

Dec 17, 46
USCC

U. S. COMMERCIAL COMPANY
**UNITED STATES PACIFIC FLEET
COMMANDER MARIANAS**

BOX 22, § F.P.O.
San Francisco, Calif.

MEMORANDUM

Serial

17 December 1946

From: USCC Chief Representative, Harold E. Schwartz, ComMarianas.
To: USCC, Pacific Ocean Areas, Honolulu.
Subject: Inspection Report - Saipan/Tinian.

1. The writer visited Tinian and Saipan during the period Sunday, December 8 to Thursday, December 12.
2. On Sunday, 8 December, 38 head of cattle mostly bulls and steers, were loaded aboard LST-1134 for shipment to Truk and Ponape. A number of bull carts and animal feedstuffs were also loaded. The loading was accomplished without mishap and in a minimum of time due to the careful planning and preparation by Messrs. Butchard and Thomas. The experiment demonstrates the feasibility of similar shipment to Yap and Palaus as soon as shipping can be arranged.
3. No trade goods were available for loading for Truk, Ponape, and the Marshalls on account of packing difficulties and recent pilferages of the warehouses on Saipan. It is regrettable that this direct shipping opportunity was lost. It would have provided a most excellent opportunity to have at least in part redistributed some of the excesses on hand at Saipan.
4. The following three days were spent inspecting the warehouses, native trade stores, small business enterprises, villages, farming projects, and in conference with Military Government and other Naval officials, and local USCC employees.
5. Unfortunately, Mr. Brown was absent from Saipan on a purchasing trip to Honolulu during the time of the visit.
6. The following observations and recommendations are submitted:
 - (a) MGU/USCC Relationships - A satisfactory degree of cooperation exists between MGU and USCC. IsCom Saipan also evidences a sympathetic attitude toward the USCC mission. Naval supply officials appear to be completely cooperative.
 - (b) USCC Personnel - USCC Saipan is overstaffed and steps should be taken to transfer certain of the personnel to other bases where acute shortages of personnel are evident, and in other cases it should not be necessary to replace personnel who will shortly fulfill their contracts. Specifically, one trade specialist warehouseman should be adequately supplemented by competent and trained native personnel. When Mr. Yersin completes his year in February one man should be able under the general supervision of the Senior USCC Representative to look after the trade goods program and warehousing. If Mr. McLaughlin is not competent to handle the assignment alone with native personnel then he should be transferred to another base and a more competent replacement sought. With the completion of the proposed shipment of cattle to Yap and the Palaus and until such time as the cattle project on Tinian requires more attention because of additional importations or because of additional shipments Mr. Thomas should be able to adequately supervise that activity and still spend some time on Saipan problems. No further livestock personnel to replace Messrs. Bates and

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Colvin is necessary. Mr. Morris should be retained for office work until such time as Mr. Doll returns from leave in the States. At that time Mr. Morris should be transferred to another base. At an early date it should be possible to spare the services of Mr. Pohrily as a maintenance man. This will be discussed under a later paragraph. The number of native employees on USGC payrolls should be reduced sharply at an early date.

(c) Trade Goods Stocks and Warehousing - The warehousing situation on Saipan is unsatisfactory. At least three separate areas are now being used. Stocks should be centralized in a single area at the earliest date. A most desirable location would be in the present NSC/NOB area where warehouse space should be available in the near future as excess military materials are redistributed or disposed of as surplus. A second, but less desirable site, is the former MG Supply area which is now being used. A new and independent USGC area is undesirable. New construction should, by all means, be avoided. Every effort should be expended to retain present desirable facilities and to obtain facilities already constructed. An immediate solution to the present unsatisfactory warehouse situation lies in a most intensive effort to prepare much of the present stocks for redistribution to other areas. An urgent need exists in other areas and all items should be reduced to a maximum of ninety days supply for Saipan by shipping direct to other areas or to Guam for redistribution.

It would seem unnecessary to plan to carry at Saipan a minimum supply of staple items greater than would be necessary for a thirty day period. Weekly shipments appear to be possible from Guam to Saipan so that replenishment of stocks should be possible from Guam as soon as the "pipe line" supply from the mainland begins to function.

Such a program will minimize warehouse requirements on Saipan and may permit consolidation of stocks into the single 40' x 200' quonset now being used in the former MG supply area.

A considerably larger selection of trade goods items than is as yet reflected in our requisitions against mainland sources is desired. The following needs are apparent: lace (narrow and wide widths) rickrack, other trim material, elastic (round and flat band), dress shawls, fancy kerchiefs, rayon stockings for ladies, bed chambers, tea kettles, tea pots, fancy chinaware, snaps, embroidery thread, embroidery hoops, fine combs, side and back combs for ladies (not cheap ornamental), mesh veilings for head dresses, bridal veil material, salt fish in brine, garlic, canned fruits, condiments, vegetable oil for cooking, cornmeal, two-tone mens dress shoes, ladies dress shoes and sandals (white and sport models) mens slack suits, mens sport shirts, men's dress trousers (tropical worsteds, palm beach, gabardines), steel beds and mattresses, chairs, tables, and other furniture, etc.

A most unfortunate step as regards local policies effecting the development of native enterprises is that of opening the Navy commissary to the natives. As an interim step only is the action defensible. Its continued access to natives is certain to

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completely stymie the establishment of a number of small stores which are sorely needed. The present trade store is inadequate and over-crowded. It would be far more desirable to facilitate the establishment of a dozen or more food, notions, and other full or part time stores in the village than it would be to attempt to expand the present store.

The proposal to declare a dividend to the stockholders of the trade store is commendable.

It would appear feasible at this time to encourage the establishment of a native owned and operated wholesale distribution enterprise to succeed to the wholesale activities of USCC and ultimately to the import responsibility as well. In that manner private trade between Saipan and Guam, Saipan and Hawaii, and Saipan and the West Coast would be possible.

The real hurdle to be overcome is that of permitting a reasonable profit incentive to private enterprise. At present too much concern is evidenced in attempting to hold the income of private entrepreneurs down to that of skilled craftsmen. The 50 percent sales tax on gross sales should be abolished, and should be superseded by a more equitable means of taxation for local revenue purposes. In its present form the tax is serving to prohibit the reestablishment of the native trade and economy. Poll, property, and income taxes would be preferable to the heavy sales tax on the already restricted enterprises.

(d) Transportation - Immediate steps should be taken to discontinue the use of USCC vehicles by native business interests. These vehicles should be placed out on a lease basis or sold outright (sale preferably) to the native interests requiring transportation. The present practice of permitting native use of these vehicles without charge is indefensible. The same comment applies to the practice of Military Government in furnishing quarters and facilities without charge to the handicraft association, the trade store, the snack bar, the vegetable concession, and to other private enterprises.

If use of USCC transportation equipment by natives is discontinued it should be possible to eliminate the present USCC motorpool. The Navy is obligated to furnish repair and service for USCC vehicles. The duplication of effort is undesirable and seemingly unnecessary.

Instead of rebuilding a motor pool for USCC use it would be far better to facilitate the establishment of a native service station at which point privately owned vehicles could be serviced and repaired.

With the installation of a native garage and service station, with discontinuance of native use of USCC vehicles, and assumption by MG of the responsibility for servicing USCC jeeps it should be possible to transfer Mr. Pohrily to another post of duty.

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(e) Agriculture - The progress of the agricultural resettlement programs is most satisfactory. While the present number of 171 families on farms is probably still short of the desirable balance between farmers and other occupations, the major step has been taken and the procedures are agreed. Further agricultural resettlement is to be encouraged.

Care must be exercised to determine that present ceiling prices for agricultural produce do not work to the disadvantage of the farmers now that the new wage scale is effective and gratuitous issues are to be discontinued as of 1 January 1947.

(f) Handicraft - Satisfactory progress is being made on handicraft production and quality improvement. No surpluses are evident. Attention should be given to the production of items for export as soon as conditions will permit.

Harold E. Schwartz

HES:pnb

cc: Confirmation
USCC-Saipan
Staff, MGO, ComMarianas ✓

ff: Numerical
Field Reports
Reading



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