

For Marianas

Self-Sufficiency Seen A Reality

Sees Need For Export

By Diane Maddex
Daily News Staff Writer

AIPAN — Economic self-sufficiency is in the long-term picture for the Marianas, an economic consultant to U.S. Ambassador Franklin Haydn Williams and the Office of Micronesian Status Negotiations believes.

"I don't want someone to come back five years from now and say 'Saul Silver said so.' But I think they will be self-sufficient," said Silver on his trip here yesterday.

The Washington economist will conclude a two-week orientation trip here tomorrow. His visit was planned to allow him to familiarize himself with the people and the district's economic potential under the proposed new Marianas Commonwealth.

Silver made a quick trip to Tinian on Tuesday — to study an irrigation project, not military bases — but otherwise has confined his work to Saipan.

One framework for Silver's studies is the Marianas Political Status Commission's proposal for U.S. financial support during

the first year of transition to a Commonwealth status. In a paper presented at the May-June round of status talks, the commission estimated it might need \$4.5 million for various base planning and organization studies.

Rather than trying to put price tags on these studies while he is here, Silver has attempted

to define what studies are actually needed. When he returns to Washington, he plans to meet with the Marianas commission's consultants to draft a joint working paper on the financial aspects of a Commonwealth arrangement. This should be ready, said Silver, before the next status talks get underway about mid-November.

"The important thing is for us to reach agreement on what studies need to be done and in what sequence." The dollar amounts will come later, he said.

Silver explained that he and consultants from the States and Interior Departments have had two meetings with the Marianas commission's Washington consultants attorney Howard P. Willens of Wilmer, Cutler and Pickering and James Leonard of James R. Leonard Associates.

Among the studies contemplated are land survey needs, master planning, government reorganization, economic and social development and legal plans, including a constitutional convention and political education programs.

Once the new Commonwealth gets past its early transitional work, where will its future economic self-sufficiency come from?

"I see this as a multi-pronged effort," said Silver. "Tourism isn't the only industry. It's a service industry. It doesn't produce anything directly."

He suggested a mix of tourism, increased agricultural production, light industry and government.

Then, there is the proposed military base on Tinian. "But the military is another market like tourism," Silver said. "It's basically a buyer of goods, except it is also an employer of labor, which in turn uses its pay to buy things."

Silver stressed the need to keep more money, especially from tourism, in the islands. For instance, more locally grown foods should be used in the hotels, he said.

This in turn will require expanded agricultural production. Silver acknowledged that to accomplish this, additional labor will have to be imported. He offered greater mechanization,

(Continued on page 36)

(Continued from page 24)

in agriculture and in the service industries, as a way of combating excessive numbers of alien workers.

Silver also sees the need for new export markets for local produce. A soap industry utilizing by-products of coconut processing is another suggestion he has for taking advantage of the islands' resources.

The government, though, will be a source of income only as long as the United States is supporting the Marianas, he said. When the Commonwealth nears economic self-sufficiency, the people will then have to pay for their own government through taxes.

The Marianas projected it would need U.S. financial support for its operating deficits at least through 1981 — and maybe "to the year 2000 and perhaps beyond."

Drawing on his experience with the post-war economic boom in Korea, Silver seemed to think it would not take the Marianas this long to get on their feet.

As with Korea, there could be a parabolic-like momentum in economic growth from what Silver calls the "respending effect."

"As income is earned, it's spent," creating new jobs and new markets and starting the respending cycle. "It's almost magical," said Silver. "A whole new dynamism is created."

Silver eventually plans to visit the other districts of Micronesia, which are engaged in separate future status negotiations through the Congress of Micronesia. He was told the Marianas was "first priority," however.