sometimes over a year - depending upon the application.

In response to my request for a written statement concerning each district policy in relation to foreign investment, Mr. Pete DelaCruz who chairs the Marianas District Economic Development Board and who is also the Marianas District Economic Development Officer has this to say:

"This District, Marianas, has shown by its past records that it is strongly in favor of development through foreign investment, except in the cases of small sole proprietorship. The District Economic Development Board has required that not less than 20% of total capitalization be held for purchase by Micronesians. As time goes on and Micronesians begin to realize the value of investing in common stock, these issues will be purchased and eventually be traded."

In reference to the Most Favored Nation Clause, which I have briefly touched during the early part of this discussion, Mr. Cruz offered the following comment:

"Since little can be accomplished for foreign investment through tax ex-

emptions, such as in Puerto Rico's "Operation Bootstrap," the District Economic Development Board feels that the removal or easing the most favored nations clause of the Trusteeship Agreement is the fastest way toward more active and viable investment in the Marianas District."

Let me conclude my talk today with the following summation:

Micronesia lacks investment capital in the amount sufficient to implement the business opportunities which presently exist. The policy of the Trust Territory Government, however, is such that only U.S. and Trust Territory citizens are permitted to invest in the Territory, thereby making it quite difficult to widen the availability of investment capital for expanded economic growth. I believe that entry of outside capital must continue to be regulated so as to ensure that the benefits to be derived from such investment activity will accrue not only to the investor, but also in the long-run to the Micronesians. With the advent of resolving the political status question, I am confident that the Most Favored Nation Clause and other economic policies will receive a much closer scrutiny in the ensuing months.

Thank you.

Address by Philip N. Chamberlain

Philip N. Chamberlain - Chief of Planning - Trust Territory of the Pacific Islands.

BA Degree - State University of New York

Master of Regional Planning - Cornell University

Senior Planner, Simonds & Simonds Planning Consultants, Pittsburg, Pennsylvania

Director of Planning Johnstown Regional Planning Commission

Director of Planning, Cambria County Planning Commission

Director of Planning Camranh City, South Vietnam (USAID—Dept. of State)

Lecturer - Vietnam Bureau Training Center, Washington, D.C.

Director - Greater Johnstown Committee

District Planner - Ponape

FOCUS ON MICRONESIA'S MASTER PLAN

I also would like to welcome you to the Trust Territory, since this is a first attempt for the private sector of Saipan to conduct an economic conference and, frankly, we appreciate your participation.

Our purpose this morning is to explain to you the Planning Division Program at the Headquarters level and in the Districts. I will speak of the overall territorial planning program and Mr. Thomas Sheehan, the Marianas District Planning Officer, will discuss the District planning function.

We have four major functions in the Planning Division at the national level. First, to assist in the preparation of planning legislation. The current status of legislation is such that we now have a Land Planning Act, which has gone through both Houses of the Congress of Micronesia and has been approved. This is, in effect, the enabling legislation for one, the

establishment of District Planning Commissions; two, it delineates what a master plan is; three, it authorizes the enactment of zoning ordinances and subdivision controls. We have heard many of the speakers at this conference state the need for development controls. We are attempting to establish the necessary controls at the local level so that they can be administered on the local level. I think you are becoming aware of the fact that the six districts of Micronesia are very different in many ways. This becomes more understandable when you realize that the first scheduled commercial aircraft began landing in all of the districts about two and one half years ago. Many of the extreme differences between the districts has substantially decreased during this time, but the distance in miles is great and the differences between the districts are still very evident. This is one reason why we feel that the districts should be responsible for their own Planning Commission rather than having the responsibility at the Headquarters level. Three of the districts have established their Planning Commissions. Unfortunately, the Marianas District is one that has not as yet. We are hopeful that in this session of the District Legislature, the local planning laws will be adopted. The purpose of the Land Planning Act is to enable the districts to prepare their own master plans and this, of course, is exactly what we want.

The second responsibility of the Planning Division is to provide technical assistance in carrying out the planning process in the districts. Currently, the Planning Division has a Planning Officer in each of the six districts - Thomas Sheehan, who will speak in a few minutes being the Marianas District Planner. Their function is to assist the District Administrators and their staffs in the planning process and the implementation of plans. We have attempted to "build in" versatility in our Planning Division staff. Our staff includes several architects, an architect with considerable construction experience and one planner with a law degree in addition to his planning degree. We attempt to utilize the staff throughout all of the districts so that, in effect, we have our own planning consulting team.

To date, the major master plans have been prepared by our consultant, Hawaii Architects & Engineers. We work very closely with the consultant. In each master plan, there is a team from Headquarters; a district team and the consultant that goes to the islands that are being planned. One of our biggest efforts and one of our largest problems is education. On the first trip to an island, we explain what master planning is. It is strictly an educational effort, trying to explain what a master plan is and how the local people must participate if the plan is to be effective. Currently, we have completed fifteen master plans, including each of the six district centers, and we are now in the process of working on the master plans for each of the sub-district centers. April first, we will begin a master plan of Babelthuap in Palau District. This, again, will involve the team from Headquarters, the district, and the consultant.

The initial trip will take about two weeks to explain to the people of Babelthuap what the master planning process is. It will involve three trips throughout the year; each time we will develop alternatives so that the people in Babelthuap will appreciate what is possible through the process of master planning.

The Planning Division is also involved in the siting of construction projects. Initially, the Manual of Administration says the Chief of Planning will approve all capital improvement projects. The reason for that, initially, was so that the Chief of Planning, who then was the only planner on board, could see if the siting was consistent with the master plan, and if no master plan existed, if it was consistent with good planning procedures. Now this process is undertaken in the district because, obviously, the District Planning Officer can best be responsible for that function.

Finally, this year, the High Commissioner established what we call the Territorial Planning Coordination Committee. We feel that this is a major step forward. This is a foil by which we hope to coordinate the many activities that are taking place in the Trust Territory. The membership of the committee we requested, are people from the department that are involved in the physical, social, and fiscal planning process. We now have the technical planners from each of the involved departments. The people involved include a representative from Budget and Programs, Economic Development, Transportation and Communications, Public Health, Education, Public Information, the District Planner, Marianas and an observer from the Congress and, of course, the Chief of Planning from Public Works.

I believe you all have a copy of the committee chart on your table. If we could just briefly run through the chart, I will explain what we are attempting to do. The High Commissioner has charged the Territorial Planning Commission to develop a territorial development policy statement. I am sorry the chart is so complicated, but it is the only way

that we could visually show the procedures so that people would appreciate what is involved in the development of that policy. First, we have tried to isolate the various functional areas of government. Please think of these elements as functional areas.

First, we have Community Development, Economic Development, Education, Health, Transportation and Communications, Public Affairs, Legal Affairs, and Judiciary. In the past, we have established goals and objectives on both the district level and the Headquarters level. Unfortunately, in the past, the goals and objectives have been in a narrative form and quite loose. I think people like them that way so that they have leeway to play around with goals and objectives. Trying to follow through with those goals and objectives, we have difficulty in maintaining the necessary control to realize effective implementation.

What we are now thinking of doing is develop the goals and objectives in a quantitative form. That way, we can get a handle on our actual needs. We are asking each of the divisions what their goals and objectives are in a quantitative form. This, in effect, will be a great, big shopping list of what people want. Granted, a shopping list is not the end product that is required, but is rather a point of departure where we can begin our work.

After establishing goals and objectives, we must determine what our available resources are. I think this is where we have gotten in trouble in the past. For example, we have heard that there is a possibility of having 1500 hotel rooms being built on Saipan. This is great. It sounds like a burgeoning economy. I do not mean to be negative, but let us look at it realistically. If we were to have 1500 rooms, each hotel room were to have two employees, we find we are talking about 3,000 employees. If we round up the service industries that are required and using our figure of 2.4 service jobs that result from each primary jobs, we are talking about 7,200 people. If we consider the family size of 6.3 and multiply that by the number of jobs, we are talking about more people than now live on Saipan or in the Marianas District.

I think it is almost time we really begin looking at what is our capability. This immediately emphasizes a district decision that must be made. If there is not enough population here to man these facilities, are people to be brought in from the outside? Are they to be brought in from the Philippines, Japan, Korea? This is a local decision that must be made. Headquarters cannot make it, but we want to point out these are decisions that people are going to have to start considering. Also, we use the 1500 hotel rooms just to show you how we hope this will work. How many people are being trained in the Education Department to man these hotels? How many management people are being trained? How many people in food services, how many people in the various other disciplines that are required? Keep in mind, while these 1500 hotel rooms are being built, the Government must also operate and every other function of Economic Development must proceed at the same rate. The ships must be manned, people must be trained. I am afraid we are going to run out of people if we do not carefully evaluate our capability.

Please do not misunderstand me. I am not trying to be negative about this. I am just trying to be realistic, because I think we can work ourselves into an awful situation if we are not careful.

Let us establish our resources. What are they? First, manpower. How many Micronesian unskilled, Micronesian skilled, Micronesian professionals? How many foreign unskilled, foreign skilled, and foreign professionals will we need, and how many are available? How about fundings? We can understand this a little but better because money is there. We know how much money is available. How many U.S. appropriated funds, how many Congress of Micronesia funds, grants-in-aid? How much from the District Legislature? How about from the private sector or Micronesian sector and how about private foreign funds? These are the most difficult to project. We are trying to plug all sources into this process.

What physical resources do we have? Local raw material, imported raw material, materials that could be processed locally, materials to be imported? Also, two major items when discussing Micronesia: What are resources in land and what are resources in fresh water? These things are constants unless there are major technological breakthroughs that we do not anticipate. From this information, we can then determine our capability. From our capabilities, we can reestablish our goals and objectives as based on that capability.

As we go through the process, we have to reestablish our priorities. When these are established, we must develop a method by which the goals and objectives can be realized as based on that capability. This, I am sure, will require some administrative policy changes as well as legislation from the Congress of Micronesia and, as a result, we hope to come up with a realistic development policy. This cannot be done unless we have adequate input from

each of the districts, and certainly adequate input from the private sector. And, gentlemen, this is the difficulty – to get that input. We are not getting it right now. We are attempting to get it, but we certainly need your help. What we are attempting to do is develop a policy that is based on facts rather than fantasy, and based upon capability as well as desire. We would appreciate your help.

Thank you very much.

Address by Joseph S. Screen

"Joe" Screen is a Certified Public Accountant and formerly Commissioner for Administration under William R. Norwood, the then High Commissioner for the Trust Territory Government for three and one-half years. Mr. Screen had responsibility for Engineering, Design, Public Works and Construction, Budget & Finance, Communications, Property and Supply and Personnel and kind of managed the Government. Prior to that Mr. Screen was Director of Administration and Treasurer of the Government of American Samoa at Pago Pago and worked and lived in Japan eight years prior to that time. Presently he is Vice President and General Manager of J.C. Tenorio Enterprises.

As I view this splendid turnout and contemplate the significance of the large numbers of outsiders interested in the conference on Saipan's economic future, I cannot help but wonder at the significance of the absence of 14 out of 16 district legislators, all but one of Saipan's municipal legislators, and 4 out of 5 members of the Congress of Micronesia-members from the Marianas. It would appear that you are more interested in this conference than our political leaders.

My talk will not be in three languages mainly due to the fact that I have enough trouble with English and this was written rather hurriedly. First some salient facts:

Saipan is an island 46 square miles with a population of approximately 10,450. At least 6,400 are 19 or under and 548 are over 60 years of age with a 4% population growth annually. We have several laws enacted by the Congress of Micronesia affecting economic development.

P.L. No. 3C-44. Relating to the protection of Trust Territory Citizen workers, in short an act regulating alien workers.

P.L. No. 3C-50. Providing for regulation of foreign investment in the Trust Territory.

You have heard other speakers talking about the Trusteeship Agreement and the "favored nation" clause. Any member nation of the U.N. must be given the same rights and benefits as any other member nation except for the administering authority. No one other than Micronesians may own land on Saipan and that includes corporations with just one share of stock owned by an alien. Land may be leased with the approval of the High Commissioner who presumably looks at the return to the Micronesians and the terms of the lease.

It is believed that there are substantial land transactions taking place today with foreign money and a Micronesian front as it were. Speaking of Mr. Norwood's Administration, we actively looked at all potential investors to determine if any alien money was behind any front. It is fair to say that little is done about this possibility today.

It is difficult for a Micronesian/Saipanese to secure a loan from a bank even with the security of a HiCom prior approved Security/Lease Agreement. The bank wants some other guarantee on the loan such as personal guarantees. Most Saipanese without assets other than land simply haven't the wherewithal to be accepted as guarantors.

Now let's compare Guam and Saipan from a slightly different outlook:

Saipan is 46 square miles, Guam 209
Population Saipan - 10,458,
Guam 70,000 exclusive of military

It has been said here that Guam is definitely better off than Saipan as an unincorporated territory because they qualify for various Federal programs. The Trust Territory is eligible for most of the Federal Programs such as HEW grants, OEO, CAA programs, the Micronesian Legal Services - Labor Department MDTA programs and the like. Unfortunately

we are not now eligible for grants from the Secretary of Interior's Land and Water Conservation Fund which could help with recreational needs on the island.

Guam enjoys a high minimum wage along with higher prices than on Saipan. Guam also enjoys the privilege of paying U.S. income taxes. It has been intimated that Guam is better off because of the military input as an economic resource. It appears to me from reading Mr. Murphy's newspaper that quite a few Guamanians are disputing this fact every day. It is possible to be an American and not wish to live in a military based economy. As Dr. Albers said if you want to enjoy tourism you have to put up with tourists. If you want military bases you have to put up with military personnel. If we think tourists are intruders it would be fair to say that the military are all pervasive.

Saipan is only 1/5 the size of Guam and for the most part the civilians (Guamians) are insulated due to the size of Guam and the location of the bases. To achieve the same effect here the only military bases that would be allowed would be on Tinian.

The military are also responsible for retarding other economic development in many ways: Restricted use of land (Micro Beach, Charley Dock and Lower Base areas); military personnel will be very much in evidence here which may result in a deterrent to tourism; and lastly the military bring their Commissaries and PX's with which the community stores have to contend but you people from Guam know all about that.

Dr. Albers structured his speech to you today around the tourism model of economic self-sufficiency. Permit me to read from the paper on economic development submitted for the second annual Economic Development Workshop by my boss, Jose C. Tenorio, better known as Joeten.

"To be sure tourism offers the best prospect for the economic development of Saipan. The Hafa Adai Hotel is currently constructing 50 first class rooms with swimming pool and enlarging the dining rooms accordingly. The Royal Taga ownership has plans for expansion. Others have announced plans, but these three are probably fairly firm at this time."

We have a Marianas Tourist Commission, none of the members of which are actually engaged in the business and we have a TT Headquarters tourism staff consisting of probably not more than two or three people. Surely, the United States Congress would gladly appropriate funding to develop an industry here that promises to reduce future demands on the U.S. taxpayer. We need tourism development plans not only for the Marianas but for the entire area, a blueprint that could be followed by our elected and appointed officials. Such a plan should be developed by experts in close consultation with the people and the various government officials involved. The study resulting in a plan should answer the following questions:

- How can development of the tourist industry best fit the environment of the District?
- How will the people of the District benefit from and be able to participate in the development of tourism?
- How can the desired goals and objectives for tourist development be implemented?

The study should not only provide answers to those three basic questions but in doing so, should establish a planning and decision making process by which on-going administration of the program can be conducted by the District Government. Of utmost importance is District know-how as related to development of a tourist industry. The District simply must be aware of the timing, magnitude and cost of utility infrastructure to service resort areas. A

study professionally done would provide the District officials or commissions the working plan and a framework for the planning process which should allow for not only plain implementation but subsequent modifications and adjustment as the local tourist industry develops.

And last but not least, the likely impact this basically new industry on the cultural and social fabric of our peoples should be assessed as closely as possible. Preliminary-conclusions of specialists suggest that one cannot logically expect employees in the visitor industry to work among luxury and affluence and then return home to minimal or sub-standard housing and still maintain a balanced perspective. The introduction of the visitory industry must not mean that our society should lose control of its destiny.

In closing may I say that Hawaii is Great, Guam is Good, but Saipan Mas Mauleg.

Domo Arigato go zai masu,

Se zuus mase,

Thank you

Address by M. Kanematsu

Mr. Manabu Kanematsu, the Executive Vice President of Japan Travel Bureau Inc., has written three books:

Railways of the United States (1950)

An Essay on Japanese Railways (1959)

Transport Systems and Travel (1964)

Mr. Kanematsu has had various experiences on which his books were based. In 1935, he graduated from the Faculty of Law, Tokyo University, with a B.A. degree. Right after graduation he joined the Japanese National Railways; in July 1959 he was appointed concurrently as the Managing Director of the Japanese National Railways and a Lecturer of Tokyo University School of Economics.

Since 1962, when Kanematsu joined the Japan Travel Bureau, he was promoted from one distinguished position to the next higher position. He was Executive Director, then Managing Director until his present position now. Also, at present, he is an expert member of the Tourist Policy Council, Prime Minister's Office; a member of Trade Council, Transportation Ministry; a member of Rotary Club (Tokyo-West), and Chairman of the Board of Diners Club.

JAPAN'S RELATION TO TOURISM IN THE MARIANAS

Mr. Chairman, Distinguished Guests, and Ladies and Gentlemen:

It is a great honour and pleasure for me to have the opportunity of addressing you at this important conference.

I wish to emphasize today that there is a great opportunity for the Marianas and other Micronesian areas, to achieve economic development through tourism, particularly between these islands and Japan, and that every effort on all levels, government and private, U.S., Micronesian and Japanese, be combined and organized toward this goal.

An increase in disposable income and leisure time during the past several years has produced a steady and remarkable increase in the number of Japanese overseas travellers. The annual average gain from 1966 to 1971 was as high as 35%, and in 1971 the number was 961,000 not including Okinawa.

This number of 961,000 travellers is less than 1% of our total population, so you can see the potential is enormous, as this growth rate is expected to continue for some years to come.

Now let me point out some of the outstanding features of recent Japanese overseas travel.

1. Pleasure trips have exceeded business trips, and occupied 76% of the total in 1971, according to passport statistics issued by the Foreign Ministry.
2. There has been an impressive increase of young people, in the age bracket of 20 to 39, traveling overseas. This age bracket represented 62% of the total in 1971. The number of female travellers is also increasing steadily.
3. To what destination do those Japanese travel overseas?
In 1971, half of our overseas travellers visited Asian countries, such as Taiwan, Hong Kong, Thailand, Singapore, Indonesia, etc. About 30%, over 300,000, visited the U.S.A. and of these, 200,000 went to Hawaii, and 90,000 to Guam and other Micronesian areas. 13% went to Europe. Triggered by the introduction of low air fares and improved transportation, Hawaii and Guam are booming as the most popular destinations for Japanese young people and honeymooners.

Now, I would like to come to more specific aspects of tourist traffic between Japan and Guam.

Ever since 1967, when Pan American inaugurated direct flights from Tokyo, Japanese visitors to Guam have been increasing dramatically every year. In 1967, only 900 Japanese visited Guam, but the number jumped to 6,500 in 1968.

Japan Air Lines also commenced direct service in October, 1970, and this accelerated the traffic to 90,000 in 1971.

At present, there are two 747 flights daily between Tokyo and Guam and six 707 flights a week between Osaka and Guam, and it is estimated that this year some 120,000 or nearly 80% of the total foreign visitors to Guam will be Japanese.

Thus, Guam has grown to be one of the most popular destinations today for Japanese tourists within a very short period of time.

Of these Japanese visitors, 90% are classified as vacationers and more than half of them are honeymoon couples.

Like other tourist resorts, travel to this area has seasonal fluctuations, affected by vacation and wedding seasons in Japan. The peak season is from March to May and October when most weddings take place in Japan. As you may know, wedding dates in Japan are chosen by selecting a particularly lucky day according to the old lunar calendar, so newly weds arrive at Guam airport in flocks on those days.

June and September are the slowest months at present. July and August are getting better with groups of young people on vacations.

New year holidays traffic is heavy, as it is at other destinations like Hawaii or Hong Kong.

Again, using Guam as an example, let's look at the future prospects for tourism in Micronesia from Japan.

The Economic Research Center in Guam estimates that 150,000 Japanese people will visit Guam in 1973, 200,000 in 1974 and 250,000 in 1975. In other words, the number of Japanese visitors this year, which is estimated at about 120,000, will be doubled within three years from now.

According to this estimate, the annual gain is from 25% to 30%, and we think this is a rather conservative estimate considering the potential of the present Japanese market. Judging from these figures, I strongly believe the potential for solid traffic to Micronesia area is high indeed, when and if facilities are available.

According to our rough estimate, visitors to Guam spend about an average of \$300.00 per person, including expenses for hotel accommodations, meals, sightseeing and souvenirs.

With 120,000 Japanese visitors this year, the total spending figure should hit 36 million dollars--- definitely not a small amount, and one which will contribute to the local economy through what is known as the multiplier effect of tourist dollars.

But how does all of Micronesia compare with Guam as a tourist destination?

Well! The Micronesia-Trust Territory Area has various touristic assets that are actually better than today's on Guam. Above all, its natural environment is most important. Blue skies, crystal waters and beautiful sandy beaches are indeed treasures, which we are losing in many other parts of the world and in Japan as well.

The friendliness and hospitality of Micronesian people are also very important resources for tourism. The fact that elderly people here can speak Japanese is another joyful surprise for young Japanese visitors.

Last but not least, the access from Japan to Micronesia is most important, Guam and Saipan can be reached by 3-hour jet flight from Japan, with only an hour local time difference and other areas of the Trust Territory in another one hop.

It is certain that there are other competing destinations for the Japanese market, but, none has a more advantageous location and unique attractions.

I think you have now a fairly good picture of the Japanese market and its potential for the future, but at the same time you may wonder why Saipan is not now enjoying its share and how it should be developed.

In this light, I would like to point out some of the basic difficulties existing on Saipan at present.

The first and most important point is the improvement of access to Saipan. The inter-island local air service now maintained between Saipan and Guam is not sufficient in either frequency or capacity. At present, Guam is the only available gateway to Micronesia for the Japanese tourist and consequently Saipan is handicapped with an additional air fare of \$28.00, even though Saipan is located closer to Japan.

Therefore, it is of vital importance for Saipan to obtain the proposed Tokyo-Saipan direct flight services. I am quite sure the start of direct flight services from Japan will bring in a new era for Saipan's tourism.

Secondly, along with the improvement of access, land facilities must be developed accordingly. As you are all aware, the improvement of public facilities and airport facilities must be given top priority because these fundamental improvements are essential for the development of all other tourist facilities.

Next, I understand that a master plan for the total development of tourist facilities and the local community has already been established and is now underway. With the combined efforts of the government and private circles, this is sure to prove a success, and it promises to ensure orderly development, the welfare of the people, and the preservation and protection of the natural environment.

In executing this plan, some incentive measures and assistance by the government are desirable to expedite development projects.

As for investment in the development, every available source, domestic or foreign, should be explored. We, Japanese are willing to cooperate in these local development projects.

However, to our great regret, today the laws and regulations governing the foreign investment and commercial activities in this area actually close the door to many good foreign sources. I hope that in the near future some measures will be taken to remedy this situation.

Thomas Blair Sheehan, Marianas Planning Officer, was graduated from Virginia Polytechnic Institute and State University with a Bachelor of Architect degree. From 1966-1968 he served in Peace Corps Micro II as Volunteer Architect and completed the design of the Tanapag Village new subdivision. He worked closely with Hawaii Architects and Engineers on the Saipan Master Plan. From 1968-1969, he studied architecture and traveled in Japan. Toward the end of 1969 he returned to Saipan and worked with a local Micronesian construction firm.

SAIPAN'S MASTER PLAN, A KEY TO ECONOMIC DEVELOPMENT

Mr. Chairman, Members of the chamber and ladies and gentlemen. I am sincerely honored to be asked to speak today and greatly impressed and encouraged by the interest which this large a body of people is showing in the economic future of Saipan.

The very fact that this conference has convened would seem to indicate that those unbelievable development projections that were first forecasted six years ago are on the verge of being proven true. True perhaps and then some.

My topic for this presentation "Saipan's Master Plan a Key to Economic Development" is perhaps a little misleading. A master plan is more like an insurance policy than a key. An insurance that economic development is sound development. But before I speak to this, I would like to explain the present position of planning in the Marianas and the present Master Plan.

That document which is referred to as the Saipan Master plan was prepared in 1968 by Hawaii Architects and Engineers a professional firm in Hawaii with considerable experience in the Pacific Basin. The plan is basically a physical development plan which acts as a guideline for the development of Capital Improvement Programs. But it was carried a step further in that it also outlines a proposed land use plan, projected certain key trends, and projected the expected level of attainment, both social and economic, up to the year 1988. It also outline the steps which should be taken in developing a comprehensive Master Plan and establish a workable planning program.

By way of describing the proposed land use of Saipan you must first imagine the island as being a tailless lizard lying on its side with the head pointing north and its legs lying toward the east. The main residential commercial area lies along its back in a continuous strip from the present airport up to the harbor. This area is served by two parallel roads connected like rungs on a ladder. The most concentrated development occurs in the area between these two arteries. The government civic communication center, similar to the central business district in the other cities will remain in Chalan Kanoa and Susupe. Other commercial concentrations will be located on the ladder rungs in location convenient to San Jose and Garapan. More rural communities are also located in the north on the back of the lizard's neck at Tanapag and San Roque and to the east, approximately in the pit of the lizards stomach in San Vicente. A large industrial park for light manufacturing is located around the harbor and another industrial part at the new international airport, Isley Field. Resort development will occur in Garapan between the residential area and the harbor industrial park, here in Susupe, on the eastern side of the island along the back of the lizards front leg and in the north at Marpi, on the lizard head.

The mountainous area in the center of the island and most of the windward or eastern side of the island are devoted to conservation and farm land or held in reserve for future growth. A color coded copy of the land use map is located in the back of the hall but it proved to small to be usefully during this discussion.

By way of going into some greater detail and those area of specific interest to this assembly I will address several elements of the plan separately.

TRANSPORTATION

Sea access is through the sheltered harbor at Tanapag. The present 500 foot pier and 30 foot deep channel. Future plans for this harbor include construction of a larger international dock and extended warehouse designed for containerized shipping. At present the harbor is in military retention and our efforts to develop this facility are somewhat hampered.

Air access is through the airport at Kobler Field but at this very moment designs are being prepared to construct a round the clock 8,700 foot runway at Isley Field just east of the present facilities. When completed in late 1975, this airport will provide for 747 class aircraft and should satisfy airport requirement at least up to 1985. Provisions are also being made for future expansion into aircraft maintenance and air cargo handling facilities. This land is also military retention but use agreements has been acquired in this case.

Land transportation is presently by means of an adequate system of paved roads which were built during and just after World War II. These roads form a partial loop around the island and form the ladder on the easter side as I discussed earlier. Future plans call for the extension of this basic net to form a circumferential loop around the base of the central mountain range and several radial secondary roads which will provide access to nearly every part of the island. Steps are presently being taken to designate this circumferential highway as a limited access road and thus insure its continued use as the backbone of the islands road system of village collectors and tertiary streets.

As for pedestrian transportation there are at present no sidewalks on the island. The master plan calls for their construction both to provide for safe and convenient movement of people through the village and to improve appearances of the villages. I intend to detail this plan and encourage its implementation as soon as the village road paving program is completed.

Circulation through the island is generally by private car or tour bus. There is no public mass transit system. The Saipan Bus Company which operated under government subsidy for some years finally faltered two years ago. It is possible though, that as the population grows a public transit system will become feasible again.

COMMUNICATION

Saipan being also the capital of Micronesia is fortunate in having a well-developed extra island communication system. The island is connected to the outside by radio phone, radio, teletype, and telex. We are served by RCA and the government facilities. Inter-island communication is provided by a rudimentary phone system reportedly superior to Guambut short of standards elsewhere. The local government owned radio station KJQR and the privately owned TV-station WSZE provide entertainment and a new dispersion along with two newspapers the Marianas Variety and the Saipan edition of Guam's Dateline.

UTILITIES

Of all services provided the Utilities are perhaps the most fragile and least acceptable to immediate or extensive expansion of demands. The recent loss of an entire power plant to fire has curtailed the power development program and although we are presently meeting demands the situation is still tenuous. One must keep in mind that this island like many developing nations is not yet dependent on electricity as the more developed nations. As the economy increases and more people can afford household luxuries the private sector power demands will increase considerably. It is for these reasons that the government has taken the position of encouraging and even requiring all new development which need large amounts of power to provide their own generators. As the generating capacity overtakes the demand it is hoped that these private generators can be converted to standby generators service, but until this point in time is reached these power limitations must be enforced.

Water conditions are not much better. Geological investigations estimate that not more than 2.5 million gallons of suitable water per day can be reclaimed from the ground. Present

pumping statistics indicate that these estimates may have to be revised downward. As a result similar limitations are being placed upon all new large water consumers, at the same time investigations are being undertaken to develop additional water sources and several capital improvement projects which will minimize water wastage are in the design stage.

Sewer lines presently serve the main residential/commercial area in the southern part of the island and primary treatment plants are being constructed to treat this sewage and serve the plant system in Garapan and the west central section of the island. Future plans are to indent this central system north and south so that eventually the entire western side of the island will be served.

PRESENT RESORT AND COMMERCIAL DEVELOPMENT

Present commercial development is centered around retail merchandizing. The island is served by 3 main retail stores which offer a limited but growing variety of goods, practically all of which are imported. The construction trades although still small are growing quickly. The recent years have also witnessed the establishment of some service trades generally of the repair and maintenance class. Professional services are still generally lacking but this may be due to the fact that the present demand is being provided for by the government or federally funded programs.

Industrial development is also nearly non existent and consists mostly of the production of some building products, and agricultural and Marianas production. In short the present commercial development indicates a gradual but steady progression from a subsistence level into the acceptance of the gadgetry and sophistication of modern society.

Resort development on the other hand appears to be on the verge of a considerable boom. Although there is presently only one hotel of more than 50-rooms a second is scheduled to open soon and a third is under construction. There are also proposals for a total of over 2,000 additional rooms and it is expected that about 700 of these will be built or under construction by the time the international airport is open. Several major airlines have also initiated an interest in extending service to Saipan, and a direct Japan/Saipan air route will be opened shortly.

Tourism at this time offers the greatest potential for development. With an almost limitless market in nearby Japan and convenient inexpensive air transport soon to become a reality. As the tourist industry develops the opportunity to develop other resources will also increase. This, gentlemen, is where Saipan stands today in the transition from an underdeveloped nation.

It is also in a position of making the best possible use of planning to insure that its development is sound. Micronesia is slowly becoming aware of this fact. The recent passage of the Land Planning Act illustrates this fact. It is quite a significant piece of legislation and took 3 years of discussions and debate before it was passed. In essence it states that the Congress of Micronesia has the power to control the use of land and the buildings which are placed on it and obligates this authority to the district legislature. This may not seem significant to those of you who come from countries where this is an accepted government authority but here where land is scarce and a measure of one's social and economic standing it is. It displays great concern on the part of the Congress of Micronesia to control its development. A concern which supercedes the concern for an individual's right to use land which he sees fit. This control will not only restrict it will also protect. Uncontrolled development in America and other countries over the past century has resulted in congestion, overtaxed utilities, urban blight, social disorder, and physical hazards. It has also caused a considerable drain on public revenues to correct. Saipan now has the basic tool with which to avoid these mistakes, but while the Act passed to the district legislature the authority to use this tool it did not pass the responsibility to act. The District Planning Office through the use of public information programs and other means, is seeking to encourage the creation of Planning Commissions, the creation and adoption of a comprehensive master plan and enactment of zoning and other land use legislation.

A comprehensive master plan is basically an agreement upon a goal and is arrived at through a series of compromises between what can develop and what should develop. Once this agreement is reached development can take place without the suspicion and misunderstanding which are being experienced by one hotel development now or limited services and utilities. It will establish a firm guideline and encourage development to occur with a minimum of wasted time effort and money.

Zoning and other land use legislation are means of assuring adherence to the agreed goal. They naturally place some restraints upon use of land but like a speed limit on a highway they also protect one's interests.

If action on the Land Planning Act is not taken it does not mean that development will be stymied. On the contrary development occurs not because it is planned but because there exists a natural resource and a ready market, but development without an accepted goal and without proper controls is a disorganized disconnected thing. As has been experienced elsewhere, the ultimate costs of this sort of development can nearly nullify the profits gained from it. As for more immediate disadvantages of development without planning there is nothing to insure that a fish processing plant will not be located next to a multi-million dollar hotel as has nearly happened or that a manufacturing plant will not be under constant criticism from a nearby residential area as Dillingham's asphalt plant is express. Experience has taught that unplanned development not only creates long range disadvantages but also immediate problems.

It is therefore to the the advantage of the chamber and the present and future businessman of Saipan to support and encourage the formulation of a comprehensive master plan and the establishment of a continuous planning program. The first step to be taken is the adoption of legislation in the district to establish a Planning Commission.

In conclusion, let me again remind you that the Marianas is a developing nation and as such is faced on one hand with untapped natural resources, limited manpower, and honest desire to improve and advance; and on the other hand a sincere apprehension of having to give up too much and gain a little. The most successful planning program and the most successful economic development ventures will be those which recognize these characteristics and develop proposals which will cope with them.

Thank you again.

Address by Martin P. Pray

Mr. Pray is an associate professor at the University of Guam where he teaches Travel Industry Management. He is currently Vice President and Director of the Guam Visitors Bureau and Tourism columnist for the Pacific Daily News. He is a member of the American Society of Travel Agents (Associate) and Pacific Area Travel Association. Mr. Pray held the post of Sales and Tourism Manager for Air Micronesia/Continental Air Lines. He was Marketing Manager for United States Travel Service in Tokyo. He was President of the Transportation Club of Japan and Founding President of the Foreign Government Tourist Association (Japan) and founding member of SKAL Club of Japan. He has written various articles and pamphlets and publicity on Guam, Micronesia and Japan related to the travel industry. Mr. Pray was Founding Editor of Micronesian Memo, a quarterly publication of Air Micronesia, and Travel News USA, a monthly publication of the U.S. Travel Services in the Far East.

TOURISM AND SAIPAN

If there is one thing, someone has said, that mankind has learned from history, it is that mankind does not learn from history. My hope is that by delivering to you some of the basics that have been learned in the recent history of tourism elsewhere, you good people of

Saipan may save yourself some grief as you are forced to cope with the inevitable growth of a tourism industry on this island.

To paraphrase badly from Mr. Kipling, as far as tourism for Saipan is concerned, "the dawn is coming up like thunder in Japan across the way." You can stop it, of course, by refusing to accept economic growth for this island, by halting the construction of hotels, by putting off the development of airstrips or by setting political matters as your main ambition and goal. But to stop tourism on Saipan will require not only complete lethargy on your parts but probably the invocation of definite bans and controls. Assume, however, that you do opt for economic growth and accept tourism as the surest way to such growth, then let's look to the recent history of Guam for lessons that should spell out some of the futuristics in tourism for Saipan.

The impact of Tourism on Guam

Guam has been inundated by tourism for five and a half years. It was not an industry that was invited, it was not an industry that was sought out. It has been a history of how many airplanes can be scheduled, depending in turn on how many hotel rooms have become available, and then letting the chips fall where they have been falling. Without planning, without controls, without analysis, but earning money for Guam.

Last year, Guam enjoyed revenues of at least 20 million dollars from visitors alone, not adding up the economic impact of new investment in hotels, restaurants, sightseeing companies, shops and other tourism support activities that also meant new, relatively free money for Guam. This year, \$30 million and more in tourist expenditures can be anticipated.

The revenue breakdown is not too difficult to derive, although the figures are based on a knowledge of wholesale prices, not interviews of the visitors themselves.

Each visitor spends about \$200 in an average stay of three nights. Ten dollars each per night for a hotel bed, \$12 a day for meals, \$50 in duty-free shopping, \$25 in local transportation needs and another \$25 for incidentals. One hundred thousand Japanese will come to Guam this year at \$200 each for \$20 million. That leaves hundreds of Americans, Chinese and others—including Japanese business visitors—in a position of adding to a healthy export earning base provided by the Japanese tourist.

Who are these Japanese who are fattening Guam from tourism? Youngsters—aged 20 to 30, many of them honeymooners, but not all. Others are teachers, secretaries, shop clerks, factory employees and office workers. They are the lowest spenders and in some sense the least sophisticated of all of Japanese who go abroad.

Hawaii gets a better educated, higher economic level of young people than Guam, as well as a balanced sampling of visitors from all walks of life.

Hong Kong and Southeast Asia attracts relatively few young people. The groups seen in Southeast Asia tend to be middle income farmers and businessmen from rural areas. Europe is the status destination for Japanese. The wealthy, the educated, the scholarly, the adventurous head for Europe.

It is realistic to say that Guam has no status as a destination. It's where you go when you can't afford anywhere else. Even so, there are a million marriages performed every year in Japan assuring Guam of a substantial honeymoon market forevermore. There are millions of the young of middle and lower income levels to continue to attract. We are not concerned, on Guam, of drying up our Japanese tourist well, even though the water in our well is not the sweetest water in terms of length of stay and expenditure per day.

Is this going to change? Yes, it will. The most important development to switch the interest in Guam to a higher income group will be the opening of the Sobu Country Club. With prestige hotels such as the Hilton and the Okura plus a magnificent golf course,

Japanese middle management types—their families and girlfriends (though not necessarily sharing the same trip)—will be coming to Guam. Golf is the key to moving up on the Japanese status ladder for Guam.

So much for numbers and the economic impact of tourists on Guam. The purpose of dwelling on Guam is that the patterns set there in tourism will serve almost identically for Saipan. You will have youngsters, you will have short stays, and for the most part you will share the same Japanese tourists with Guam.

Let me digress a moment to discuss why, over the past 18 months, Japanese tourists to Saipan have been dropping in number from a high of two and three years ago. The question is not complicated.

The little boom you had in 1969 was generated by one phenomena: Guam was too dull to satisfy a tourist out on holiday for more than two days. Tour operators sought in Saipan to boost their client satisfaction quotient. The visitor count to Saipan has dropped from Japan in the past two years because (1) Guam has improved its tourist plant to the stage where it can be enjoyed for itself alone; there is no longer a need to throw in the neighbor island of Saipan, and (2) limited air frequency and a less than reliable reservation service for the airplanes has discouraged tour agents from sending their people here.

I will predict that the improved air service scheduled for December 15 will not improve your tourism picture. Guam is too big an attraction in itself and your hotel picture discourages real promotion of Saipan in Japan. You haven't got enough hotel rooms to qualify for mass-marketed tourism.

On the other hand, when direct air service from one or more points in Japan to Saipan becomes a reality, and provided it is accompanied by an absolute minimum of 500 first class hotel rooms, your tourism patterns will begin to rival Guam's. In fact, concern for those who make a living from tourism on Guam is whether we can keep our industry growing in the face of competition from Saipan.

The Marketing of Saipan in Japan

I have been speaking of tourists from Japan only, and I will continue to do so. There is no reason to suspect that Saipan will ever benefit from a substantial number of tourists from North America, Hawaii, or other areas of the Far East than Japan. At this stage of development, it seems marginal that Guam will ever make real gains in attracting North Americans—an island that is served by four major trans-Pacific air carriers and the promise of one or two more to come. Forget everything anyone's ever told you about developing meaningful traffic from the USA. It's not coming.

Your marketing must be directed at Japan, and the hardest thing you are going to have to do is convince yourself to save your money and not do any marketing in Japan. Let others do it for you. They'll do it better, they'll be more productive and you can retain your tourism promotion money for more important things here in Saipan which I'll come to later in this paper.

In explaining this, let me go once again to Guam for comparison purposes. We have noted that Guam will earn \$30 million or better this year in Japanese tourist revenues. Guam spent less than \$50,000 to accomplish this. Guam's marketing effort in Japan is marginal. What's more, much of the \$50,000 spent was wasted.

Your marketing in Japan will be admirably accomplished by the tour operators that select Saipan as a destination to include in their package tours. The airlines that are chosen to provide service from Japan to your island will assume a lion's share of this marketing burden.

A few of you have asked me for my thoughts on air service between Saipan and Japan, especially since I have become somewhat unaffiliated with this industry.

It does indeed make a difference which carrier is selected to parallel Japan Air Lines to Saipan and this is why I have chosen to make these brief comments on air service in the marketing section of my remarks. Anybody can fly airplanes between one point and another. The effective difference for Saipan is which carrier can produce the most effective marketing on your behalf. Image building in the tourism business is everything and Japan is particularly susceptible to good image development through marketing techniques. Japan's totally sophisticated communications networks and the marketing systems they have developed to utilize them are the key to Japan's worldwide travel boom. For maximum results, you need airlines serving Saipan that have the understanding of and a good track record in these somewhat unique Japanese marketing systems.

If this seems like an unqualified endorsement for one particular air carrier, it isn't. For there are more things to think about than just marketing. High on my own priority list would be a real concern for interest in marketing Saipan, not just the ability to market. There is little reason to think that once route awards are determined that Saipan is automatically going to receive tourists by the bushels. We are still waiting on Guam for some interest on the part of airlines serving us trans-Pacific to engage in Asian or North American marketing activities for Guam. Japan Air Lines has had route rights to Saipan for almost two years and still have to take the first step forward in serving the island.

But more important than consideration in the Saipan route case than what color paint and what logos shall be on the aircraft is the fact that this route case opens the door for another American carrier to service Japan. It matters not from where—be it Attu, Fairbanks, Seattle, Honolulu or Saipan, the Japanese Government is committed to receiving a third American flag airline if the USCAB so determines. This opportunity should be the overriding consideration in considering this case.

This has been a long digression.

The point is not to waste your limited touristic development funds on marketing. Others—airlines and tour operators—will do it for you. They will only do it if you spend your energies and monies on developing a saleable destination.

Preparing for Tourists

Let me dwell now, although briefly, on some additional lessons from elsewhere that can be applied to Saipan and ease the path for a developing tourism industry.

1. Environmental Control. Saipan must transform this entire island into a people's park. Get rid of the litter. I think you're small enough to ban disposable beverage containers and make the ban work. Keep the lagoon pollution free. A few articles on Japanese weekly magazines headlined "Saipan Beaches Deemed Polluted" and any possible bonanza will come to a screeching halt.

2. Public Safety. Muggings, robberies, molesting combine with pollution to spell great danger to your tourism industry. Manila and the Philippines comprise the greatest tourist destination in all the Far East, one of the finest in the world. They have everything: costume, performing arts, cuisine, natural beauty, architecture, handicrafts, and warm, hospitable people. Yet tourism has never materialized in the Philippines because it has a reputation—in the face of the number of actual incidents unjustifiable—of being dirty and unsafe. Take this subject seriously. There are members of the Japanese press who would get their glory from murdering your tourism.

3. Utility Development. At a tourism discussion in Yap last Spring, a Yapese elder quoted a proverb of his land: "You can't catch a fish by the tail." You can't catch profitable tourism with airplanes and hotels. You must have water, roads, power and waste disposal systems that make airports and hotels possible. Many of us here have swum in the Royal Taga pool filled ingeniously by run-off rain water because the water supply failed. We have had brackish drinking water supply with our meals. We have seen signs posting a polluted lagoon by inadequate sewerage. Power failures, shall we say, are not unknown.

Make plans for major utility availability now. Presumably you have plans already. Then double, even triple, the capacity of these plans for future plants. You're going to need it. You could have three tourists a year for every resident in a relatively short time.

4. Creating A Visitor Plant. Visitors need things to see and do. The Marpi area is going to take real upgrading. The eastern shore cannot live by the Chamorro Hut alone. Your villages need to be made more visually attractive for the visitor. A real marina needs to be built. Motion picture theaters need improvement. Shops must increase. Rent-a-car quality must improve. New enterprises need developing: fast food outlets, locally made souvenirs, more handicrafts. In short, everything that will make Saipan more attractive is in order.

Financing Tourism

So all this takes money, you say. Indeed it does, and where does it come from?

I adhere to the principle that was established by the National Park System, Department of Interior, Government of the USA: you can charge admission for the use of your natural facilities and help support the cost of use development. People do not object to paying for the fun of seeing Disneyland or Yomiuri Land—they flock to do it. They will pay admission to Saipan as well.

What are feasible visitor taxes? Charge people for vacations on Saipan. I have mentioned an admission tax for tourists, hotel room taxes are fairly common now and rarely cause any fuss once effected. Airport use taxes are sufficiently common to think about them. Gasoline taxes force rental car companies, sightseeing bus operators and taxi companies to pass on increased road use to tourists equitably. The key to financing the infrastructure required for a tourist industry is to earmark funds. Gasoline taxes go for roads, room taxes go for utilities, admission taxes go for recreational facilities, airport taxes for airport improvements. None of the taxes should go to schools, hospitals or promotional junkets to Tokyo. And if you effect taxes to develop the tourist industry, let the visitor know about it. Tell him that his taxes have gone into spending in the governmental sector that involves his satisfaction in his visit.

Controlling Tourism

Many people are convinced that tourism is an ugly business. Apart from the minor arguments that the tourist industry pollutes the environment, breaks up roads, seizes land and overtaxes sewer and water systems, among the more major arguments against it is that tourism buries culture, destroys families, inflates the economy and corrupts the young. As in most enterprises and professions, the less an individual knows about the business, the more convinced he is that these arguments are valid.

I will not take the time today to refute these arguments. I would like to. There are elements of truth in all of them. Tourism must be managed and controlled the same as any other endeavor of society. Legislation for tourism is a must on Saipan.

Let's start with an easy one, like licensing of sightseeing guides. Guides should be professional and accurate in the information they impart about Saipan, its land and its people. I think I've heard four versions of Suicide Cliff, and more versions than that of Amelia Earhart. Or the spy school on Captol Hill. Licensing of guides is not a revenue activity, it's an examination process to produce quality, informed, guides. If this is successful, maybe someday I can find out why Banzai Cliff is where the civilians committed suicide and Suicide Cliff is where the soldiers conducted their banzai leaps, instead of the other way around.

Legislation is a real need for a sound tourism and this is not the day to talk about the details. Suffice it by saying that such legislation must be aimed at the big picture of tourism and not concern itself with pretty matters of self-interest. The point again, is to make Saipan an island park where residents and visitors alike can enjoy life to the fullest.

Education for Tourism

No matter where tourism is engaged, the local populace first decries the forthcoming inundation of tourists thinking their lives will be unalterably changed. In a short time the interest dulls and if there is a complaint, it's that they never see a tourist. I doubt that 10 % of the people on Guam have ever talked with a tourist, seen one in their village or, if spied, gave him or her a second thought.

Tourists get caught up in routines—their packages put them on a treadmill, they seldom interfere with any local activity unless that activity is a definite part of the planned program.

There remains, however, a need to educate the local citizenry in what tourism is about, how it affects their island and, most important, that the single greatest satisfaction factor in any tourism anywhere is "smiling, friendly people." This calls for public education. On Saipan, TV and radio can be of immense assistance.

There are three areas I might mention where public education might begin:

1. Hospitality. Be ready to welcome visitors, smile, be gracious, enjoy them as they are enjoying you.

It's always hard to think of ourselves as picturesque natives—but we are, in our own home towns. I have sometimes thought what would happen if a sightseeing busload of Japanese tourists stopped in a residential district of Omaha, Nebraska some Saturday and photographed the picturesque natives mowing their lawns. At best, the police would be called. If it happened to be bird season, a few shotguns might be fired. Yet these same picturesque lawn mowers would be the first to ask Japanese farmers working harvesting their crops to hold everything while the tourists took their pictures.

Understanding what tourism is, how it contributes to a local economy, and that the visitor is interested in knowing what Saipan is all about, makes for easy hospitality. Public education paves the way.

2. Education for beautification—clean up and sanitation

3. Education in simple spoken Japanese. Not only for those who work in tourism, but for everyone. On Saipan, Japanese conversation should at least be offered in high schools and probably required.

A Sound Investment Climate

As a wrap-up point, no one at this conference can think too much or talk too much about establishing a sound investment climate. Not only for tourism, but for all phases of economic development.

Let me state that in my opinion its time the leadership of Saipan began to take some steps to let your friends know who you are. And also to learn for yourself who your friends are.

Frankly, I am confused. In the space of four and a half years of acquaintance with Saipan, I have seen the general leadership or opinion makers on this island from time to time act against local entrepreneurship, against entrepreneurship from neighbor islands and against entrepreneurship from overseas. What is it you really want?

My main impression is that much of the leadership on Saipan believes that economic opportunities can best be acquired through political action.

Nonsense.

If Saipan is to prosper, if its people are to raise their living standards and expand their lifestyle, it will happen through development of an expanded private business sector.

Whether we talk of tourism, of agriculture, of light industry, of fisheries or whatever—this Conference is the first sign I have seen that Saipan is ready to look at its many opportunities realistically.

Thank you, and may the proceedings of this conference be read again and again and be meaningful to you as you plan and act for your future.

CONFERENCE PARTICIPANTS

1. Abe, Akira
Guam Daiichi Hotel - Guam
2. Albers, Henry H.
University of Nebraska - Nebraska
3. Allen, Jesse
International Dairy Engineering Company - Guam
4. Ariizumi, T.
Pacifica - Saipan
5. Ashman, Mike
Trust Territory Government - Saipan (Chief Tourism)
6. Atalig, Abel M.
Abel's Rental Car - Saipan
7. Atalig, Felipe O.
Congress of Micronesia - Saipan
8. Barton, Hugh C.
Pacific Broadcasting Corp.
Micronesia Broadcasting Corp.
Air Pacific, Inc. - Guam
9. Bell, James T.
Marianas Trading & Transportation Company - Guam
10. Vicente Benavente
Guam Economic Development - Guam
11. Bien, Ajidrik
Ajidrik Wholesale Company - Majuro
12. Blanco, Juan B.
Bank of America - Saipan
13. Bordallo, Ricardo J.
Ricky's Auto Company - Guam
14. Borja, Guadalupe
Micronesia News Service - Saipan
15. Bradley, Gordon
Trust Territory Government - Saipan (Director of Public works)
16. Brancheomb, Dale
Bank America - Saipan
17. Brooks, James S.
Trapp, Gayle & Co. - Guam
18. Burgess, Wallace J.
Resources & Technology Management Company - Guam
19. Burz, Larry
Xerox Corporation, Guam
20. Cabrera, Escolastica T.
Escolastica Enterprises - Saipan
21. Camacho, Daniel L.
Hertz Rent-A-Car - Guam
22. Camacho, Jo
Rep., Marianas High School - Saipan
23. Camacho, Vicente T.
Speaker, Saipan Legislature - Saipan
24. Carey, Edwin
University of Guam - Guam
25. Carr, Charles L.
Saipan Community Church/Chapel Book Store - Saipan
26. Chamberlain, Phillip
Trust Territory Government - Saipan
(Chief, Division of Planning)
Air Micronesia - Saipan
27. Collins, Doug
Guam Oil & Refining Co., Inc. - Guam
28. Cochran, Fred
Dilmicro Corporation - Saipan
29. Coddington, Robert
Mt. Carmel School - Saipan
30. Cody, Sr. Patricia
Pacific Micronesia Corp. - Saipan
31. Craddock, Elfriede
Trust Territory Government - Saipan
32. Craddock, Gerald S.
(Asst. Chief, Community Development)
33. Crain, E.R.
Crain, Rathbun & Shoecraft - Guam
34. Craley, Neiman N.
Trust Territory Government - Saipan
(Legislative Affairs)

| | | |
|-----|----------------------|---|
| 35. | Cruz, Edward J. | Government of Guam - Guam |
| 36. | Illuminado, Dael T. | Community Action Agency - Saipan |
| 37. | Dambacher, Dudley | Trust Territory Government - Saipan (Chief, Economic Development) |
| 38. | DeBevoise, Ken | Trapp, Gayle & Co. - Guam |
| 39. | Dela Rosa, Antonio | Design Builders - Saipan |
| 40. | Dela Cruz, Edward T. | Trust Territory Government - Saipan |
| 41. | Diaz, Francisco M. | Trust Territory Government - Saipan Marianas District Tourist Commission |
| 42. | Diaz, Ramon L.G. | Palmer, Wiggs & Heston - Saipan |
| 43. | Diego, Jose | Guam |
| 44. | Donchin, Gwyn | Pacific Broadcasting - Guam |
| 45. | Dovey, Denis | First National Bank - Manila |
| 46. | Dozier, Ben | Kaiser Aetna - Guam |
| 47. | Fleming, George F. | Saipan |
| 48. | Flores, Joe | Government of Guam - Guam |
| 49. | Gallardo, Lucio R. | Micronesian Construction Co. - Saipan |
| 50. | Garsade, Tim | Smith-Van, Guam |
| 51. | Gigouz, Eugene F. | Mackinlay, Winnacker & McNeil, AIA & Associates - Guam |
| 52. | Gillian, John | Government of Guam - Guam |
| 53. | Groesbeck, Howard | Guam Happiness, Inc. - Guam |
| 54. | Gustafson, Leif V. | Management Corp. of Micronesia - Saipan |
| 55. | Guerrero, Antonio S. | Chamorro Hut - Saipan |
| 56. | Guerrero, Herman Q. | Congress of Micronesia - Saipan |
| 57. | Guerrero, J.M. | Trust Territory Government - Saipan (Asst. Chief, Tourism) |
| 58. | Guerrero, Jesus D.L. | Guerrero & Family - Saipan |
| 59. | Guerrero, Larry | Saipan Shipping Co. - Saipan |
| 60. | Guerrero, Herman R. | Hafa Adai Travel Service - Saipan |
| 61. | Guerrero, Herman R. | Community Action Agency - Saipan |
| 62. | Guerrero, Jesus S.L. | Guam Economic Development Authority - Guam |
| 63. | Hagen, Wilfred V. | The Guam Continental - Guam |
| 64. | Hamilton, Vivian | Department of Commerce - Guam |
| 65. | Hayashi, Minoru | Profile Construction Co. - Saipan |
| 66. | Heston, William L. | Palmer & Wiggs, - Guam |
| 67. | Hitoshi, Kato | Guerrero & Family - Osaka, Japan |
| 68. | Hoffman, James A. | Pacific Business Associates - Guam |
| 69. | Horiuchi, David | Peat, Marwick, Mitchell & Co. - Guam |
| 70. | Ichiki, Andy M. | Wooddell, Mukai, Wirtz, Ichiki & Whitfield - Honolulu |
| 71. | Ing, Sheridan | Sheridan Ing - Honolulu |
| 72. | Jones, Robert H. | Jones & Guerrero, Co., Inc. - Guam |
| 73. | Juntereal, Phil | American Foreign Insurance - Philippines |
| 74. | Kanemetsu, M. | Japan Travel Bureau - Tokyo |
| 75. | Kawanabe, Mik | Daiichi Hotel Overseas Develop. Co. - Guam |
| 76. | Kelly, Lourdes B. | Bonded Realty - Guam |
| 77. | Kerr, John L. | Guam Dry Cleaners, Inc. - Guam (President Guam C of C) |
| 78. | Kim, George | Palmer, Wiggs & Heston - Saipan |
| 79. | Kim, Shinkyung | Government of Guam - Guam |
| 80. | King, Joan H. | Micronesia Legal Services - Saipan |
| 81. | Kizer, H.E. | Foremost Foods Company - Guam |
| 82. | Klemm, J. Bradley | Barrett, Ferenz, Bramhall & Klemm - Guam |
| 83. | Knapp, Raymond J. | RCA Global Communications - Saipan |
| 84. | Krimsky, John | Pan American World Airways, Inc. - Guam |
| 85. | Krugger, L.R. | Northwest Airlines, GSA - Guam |
| 86. | Kueffner, W. Bruce | AMCO Corporation - Guam |

| | | |
|------|-------------------------|--|
| 87. | Laurence, Donald | J. G. Company, Inc. - Guam |
| 88. | Lund, Ted | Singer/Layne International - Guam |
| 89. | Lujan, Jose M.L. | Small Business Administration - Guam |
| 90. | Magpale, Betty | Veterans Realty, Inc. - Guam |
| 91. | Maloney, Robert J. | Royal Tago Hotel - Guam |
| 92. | Matsue, Hietsugu | Nanyo Kohatsu Company - Japan |
| 93. | Matsumoto, John | TransPacific Lines, Inc. - Saipan |
| 94. | Matsunaga, Elizabeth B. | Volkswagen - Saipan |
| 95. | Matsunaga, Efrain B. | Saipan |
| 96. | May, Robert T. | TransPacific Lines, Inc. - Saipan |
| 97. | McCurdy, E.W. | Dilmicro Corporation - Guam |
| 98. | McNeil, Murray C. | Mackinlay, Winnacker, McNeil - Guam |
| 99. | Mendiola, Sasakura A. | Rota Hotel - Rota |
| 100. | Miller, Richard W. | U.S. Dept. of Interior - Washington, D.C. |
| 101. | Milne, Ernest | Micronesian Insurance Underwriters - Saipan |
| 102. | Mitchell, Ted | Micronesian Legal Service - Saipan |
| 103. | Miyamoto, Richard | Trust Territory Government - Saipan (Attorney General) |
| 104. | Mooney, William | Trust Territory Government - Saipan (Chief, Division of Labor) |
| 105. | Morris, John H. | Chase Manhattan Bank - Guam |
| 106. | Mullaney, Mel T. | Coconut Joe's Inc. - Guam |
| 107. | Murphy, Joe C. | Pacific Daily News - Guam |
| 108. | Nabors, William | Attorney at Law - Saipan |
| 109. | Norwood, W.R. | Black Construction Corp. Guam |
| 110. | Nomura, Kenzo | Japan Travel Bureau - Japan |
| 111. | Novkov, Steven | American Foreign Insurance Assoc. - Guam |
| 112. | O'Brien, Pat | Swinerton & Walberg Co. - Guam |
| 113. | O'Connell, Reg | M.S. Villagomez - Saipan |
| 114. | O'Hanlon, Charles G. | Australian Embassy - Philippines |
| 115. | Ohta, Edwin | Kaiser Aetna - Hawaii |
| 116. | Olopai, Abel | United Carolinian Association - Saipan |
| 117. | Ord, Michael W. | Bank of Hawaii - Guam |
| 118. | Oyler, William D. | Trust Territory Government - Saipan Program and Budget Officer |
| 119. | Palacios, Dr. Francisco | Saipan |
| 120. | Palacios, Herman | Da Place - Saipan |
| 121. | Pangelinan, Jose S. | Saipan |
| 122. | Pantaleon, Vic | Vic & Brothers Construction - Guam |
| 123. | Payne, S.E. | Bank of America - Guam |
| 124. | Pendleton, Alan R. | U.S. Navy - Saipan |
| 125. | Perez, Jose S. | Guam Economic Development Auth. - Guam |
| 126. | Pierre, Sr. Marie | Mt. Carmel School - Saipan |
| 127. | Pollard, A. Ralph | First National City Bank - Guam |
| 128. | Power, Earl E. | Turtle Tours - Guam |
| 129. | Pray, Martin | University of Guam - Guam |
| 130. | Quinn, Norman J. | Rep., Marianas High School - Saipan |
| 131. | Quinn, William J. | Trust Territory Government - Saipan |
| 132. | Ray, H.L. | Economic Development Office - Saipan |
| 133. | Rechucher, Eusebio | Trust Territory Government - Saipan (Deputy Dir., Resources & Develop.) |
| 134. | Reimers, Robert | Robert Reimers Enterprises - Majuro |
| 135. | Ross, Bob | Micpac Far East - Guam |
| 136. | Rowland, Irene B.K. | Interpreter/Future Investor for Local Citizens - Saipan |
| 137. | Salas, Antonio T. | Texas Retinal - Saipan |
| 138. | Sablan, David M. | Micro Corporation - Saipan |
| 139. | Sablan, David S. | David's Enterprises - Saipan |
| 140. | Sablan, Isidro A. | Trust Territory Government - Saipan |

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| 141. | Sablan, Jesus R. | Micronesia Legal Service - Saipan |
| 142. | Sablan, Manuel | Trust Territory Government - Saipan |
| 143. | Santos, Alfred | Saipan Stevedoring - Saipan |
| 144. | J.C. Tenorio Enterprises - Saipan | |
| 144. | Screen, Joseph F. | J.C. Tenorio Enterprises - Saipan |
| 145. | Sheehan, Tom | Marianas District Planning Office - Saipan |
| 146. | Shoecraft, Robert K. | Crain, Rathbun & Shoecraft - Guam |
| 147. | Songsong, Nick | United Micronesia Development Association - Saipan |
| 148. | Sparrow, O.J. | The Duncanson-Harrelson Co. - California |
| 149. | Stinson, Gerald | Crain, Rathbun & Shoecraft - Guam |
| 150. | Tamura, George T. | Pacific Thrift & Loan Co. - Guam |
| 151. | Tovares, Thomas E. | Trust Territory Government - Saipan Chief, Transportation Branch |
| 152. | Tenorio, Pete A. | T.J. Davis, Inc. - Saipan |
| 153. | Tenorio, Pete P. | Saipan Shipping Company - Saipan |
| 154. | Tenorio, Froilan C. | Micronesia Construction Co. - Saipan |
| 155. | Tenorio, Jose C. | J.C. Tenorio Enterprises - Saipan |
| 156. | Tenorio, Santiago | Saipan Bus Company - Saipan |
| 157. | Torres, Joaquin S. | Dist. Legislative Liaison Officer, Saipan |
| 158. | Torres, Stanley | Pan American Airlines - Saipan |
| 159. | Trent, Mary | State Dept. Liaison Officer - Saipan |
| 160. | Tsui, Henry Tsu | Agriculture Department - Saipan |
| 161. | Vail, Carl J. | University of Guam - Saipan |
| 162. | Villagomez, Manuel S. | M.S. Villagomez Ent. - Saipan |
| 163. | Weilbacher, Bermin | Trust Territory Government - Saipan Chief, Agriculture |
| 164. | Winberg, Gus J. | Metcalf & Eddy, Inc. - Guam |
| 165. | Withers, Samuel | Attorney at Law - Saipan |
| 166. | Yamada, Koza | Trust Territory Government - Saipan |
| 167. | Yana, R. | Mt. Carmel School - Saipan |
| 168. | Yanagisawa, Tomoko | International Trade & Tourist Association - Saipan |
| 169. | Yokozeke, David | Crain, Rathbun & Shoecraft - Guam |
| 170. | Yokomizo, Akio | Japan Travel Bureau - Japan |
| 171. | Yamaguchi, T. | Cenpac, Inc. - Guam |
| 172. | Zachary, Wyman X. | Trust Territory Government - Saipan (Dir., Resources & Development) |
| 173. | Dela Cruz, Pedro Q. | Trust Territory Government District Officer and Chairman, Foreign Investment Board - Saipan |

Below is a breakdown of the conference participants:

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| Saipan (including Trust Territory Government) | 92 |
| Guam | 66 |
| Others (including Hawaii, U.S. Mainland, other Trust Territory Districts, Japan, Australia and the Philippines) | 15 |
| Total | 173 |

SAIPAN ECONOMIC CONFERENCE COMMITTEE CONFERENCE CHAIRMAN

David M. Sablan, Vice President & General Manager, MICROL Corp.

COMMITTEE MEMBERS

Donald Beck, Vice President & General Manager, Continental Airlines

Howard Bowie, General Manager, Royal Taga Hotel

Dale Branchcomb, Manager, Bank of America

Elfriede Craddock, Executive Vice President, Pacific Micronesia Corporation

Ernest Milne, Vice President and General Manager, Micronesian Insurance Underwriters

Mamoru Saito, Manager, Bank of Hawaii

Typist: Cathy Stockman