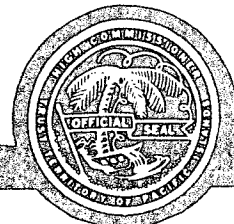


# PRESS RELEASE



## TRUST TERRITORY OF THE PACIFIC ISLANDS

Office of the High Commissioner

Saipan, Mariana Islands

96950

RELEASE: 35-67

Marianas

### NATHAN REPORT SENT TO CONGRESS OF MICRONESIA

Saipan, Mariana Islands, Trust Territory of the Pacific Islands, Feb. 13 . . . A set of far-reaching recommendations for stimulating the economic development of Micronesia, encompassed in a 3-volume report, was transmitted to the Congress of Micronesia today by High Commissioner W.R. Norwood. The report was prepared for the Trust Territory under a contract with the Robert R. Nathan Associates, Inc., an internationally-known economic consulting firm. Members of the team of economists who compiled the report were Dr. E.V. Bowden, Chief; James R. Leonard, Development Economist; and J. Raymond Carpenter, Agricultural Economist.

Truk

Ponape

Marshalls

Although the Report concludes that all is not well in Micronesia, it is not pessimistic and points the way to move toward a viable economy. "It is," Dr. Bowden emphasizes, "Not critical, but diagnostic and prescriptive."

Yap

The slow rate of economic growth in the Territory is partially attributed to factors inherent in the geography, history and culture of Micronesia. The very nature of the Territory has meant that Government direct dollar expenditures and programs have influenced the directions of the economy and have been a drain on the development of the private sector.

Palau

MORE

COPY LBJ LIBRARY

Recommendations are made which will bring about direct development of this sector. The report states that selected capital, management and labor must be permitted and induced to come from outside the Territory if a significant rate of development is to be possible. The opening of the Territory to the entrance of both people and capital, according to the report, will be of over-all benefit to the Micronesian people. New people will bring new ideas and create an element of competition from which local businesses will profit. The arrival of outside capital will create new job opportunities and strengthen the economy in general.

In Part II, specific recommendations are given in each major economic sector: agriculture, copra, fishing, trade and services, manufacturing and construction, tourism and transportation. These recommendations also are aimed at strengthening the total economy by bringing expansion to the private sector.

The "government" sector of the economy receives major emphasis in Part III. Problems such as lack of money, specialized personnel and clear goals as well as the need for balanced emphasis among the Government's programs are analyzed.

The report recommends that the Administration budget be increased to \$35-\$40 million per year. It suggests that there be some major shifts in emphasis--particularly from quantity to quality; from short-run palliatives to long-run solutions--and recommends the beginning of a strong effort to induce directed economic development.

MORE

In Part IV "Implementation", the economists find that lack of clear policies, directions and plans, as well as lack of understanding on major issues throughout Micronesia, have been primary impediments to development in the past. The report suggests that the High Commissioner, using recommendations of the report as a starting point, taking into consideration reactions of his staff and Micronesian leaders, establish clear policies of direction and goals in economic development. Then, the report recommends a major reorganization of the administration of the government and the improvement of the quality of personnel and services to enable policies to be implemented effectively.

The Nathan Team concludes that "faithful implementation of the recommendations of the plan can produce a marked change in the entire attitude and economic development climate in Micronesia during the next five years and can lay the groundwork for increasingly self-generating and more rapid progress of the Territory and its people toward economic self-reliance and viability."

# # #

UDUI/PIO/2148