

U.S., Japan and Micronesia

By Roger Gale

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SAIPAN, Micronesia—It has become almost commonplace here to see small groups of Japanese businessmen and American military planners drinking in the same bars. They do not always know each other, but they are working together, as part of a U.S.-Japanese agreement to secure permanent control of Micronesia.

For almost 30 years now, the United States has been the colonial manager of these 2,500 islands scattered across the Western Pacific. For almost as many years, these islands have been neglected. Recently, however, in line with plans for the construction of new U.S. military bases throughout the area, the U.S. has opened them up to outside investment capital.

The U.S. Department of the Interior (which is responsible for Micronesia under a post-World War II United Nations trusteeship agreement) has increased local budgeting from \$7 million a year in 1964 to over \$88 million this year.

The three great island chains which make up Micronesia (the Carolines, Marshalls and Marianas) are suddenly being flooded with both Japanese and American development capital. Soon business investments will surpass government spending.

SIGNS OF American investment are everywhere. Continental Airlines is the biggest investor with more than \$25 million already tied up in hotels and in the operation of its monopoly, Air Micronesia. A high-visibility advertising campaign by Continental is underway in the U.S., complete with TV spots.

The Bank of America and the Bank of Hawaii now have branches throughout Micronesia. Chase Manhattan and First National City are following in their footsteps. Mobil Oil has a monopoly of petroleum sales to civilians.

Standard Oil of California will soon begin construction of a \$30 million oil refinery for military supply. Greyhound, Hilton, Marriott, Dillingham,

Northwest Orient, TWA and United are all eyeing investment possibilities.

But, with American blessings, Micronesia's commercial future may lie with Japan. For the first time since World War II (when Japan itself ruled these islands), Japanese capital goods are being introduced, and Prime Minister Tanaka's own construction company has plans for hotel developments.

In 1970, Secretary of Defense Melvin Laird warned the Japanese that he expected them to drastically step up their economic aid to Asian nations as a Japanese contribution to Asian "stability."

This new Japanese-American connection is especially evident and harmonious in Micronesia where almost 75 per cent of non-government trade is with Japanese firms.

SINCE, legally, Japanese cannot own property or businesses in Micronesia, easy credit and under-the-counter loans are used to increase trade links even more. Everywhere in Micronesia these days there are stories of Micronesians who have suddenly hit it rich as a result of covert Japanese business deals. One businessman on Saipan has seen his business more than double in size as a result of under-the-counter Japanese "aid."

As in Hawaii, the tourist industry and the military are working hand-in-hand to expropriate huge chunks of land. The island of Saipan, remembered by many Americans as one of the bloodiest battlegrounds of World War II, is girding for a new battle as the advance guard of the combined American-Japanese military juggernaut makes its appearance.

About half the total land area of Saipan is held in "reserve" by the U.S. military. Some of this land is now being opened not to the Japanese, but to U.S. and Japanese corporate interests. Plans for almost a dozen American and Japanese-run hotels have been announced.

Many of them are to be built on choice beach-front property, formerly controlled by the military. A few weeks ago Japanese and American investors announced separate plans for two hotels and an 18-hole golf course on the site of a former CIA training base for Nationalist Chinese guerrillas.

THE U.S. CIVIL Aeronautics Board has already granted Japan Air Lines the lucrative Tokyo-Saipan air route and is now deciding whether to award competitive rights to Continental, Pan Am or Northwest.

Despite opposition from the local legislature, the Air Force and the Department of the Interior have decided to turn Saipan's old bomber strip into an airport before building a new sewer to handle the waste that will be created by the thousands of tourists expected to deluge the island when the airport opens.

By 1975, it is predicted that eight big jets will land on Saipan on any peak day, delivering an annual total of 221,000 tourists, most of whom will come from Japan. The present population of Saipan is only 13,500.

Meanwhile, Continental Airlines has begun construction of a 200-plus room, luxury resort on attractive Micro Beach, a favorite picnic spot for Saipanese. Despite almost universal opposition to building the seven-story hotel on the site, the U.S. High Commissioner, Edward Johnston, issued a permit allowing construction.

Just after the permit was issued, one Continental Airlines official told me, "There is nothing the Saipanese can do to stop us." A suit has been filed to halt construction temporarily.

SAIPAN IS the main target of the tourist dollar at the present time, but since the mid-sixties, the Interior Department has been pushing tourism elsewhere in Micronesia. It hired Hawaii architects and engineers to design a master plan for tourist development which is now being implemented everywhere.

Micronesians have no control over any of these plans. The government does not even hold public hearings when awarding new airline routes, nor do the people have any legal recourse to stop airport and hotel construction since the government assumes an unquestionable power of eminent domain over all land in Micronesia.

Yap, for example, already has an airport that regularly handles jet aircraft like the Boeing 727. Despite opposition from the Yapese, the government plans to build a new airport to handle larger jets carrying tour-