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Micronesia: Post World War II Sequential Socio-Economic Development

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NAVAL WAR COLLEGE
Newport, R.I.

MICRONESIA

Post World War II Sequential Socio-Economic Development

by

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A Research Paper submitted to the Faculty of the Naval War College and The University of Rhode Island in partial satisfaction of the requirements for the degree of Master of Marine Affairs.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.

Signature:

Dale S. Brown Jr.

19 June 1972

Approved by:

Joseph K. Hutchinson

Abstract of

MICRONESIA

Post World War II Sequential Socio-Economic Development

An examination of the socio-economic development of the Trust Territory of the Pacific Islands (Micronesia). A section devoted to early development deals with the long history of foreign administrators who have controlled the islands. The paper deals with interaction between the Micronesians and their administrators and will focus upon relations with the current administrator, the United States, which operates in the islands under a mandate from the United Nations. At the time of the writing of this paper the Micronesians were holding a plebiscite to determine their future political direction. Consideration is given to economic trends within the islands, the development of industry such as tourism, and budgeting and taxation. Recommendations for the conservation and development of marine resources are discussed. In regard to education it is to be hoped that expansion in this area will result in the Micronesians' ability to participate more fully in their economic and political determination.

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INTRODUCTION

The Trust Territory of the Pacific Islands, as the twenty-fifth year of United States control is drawing to a close, is a focal point of attention. This year the islands will hold a plebiscite to determine the direction the inhabitants want to take in future relations with the United States. Broad areas of disagreement exist between leaders of the Trust Territories (also referred to as Micronesia) and American negotiators over the terms of a possible political union of the two thousand one hundred forty-one islands and atolls comprising Micronesia and the United States. This paper will examine the development of the Trust Territory, particularly emphasizing economic growth and potential.

The Trust Territory of the Pacific Islands encompasses approximately three million square miles in the Western Pacific. It is an irregularly shaped area from one degree to twenty-two degrees north latitude and one hundred thirty degrees to one hundred seventy-two degrees east longitude (see Appendix I). Within this vast ocean area, roughly the size of the United States, are scattered atolls, islands, and islets with a total land mass of only nine hundred square miles. This land area is only about one half that of the state of Rhode Island. Shown below is a breakdown of the area by island groups.

<u>Island Group</u>	<u>No. of Atolls</u>	<u>Single Low Islands</u>	<u>High Volcanic Islands</u>	<u>Complex Groups</u>	<u>Total Islets No./Area</u>
Marshalls	29	5	-	-	1156/70
Carolines	30	12	1	4	952/461.4
Marianas	--	--	15	-	29/370
Total	59	17	16	4	2137/901.4

Source: United States Commercial Company, Planning Micronesia's Future (Cambridge, Mass.: Harvard Univ. Press, 1951), p. 12.

These islands lie in three major archipelagoes. In the eastern section are the Marshall Islands, consisting of two chains of islands running north-south, the Ratak chain and the Ralik chain. Notable islands in this group are Bikini, Eniwetok, and Kwajalein. In the northwest are the north-south oriented Mariana Islands. The most notable of the Mariana island group is Guam. This island is not included in the Trust Territory but has been an unincorporated territory of the United States since the Spanish American War. Included in the Marianas are Tinian, Saipan, and Rota. To the south of the Mariana Islands are the Caroline Islands. Included in this group are Palau, Yap, Truk and Ponape. In literature the area encompassed within the Trust Territory is referred to as Micronesia or the "Tiny Islands." Micronesia also includes the Gilbert Islands which are located to the south of the Marshalls and are not part of the Trust Territory of the Pacific.

MICRONESIA

Post World War II Sequential Socio-Economic Development

CHAPTER I

RECENT HISTORY OF MICRONESIA

Early Development. During the past century most of the islands of Micronesia were at one time or another colonies of Spain. After the Spanish American War there was a political separation of the colonies. By the Treaty of Paris in 1898,¹ Spain surrendered Guam to the United States and then sold the remaining islands to Germany for roughly four million dollars. Germany took possession of the islands as her colonies in April 1899. After World War I the Japanese accepted mandate of these islands.² The economic development during the Japanese occupation will be examined in some detail in this chapter. Following World War II the United Nations placed these islands under the trusteeship system. The Security Council on 2 April 1947 approved a plan which would put the area under United States control as a strategic trust. On 18 July 1947, by a joint resolution of Congress (61 Statute 397, 48 U.S.C. Section 1681) and by executive order 9875 the area was placed under the jurisdiction of the Secretary of the Navy. A series of shifts in control resulted during the next few years. On 29 June 1951 the

Trust Territory was transferred to the Department of Interior. On 10 November 1952 the Department of the Navy accepted Saipan and Tinian islands under their jurisdiction. The next year on 17 July the remaining islands of the northern Marianas except Rota were also transferred to the Department of the Navy. Finally on 7 June 1962 Executive Order 11021, superseding all previous orders, transferred all of the northern Marianas back to the Department of Interior. The switching of administrative control between the Navy and the Department of Interior could be one of the reasons for such slow development of the Trust Territory during the early period of United States jurisdiction. It reflected the United States' interest in the strategic value of the islands.

Cultural Patterns and Traditions. Over the years the winds of external political control have buffeted the tiny islands. Shifts of power have had considerable impact on the traditional cultural patterns of the islanders. Although the Micronesians share some cultural and genetic similarities, it is dangerous to consider them a homogeneous grouping of people. The observers must also keep in mind the vast ocean area over which the islands are scattered and the geographically isolated position of some of the islands. Some groups of natives have been more amenable to change than

others. Whereas the natives of Truk seem to have adjusted well under their foreign administrators, those of Yap have tenaciously held to their old ways. Because of the obvious contrast, I have chosen to examine the culture of these two islands in greater detail.

The Trukese have long been familiar with monetary systems (German, Japanese and American). For years they have customarily purchased manufactured goods from storekeepers for cash. The valuation of imported goods was directly related to their availability.³ The scarcer the item the more costly it was apt to be. In particular they placed a high value on some highly useful tools which were not readily available. They attached high prestige to some imports such as beds and mattresses.

A survey of material household possessions of Truk gives evidence of few locally produced items and a greater number of imported, nonnative items. The natives imported approximately seventy-two percent of all goods (according to a post-World War II survey).⁴ The many years of occupation adversely affected aboriginal technology. The relatively high prices paid for handicraft (i.e., shell necklaces) encouraged women to spend more time on them than on traditional household pursuits.

They have retained some traditional customs, however. Fishermen of Truk use no bait in fishing for shark.⁵ They

carry a rattle which they strike against the side of the boat to attract the fish. When the shark nears the boat the natives, who lure bonito in the same way, harpoon it.

Families with part Chinese ancestry that have business connections on other islands have ranked high on the economic ladder.⁶ The head of the family often operated a store and owned an ancient diesel-powered boat whose crew was paid from profits of fish brought in to be sold to the rest of the population. This type of household would own a high proportion of luxury items in addition to necessities.

The households of the Protestant preacher and eight or twelve lineage chiefs of the island also scored high on the economic level.

A number of widows and widowers, often living alone and possessing only the bare necessities, were at the bottom of the economic ladder. Age seemed to have little relevance to economic status.

With the exception of canoe builders, skilled and semi-skilled craftsmen engaged in the manufacture of a variety of handicrafts. They also played a full role in family life and were not exempt from any related duties. The Trukese do not consider the manufacture of common household items like baskets, mortars and pestles, an occupation requiring any particular skill, as these are commonly made in all households. They regard house and canoe builders as

specialists. The craftsman who designed and built a canoe needed not only the skill involved in construction of the boat but also a command of the magical powers needed to make it seaworthy and to protect its passengers. This was particularly true of war canoes, but today they, along with tribal warfare, are obsolete.

The natives learn crafts at a relatively early age. Lineage is important in the transmission of technical skills which are handed down from father to son or to the children of lineage mates.

Yap has maintained a unique character among the islands in its steadfast resistance to change. The people of Yap are peaceful and cordial to strangers but somewhat apathetic.⁷ The natives' tribal instinct is strong to the point of being an active deterrent to mixing with other peoples.⁸ Some of the natives have become Roman Catholic converts, but most live according to their own beliefs.⁹ The Japanese were particularly upset about this obstinacy. During their occupancy of the islands, school children would wear clothes to school, as required, and then discard them immediately upon leaving the classroom.

Geologically Yap is the oldest of the Micronesian group, and the natives regard themselves as the aristocrats of the islanders. The men of Yap tend to be taller and somewhat more slender than the average Samoan, and the women are of smaller stature.¹⁰

Traditionally the islanders were divided into four social classes: magicians, nobles, richmen and slaves.¹¹ They lived under the feudal system, the serfs belonging to the land on which they lived and transferring ownerships as the land changed hands.¹² A comb, worn in the hair, distinguished a freeman, and the absence of one denoted a serf. The serfs lived in separate villages. Women serfs could achieve freedom through marriage to a freeman, whereas the males could never be free.

Anthropological investigators have paid particular attention to the unusual coinage in Yap. Their limestone or arragonite stone money takes the form of wheels which may vary from six to eight inches to twelve feet in diameter.¹³ Most of the great stones were quarried in Peleliu, in the extreme western end of the Carolines, and were brought to Yap first in canoes and later in European sailing vessels.¹⁴ Generally speaking, the natives used the larger stones for display or ornamentation. The village club houses, or "Fe-bai," take their name from the stone wheels which rest against their walls. People of distinction in the village may also display "Fe-bai" outside their houses.

The natives also prized a pair of large shells and the valves of the pearl oyster and used them for money. They made strings of twenty or so smaller pearl shells to use for small change. In more recent time they used bags of dried copra

as a medium of exchange.¹⁵ In the early times they seldom used English, Spanish or American coinage but have subsequently come to recognize its value.

Historically the people of Yap were great navigators.¹⁶ There is also evidence of their knowledge of astronomy. They went on extended voyages up to thirteen hundred miles away from their home island. This fact strengthens the belief that the people of Yap carried on early commercial enterprise.¹⁷

"Toutop" was the foremost of the Caroline gods. A grace similar to a Christian blessing preceded the sampling of fish. The people ate fish only after a piece from the head of the fish had been thrown away and the blessing concluded. In olden days the natives believed that if they failed to observe this ritual that they could expect poor fishing, storms and gales. Four days before a fishing expedition the men slept apart from their wives. Fishermen set out fasting to insure success and drank only one green cocoanut apiece after making their first haul. Upon their return, each man took a fish, broiled and ate it. After this he proceeded down to the sea to wash his hands and mouth with salt water and to invoke the blessing of "Aliuset" and "San-lal," the gods of the sea. It was taboo for women and children to eat until this ceremony was completed. If any broke the taboo, it was said that they would suffer swollen ankles as a result of the displeasure of the gods.

The natives tested compatibility before marriage.¹⁸ Bachelors lived in large "bachelor huts" some of which were fifty feet high. They built these of wood and nipa and used no nails in the construction. Even as late as 1905 the natives still used stone tools. Little timber was available on the island.

Anthropologists have found ancient burial sites on Yap. The natives marked graves with low square slabs faced on either side with erect stone blocks of different sizes and shapes. Most are about two feet high, slant slightly forward and are tapered at the end.

The people of Yap staged ceremonial dances on a raised platform. Performers stripped leaflets from palm fronds and twisted them into horns for hand ornaments. The line of dancers swayed in rhythm to a wild chant. They devoted intervals between dances to chewing betel nut, a mild narcotic, smoking "Ligich," native cigarettes, and drinking "Atchif," a sweet cocoa liqueur.¹⁹

Resources. In 1946 the United States Commercial Company conducted an economic survey of Micronesia in an effort to determine what areas offered the best possibilities for post-World War II development.²⁰

Prior to the war the Japanese had built a phosphate industry in the islands. Records show that nearly three

million metric tons of phosphatic material were mined and shipped to the Japanese home islands. Mines on Angaur, Peleliu, Tobi, Sonsorol, Fais, Gaferut, Rota, Tinian, Saipan, and Ebon supplied this material. Small deposits of phosphate were located on Fana, Kapingamarangi, Ngatik, Aguijan, Medenilla, and Bikar. American bombs and shells destroyed the entire industry which has not been rebuilt due to the paucity of unmined phosphate remaining. Furthermore, phosphate mining interferes with agriculture, and the land is more valuable for farming. Bauxite was also mined, but only from Ngardmau on the northern end of Babelthuap in the Palau group. During Japanese control, more than three hundred sixty-nine thousand metric tons were mined in the high islands. Japanese prospected for bauxite on Saipan, Yap, Ponape, and Kusaie and estimated that there were two million tons on Babelthuap, four hundred thousand tons on Yap. The bauxite is of good grade, and the mining technique does not destroy the top soil and will not interfere with agriculture.

The Japanese mined manganese on Saipan, Rota, and Yap, but production was quite small. It probably did not exceed five thousand tons, and the remaining deposits are not apt to be of commercial importance. Iron, copper, and asbestos were also mined on Yap, but they were mined in such small amounts that they were not of economic importance. Limonite was mined on Ponape and then smelted to form a crude

ferrosilicon. The deposits of limonite are unknown. Additionally on Ponape, as well as Babelthuap and Truk, small traces of gold were found. Babelthuap was the site of sphalerite and chalcopyrite deposits. A small number of companies controlled the Japanese development. The South Seas Trading Company, operating in the Eastern Carolines, was formed in 1906. The Oriental Exploitation Company, initially active in the sugar and phosphate industries on Saipan, and the South Seas Exploitation Company, another phosphate producer, joined together to form the South Seas Development Company, which by 1938 was capitalized at forty million yen.²¹

Fishing Industry. The Japanese tried to develop the fishing industry in Micronesia. Their efforts were centered on Saipan, Palau, and Truk with some small installations on Ponape and in the Marshalls. The South Seas Statistical Yearbook shows that a large fishing fleet existed in these islands just prior to World War II. In 1937 a total of five hundred and forty-one fishing boats were distributed as shown below:

	Saipan	Palau	Yap	Truk	Ponape	Total
less than 5 tons no power	89	80	7	100	51	227
less than 20 tons powered	36	58	-	52	14	160
greater than 20 tons powered	4	146	-	4	1	154
	—	—	—	—	—	—
	129	284	7	156	66	541

Source: United States Commercial Company, Planning Micronesia's Future (Cambridge, Mass.: Harvard Univ. Press, 1951), p. 76.

By 1940 this total had increased by forty-one percent to 726 boats.²²

Saipan --	183	Truk --	180
Yap --	15	Ponape --	140
Palau --	239	Jaluit --	5

As in the case of the phosphate industry, nearly all of the fishing industry was destroyed during the war. A survey in 1946 showed Yap, Palau, Truk, and Ponape had only one boat each with only a few left on Saipan.

Before World War II the fishing industry was limited to trolling outside the reefs for tuna, turtles, crevalle', barracuda, and bonito. Flying fish were caught by scoop nets at night after being attracted by coconut leaf torches. Since the fish consumption was approximately one pound per person per day, every able bodied person (men, women, and children) usually spent some part of the day fishing. Most

of these people fished the numerous reefs. The native caught fish by hook and line, diving, spearing, woven basket traps and stone traps, which consisted of driving fish into traps with an open end two hundred yards wide.

In addition to the reef fish they caught many shellfish including marine snails, clams, and spiny lobsters taken by hand on flat reefs near shore or caught by beach seines or throw nets. Helped by many women and girls, they used hand nets on these reefs to catch small fish.

Although most of the fish caught were consumed within the islands, Trepang, dried beche-de-mer, was produced in the Carolines and Marshalls and then prepared in the Philippines for export to China.

Additional Marine Products. The Japanese also exported trochus, pearl oyster, tortoise and cowrie shells, and sponges. The trochus shell collection was a seasonal operation taking a couple of weeks a year. In 1941 Palau produced sixty thousand shells. The total area produced nearly seventy thousand kilograms of trochus shells, which drew a price of thirty sen per kilogram.

The Japanese raised cultured pearls in Koror in the Carolines and Ebon in the Marshalls. Tortoise and cowrie shells were minor products which are used in handicraft manufacture. Sponges, planted by the Japanese on the outer islands, were not developed into a commercial market.

Home Industries. In addition to shell handicraft the Micronesians developed other home industries. Natives, in the home, produced wood carvings, mats, baskets, and fish-nets. Nonnatives marketed all of these items. Natives were active in a business association on Palau where the Japanese introduced the Kumiai.

Kumiai Business Association. The Kumiai was a business association whose membership was limited to natives. There were associations for commercial farmers, ferry operators, copra growers, charcoal makers, barbers, lumber mill operators, carpenters and trepang fishermen. The Kumiai, responsible for setting prices for commodities and services performed, enforced health regulations and safety precautions. They controlled workmanship standards and license issuing authority. They additionally arranged for produce collection and allocation of the produce to sections of the population. They even went so far as to provide disaster insurance and to extend credit.

Development Under U.S. Administration. The Trust Territories of the Pacific come under the administration and supervision of the United Nations and the International Trusteeship System as delineated under Articles seventy-five through eighty-five of the Charter of the United Nations. These articles are reproduced in their entirety in Appendix II.

The basic objectives of the trusteeship system as set forth in article seventy-six specify in particular the purpose: "to promote the political, economic, social, and educational advancement of the inhabitants of the trust territories, and their progressive development towards self-government or independence as may be appropriate to the particular circumstances of each territory and its peoples and the freely expressed wishes of the peoples concerned, and as may be provided by the terms of each trusteeship agreement."

The trusteeship agreement, with which the United States administers these islands, designates them as a strategic area. Others have noted that the United States preoccupation with the strategic value of these islands has overridden other aspects of their development.²³

CHAPTER II

ECONOMIC DEVELOPMENT UNDER U.S. JURISDICTION

General Economic Structure. World War II left Micronesia in a state of physical ruin and economic chaos. Negotiations between the United States and Japan concerning war claims resulted in an estimated twenty-four million dollar claim against the United States.¹ The settlement of this claim represented reparation to those who had suffered. It also stimulated the economic development of a territory which had little capital at its disposal.

The general economic structure of the territory is based on subsistence farming and fishing.² Semiurbanized residents of the district centers participate more fully in the economic development of the Trust Territory than residents of the outer islands who get only small amounts of money to supplement subsistence resources.

The national income for 1967/68 based on wages and exports was estimated at \$14,904,672 compared with \$11,370,000 for the preceding year.

The level of economic development is quite different in the Territory than in the district centers, where a semiurbanized society participates in a money economy.³ The outer islands have a weak economic base. The Territory relies heavily on United States funds for services and capital

improvement, the production of copra, tourism and subsistence farming and fishing.

In the Annual Report (T/1964) the Administration Authority stated that the economic development program for the Trust Territory was based on:⁴ (a) increased food production due to improved crop farming and use of local materials for house construction, furniture and crafts; (b) development of transportation and communication to overcome isolation, better educational opportunity and logistic support of island communities; (c) promotion of tourism; (d) wage structure to be based on periodic surveys and cost of living studies; (e) optimum use of land resources by application of appropriate controls; (f) expansion of the program to rehabilitate roads, airports, and harbor facilities and improve basic utilities; (g) provision for technical assistance and long term loans; (h) establishment of an economic climate conducive to commerce and industry.

At the thirty-sixth session of the Trusteeship Council the adviser to the Special Representative said that economic and social development had failed to keep pace with the political development of Micronesia. The Micronesians' reliance on government for jobs and services must be changed to emphasize personal initiative and self-help.

The Administration pledged enactment of legislation by the United States Congress to give Micronesian products the

same duty free status now granted to products of United States territories. Furthermore, there would be greater interchange of Micronesian and United States citizens for business, education and travel purposes.

The following chart points up how heavily dependent the Trust Territory is on the United States to balance its budget. In 1967 legislation authorized twenty-five million dollars for this purpose, and in 1968/69 (fiscal year 1969) thirty-five million dollars was allocated.

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Total expenditure	\$23,755,638	\$26,436,205	\$37,997,947
Total revenue	1,090,104	1,090,877	1,442,459
Deficit	22,665,534	25,345,328	36,555,488

Source: United Nations, Report of the United Nations Visiting Mission to the Trust Territory of the Pacific Islands (New York: 1970), p. 43.

Substantial United States grants balanced the deficits. The Micronesians have a long history of living under foreign administrators and seem to have developed a psychological dependency. Their attitudes and traditional social patterns do not lend themselves to the development of a modern economy. They are indifferent to becoming a consumer society as their basic needs are satisfied through the extended family system.⁵

Advice for stimulating the local economy is available through the Economic Development Loan Fund. A seven member Board of Directors appointed by the High Commissioner administer the fund. The Director of Economic Development serves as chairman. Individuals can obtain a loan from commercial banks with a government guarantee. Individuals or business organizations may receive the loans. Direct loans in 1966/1967 totaled one hundred ninety three thousand seven hundred dollars. In the following year these direct loans dropped to a total of one hundred fifteen thousand three hundred dollars.

Economic Trends. What general direction then is the Micronesian economy taking? An investigation of the answer to this necessarily involves, at least, a cursory look at credit unions, cooperatives, agriculture, fishing, industry and taxation.

Credit Unions. United States currency serves as legal tender in the Territory, and U.S. laws covering banking apply in Micronesia.⁶ Forty-eight credit unions operated in the Trust Territory by the end of fiscal year 1968, an increase of seven over the previous year. Their assets were valued at approximately eight hundred eighty thousand dollars, an increase of sixty-two percent during 1967. These credit unions are self-help lending institutions. At the end of

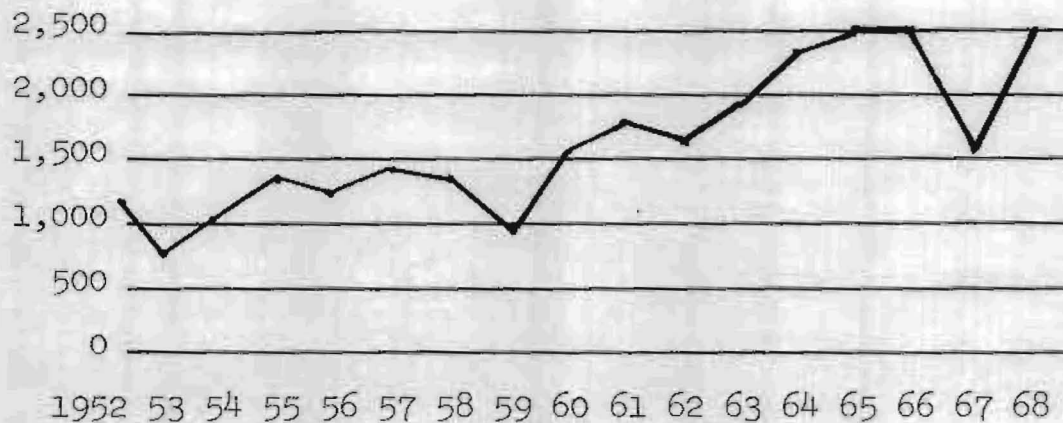
1967, 7,295 Micronesians were participating in credit unions and had saved an average of one hundred five dollars per member. During 1967 credit unions made 4,059 loans to members totaling \$1,208,846. Usually the credit union is the only source of such loans.

Cooperatives. Cooperatives in the Trust Territory have increased. They buy copra and retail trade goods, often in remote places where there are no other trading companies. They contribute to the local economy by marketing fish and handicraft, constructing low cost homes for members, and building and repairing boats. At the end of 1968 there were thirty-three cooperatives. This represents an increase of four over 1967. Total sales in 1966/1967 were \$4,147,930, an increase of \$443,884. Net savings for 1967 amounted to \$453,201 and \$259,363 was returned to members in patronage refunds. Total assets at the end of 1967 were two million two hundred thousand dollars.

Agriculture. Agriculture plays a developing role in Micronesian economy. Though agricultural efficiency is low compared to highly developed areas, it compares favorably with similar countries. The principal agricultural product of the Territory is copra. The coconut, the most important economic crop, has top priority for development. Copra is the largest export of the territory.

DURING THE PERIOD 1952-1968
(In Thousands of Dollars)

Copra Export



Source: Department of State, Trust Territory of the Pacific Islands (Washington: U.S. Govt. Print. Off., 1968), p. 50.

Copra will be a major source of income to Micronesians for some time to come and is an important source of income and subsistence to out-island inhabitants.

Cacao might become a cash crop in Ponape and Truk with a minimum production of seventy-five tons of cacao beans for export in 1970.

Black pepper is being produced in limited quantity in Ponape, and there is some rice production for local consumption.

Further development of agriculture in the islands faces certain problems. Even today traditional systems of land tenure may create obstacles to agricultural development.⁷

Undefined ownership of land by extended families and clans discourage investment in land improvement. Currently there is no territorial legislation to control the transfer of land among Micronesians.

Furthermore the flow of population to semiurban areas has depleted the agricultural labor supply.⁸ Other obstacles to further development are: poor soil, lack of modern technology, and the difficulty of transporting products to market. The 1970 Visiting Mission recommended the formation of a special committee to study agricultural problems.

Marine Resources. The goal of the Marine Resources Development Program was to conserve, develop and use the Territory's greatest natural resource, the ocean and its products.⁹ A training program is underway by which Micronesian fishermen may work on skipjack tuna boats out of Hawaii. Okinawan fishermen working out of the Palau District annually land about four thousand tons of fish, valued at about four hundred twenty thousand dollars.

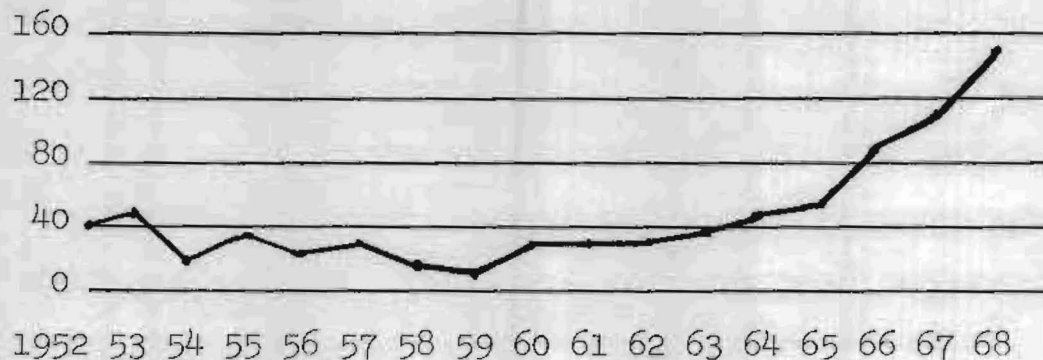
The Division of Marine Resources located on Koror and Truk has outlined six major programs. Good progress has been made in the area of conservation. Conservationists are working to curb the crown-of-thorns starfish, which has been destroying the living coral reefs. Forward strides in research and training are being made. Technologists are

studying the possibilities of developing both inshore and offshore fisheries. There are indications that fish could become the second highest export of the Trust Territory.¹⁰ Expansion of fishing will necessitate increased activity in the boat building industry. Technicians are working toward the establishment of a marine biological research laboratory in Palau. Fishermen are receiving better training and are benefiting from marine research programs. A Peace Corps volunteer, specializing in conservation, has assisted in developing educational programs geared to teaching the need for carefully planned conservation efforts.¹¹

Industry. Manufacturing consists primarily of cottage-type activities for subsistence. Some handicrafts are produced.¹²

(In Thousands of Dollars)

Handicraft Export



Source: Department of State, Trust Territory of the Pacific Islands (Washington: U.S. Govt. Print. Off., 1968), p. 50.

Marketing outlets have been established on Kwajalein (Marshall Islands), Koror (Palau) and Saipan (Mariana Islands). Most small industries fall into service classifications: repair shops, barber shops, sawmills, etc.

Increasing movement of people and cargo through Micronesia contributes to the development of tourism.¹³ The Royal Taga, a first class hotel, was constructed at a cost of eight hundred thousand dollars. There was a forty percent increase in tourism in 1969 over 1968.¹⁴

The 1970 Visiting Mission voiced some concern that the greater part of funds invested in tourism were of foreign origin. Much of the profit from tourism might not remain in the Territory.¹⁵

Budgeting and Taxation. Budgeting, funding and expenditures take place at territorial, district, and municipal levels. The Trust Territory Code, Sections forty-six to forty-eight and Chapter eighteen, Finance; Taxation, contains legal authorization for financial operations of local government.¹⁶ Territorial jurisdiction exercises exclusive control of import, export and income taxes, including excise taxes generally collected on the basis of imports.

The district governments control taxation of alcoholic beverages. They alone may issue licenses for wholesale businesses other than banks, credit union, and cooperatives,

insurance and utilities. The collection of sales taxes on other than foodstuffs, falls within their jurisdiction.

Municipal and local governments control licensing and collection of license fees of retain businesses within the municipality. Foreign and domestic companies are equally subject to taxation.

At the thirty-sixth session of the Trusteeship Council the Special Representative announced that in the area of public finance and in accordance with the recommendation of the previous session, the Trust Territory Government had obtained the services of two experts from the U.S. Bureau of Internal Revenue to come to the Trust Territory to evaluate the fiscal structure of the administration. The development of a local tax structure and the necessary legislation to implement it was their goal. The Congress would consider the report at its session in July 1969. The total U.S. budgetary grant for fiscal year 1970 had been raised to forty one million dollars, compared with thirty million dollars for the preceding year.

The Special Adviser, Senator Borja, indicated that the Congress of Micronesia was greatly interested in tax legislation to increase local revenue.

The Special Representative said that in respect to economic development, the Government of the Territory would take immediate steps to encourage the investment of

Micronesian capital in sound business ventures. One possibility to be recommended to the United States Congress was to increase the Trust Territory Economic Development Loan Fund from the 1969 level of seven hundred thousand dollars to five million dollars. The Administration indicated that it would continue the expansion of various training programs to help the Micronesian labor force to participate more fully in the expanding economy. This would also reduce the dependence of the area on government employment and government spending. The 1970 Visiting Mission reported that the Economic Development Loan Fund had fallen far short of playing the role expected of it.

The adopted recommendations and conclusions of the thirty sixth session of the Trusteeship Council were:

The Trusteeship Council takes note with satisfaction of the continuing increase of funds, amounting to eleven million dollars, planned by the Administering Authority for 1969/1970. It expresses the hope that, even if funds can only be authorized on a year to year basis, this can be done in such a way as to permit long term planning of economic development.

The Council attaches importance to the Economic Development Loan Fund. It commends the Administering Authority's intention to seek an increase in funds to a level of five million dollars, and hopes that the lending activity of the fund will be correspondingly expanded. It expresses the hope that Micronesians will be given a greater part in the composition of the board and play an increasing role in its management.

The Council recalls its recommendation that the Congress of Micronesia should consider the adoption of a suitable system of direct taxation applicable

to all residents of the Territory and are preparing a report on the question, and that this report is to be submitted to the Congress of Micronesia at its July session. The Council expresses the hope that substantial progress in this connection can take place before the Council's next session.

In discussing matters which directly affect the economic development of the Trust Territory, one should at least mention the report made in 1966 by Robert R. Nathan Associates, Inc.¹⁸ This report, The Economic Development Plan for Micronesia: A Proposed Long-Range Plan for Developing the Trust Territory of the Pacific Islands, set forth guidelines for development in terms of (a) improvement of farming techniques to increase crop production, (b) encouragement of tourism, (c) development of transportation and communication, (d) regulation of wage structure, (e) reserving the land and resources for the inhabitants, (f) providing resource developments necessary for economic growth, (g) encouraging local business enterprises and providing technical assistance and long term loans, (h) providing capital participation in local businesses when local funds are not available.

In the area of public finance, appropriation requests are subject to limits set by the United States Congress. Sources for funds in 1970 were:

Territorial taxes and other revenue	\$1,359,000
Direct U.S. appropriations	586,000
Grants from U.S. Congress	41,026,000
Unobligated funds brought forward	<u>3,351,319</u>
Total	\$46,322,319

Current Developments. What current indications can give us a clue to the direction the Micronesian economy is taking?

Increasing emphasis is being placed on the development of natural resources.¹⁹ The 1970 Visiting Mission held the opinion that the standard of living of the Trust Territory population compared favorably to conditions in similar developing countries. However, they noted the somewhat precarious financial position of the outer islands. These outer islands still rely heavily on irregular shipping services; however, due to the tradition of mutual support characteristic of the extended family system, poverty is rare.²⁰ Faltering agriculture is still threatened by a gradual migration from rural areas to semiurban centers. Encouraging features include an increase in tourism and air transport and promising development of fisheries aided by instructional programs geared to teaching more modern technology. Since marine resources are speculated to be potentially the most valuable to the developing economy, this

area will be treated separately in Chapter III. Another indication of progress is the completion of a power plant which would double the Trust Territory's electrical capacity and would reach areas never before served by electricity.

Two districts, the Marshall Islands and the Mariana Islands, have Chamber of Commerce organizations.²¹ The Saipan Chamber of Commerce, founded in 1960, is actively working to promote industry and social welfare.

Twenty-one firms in the Trust Territory are financed largely by foreign capital. The largest of these include the Bottling Company of Micronesia, Van Camp Sea Food Company, Micronesian Line, Micronesia Development Company, Inc., Micronesian Hotel Corporation, Mobil Oil Micronesia, and Air Micronesia. Branches of Bank of America and Bank of Hawaii are operated in the Territory. One hundred forty-five foreign fishermen are employed by Van Camp Sea Food Company, however, they train Micronesians in live-bait tuna fishing. Bumble Bee Seafoods and Star Kist Seafoods visited the Trust Territory and surveyed commercial possibilities but made no concrete proposals.²² Further improvements could be noted in financial management and accounting, and long-range planning and budgeting. The legislators and administrators of the six administrative districts play a direct part in preparing the annual budget.²³

CHAPTER III

FISHING AND RELATED MARINE AFFAIRS

Early Ventures into Commercial Fishing. Though fishing and the development of related industries in the Territory have been discussed briefly, the potential importance of this field merits a more detailed discussion.

Prior to the destruction of the Micronesian fishing fleet during World War II, more than seven hundred fishing vessels operated out of the islands. Efficiency, however, cannot be measured in numbers alone, and the fishing industry was primarily of a subsistence nature. Specifically eighty percent of the catch was locally consumed.

The post-World War II years prior to 1962 were filled with confusion as noted earlier in this report. Relatively little capital was available for the development of the Territory. The year 1962 marked a turning point with increased appropriations from the United States to facilitate an accelerated rate of development.¹ The amount was raised to seventeen and one half million dollars. Previously the ceiling of appropriations from the United States was seven and one half million dollars. In 1967 the United States legislature raised the ceiling for 1968 to twenty-five million and for 1969 to thirty-five million dollars.

The availability of capital does not insure the success of the Territory or of any particular industry. Additional funds must be accompanied by training and educational programs. Training is one of the major objectives of the Marine Resources Development program.²

Early small scale training programs provided apprenticeship experience aboard several fishing boats. In 1963 Van Camp Sea Food Corporation, a Florida based concern, started building a commercial fishery enterprise in Palau.³ Initial plans called for a commercial tuna freezing plant with a twenty-five ton capacity for rapid freezing and a program to train Micronesians afloat and ashore. By 1964 Van Camp had invested \$805,000 to include a fifteen hundred ton fish storage freezer, ice making machines, water storage tanks, and offices and living quarters for one hundred and twenty fishermen. Van Camp utilized seventy-two trained fishermen from Okinawa to train the Micronesians. Eight apprentices were assigned to each tuna boat. The Company's investment today is estimated at one and one half million dollars.

By 1965 other companies envisioned lucrative possibilities. The Caroline Fisheries Company, established on Palau in April of the year,⁴ had seven vessels built in Okinawa. The catch was sold to Van Camp Sea Food Corporation for export and to the Palau Fishing Cooperative for local sale. The Caroline Fisheries Company was defunct in 1966 due to

managerial difficulties in establishing the business with a trained work force. Investors in the Trust Territory are encouraged by not being required to pay taxes for the first five years of operation. In spite of this, the experience of the Caroline Fisheries Company would indicate that good business practices are a necessity. Once again it should be noted that the investment of capital must be accompanied by education and technical know-how.

By 1966 Van Camp had on its payroll two hundred and forty-eight Micronesians to whom they paid a total of \$47,572 or approximately \$192.00 per person. At the same time 243 Okinawans were paid \$101,955. This wage disparity has been a point of contention. In this year twenty-nine Micronesians from Palau, Truk and Ponape were first sent to Hawaii for education in the Hawaii Fisheries Training Program. The Hawaiian method utilizes a seventy-five foot sampan tuna vessel in fishing for the skipjack tuna with live bait. This method requires ten men and is much more efficient than the Okinawan technique requiring twenty men.

Paralleling the Van Camp operation was the development of small, indigenous, cooperative fisheries. This development has been due to better freezing and storage facilities, and other supportive industries such as boat building.⁵

Related Marine Industries. The trochus harvest is seasonal, May through December, with restrictions subject

to the district administrator. No trochus under three inches at the base may be taken. There are additional conditions regarding the replanting of beds. The value of the catch has varied considerably during recent years. The highest figure was reached in 1956 when trochus brought \$1,160 per ton for a total export of \$358,340. In 1963 trochus brought only \$250 per ton with a total export worth \$25,000.⁶ By 1966 the Micronesians had found a buyer in Japan for the shells, and the export more than doubled the previous year. The amount was \$71,483. Further indication of the instability of this market is shown by the low 1967 export value of \$4,375. The trochus which for years was used by the button industry was replaced by plastic. New markets in jewelry manufacture are limited.

Other marine resources available in limited quantities are, crabs, lobsters, turtles, sponges and black-lip mother-of-pearl oyster shells. There are conservation restrictions on the harvest of these species.

Conservation. Conservation efforts in their districts are being directed by a Palauan and a Trukese, who trained at the East-West Center in Hawaii. These men receive advice and assistance from a Peace Corps Volunteer. Conservation programs are educationally reinforced by local radio stations and schools. Assisted by the Peace Corps, the Marine

Resources Development Program has opened offices in Truk, Ponape, and Yap.

There are some restrictions on fishing practices. The use of dynamite is prohibited. Native practices of stupefying fish by using local roots, nuts or plants is permitted. Customary rights are recognized in the use of fish weirs or traps when they do not interfere with navigation.⁷

As previously mentioned, reef fishing plays a major part in the Micronesians' subsistence. Conservation efforts have been directed toward preserving the numerous coral reefs which are gradually being destroyed by the Crown of Thorns Starfish which feeds on live coral.⁸ A preliminary control program has been initiated in the Mariana Islands.

Boat Building. For many years boat building in the islands was widespread but remained a "cottage type" activity. There were no shipyards, and the shipbuilding industry was carried on by individual families on a very limited scale. In 1964 the Palau Boat Building and Dry Docking Association was formed. This shipyard has continued to expand and is capable of building wooden boats up to one hundred and twenty five feet. To date the largest vessel they have built is a seventy five foot tuna boat. Annually the yard has constructed fifty to sixty boats. The facility has over ten thousand square feet of covered work area including a

shipway capable of hauling tuna boats. In fiscal year 1969 approximately seventy boats were repaired. A study is underway on the feasibility of restoring a dry dock which was built by the Japanese. This dry dock would allow work to be done on large vessels which now must go to Japan for repairs. Although this shipyard provides jobs for only twenty-five people, in 1969 the vessels constructed were valued at one hundred seventeen thousand dollars and the repair work brought in another twenty seven thousand dollars in work. Greater development in either the area of tourism or fishing should have a stimulating effect on boat building in the Trust Territory.⁹

CHAPTER IV

CONCLUDING THOUGHTS AND RECOMMENDATIONS

Political Considerations. Historically Micronesia has been bound to foreign administrators. The political determination of these tiny islands is still in dispute.

In a report to The New York Times Robert Trumbull from Sydney, Australia cited broad differences between Micronesian leaders and American negotiators over the terms of a proposed political union of Micronesia with the United States.¹

The Congress of Micronesia has proposed what it calls a "free association" with the United States. It rejected a Commonwealth type of association, demanding full home rule, except in defense and foreign affairs. The United States will accept the principle of Micronesian internal autonomy but has declined Micronesian demands for a veto of treaties affecting the islands. The United States further rejected a Micronesian request for the right to restrict American travel and imports in the islands, while allowing Micronesians and their products free access to the United States.

The basis of the disagreement between the United States and Micronesia relates to the Micronesian demand for the right to cut loose from the United States at anytime the Micronesian government wants to. Senator Lazarus Salu emphasizes the desire of Micronesia to have the power to unilaterally sever its relationship with the United States.

President Nixon's personal representative in the talks, Franklin H. Williams, contended that any termination of a union must be by mutual consent. He fears any other type of relationship would seriously affect the stability of the area. Such a situation would jeopardize United States interests in Micronesia.

Proposals of the American side, if accepted by the Micronesians, would give the islanders internal self-government with their own constitution, taxes and laws.

The next round of talks are being held in Micronesia this year. It is to be hoped that the Micronesians will be amenable to the United States proposal. It would be unfortunate if the United States were put in a position which would jeopardize its extensive holdings, input of capital and strategic advantages of the islands. It would seem logical that the Micronesians try their hand at internal self-government before attempting to cope with foreign policy.

Economic Prospects. The economic outlook for the Territory is not wholly bright. The Trust Territory is currently living beyond its means.² Until recently only a small part of administrative expenditure was applied to investments connected with economic development. Inflationary trends can already be discerned.

A number of industries have possibilities for further economic development. The Visiting Mission indicated that fishing could be expanded to provide jobs for one thousand people and provide ten million dollars income annually. Such expansion would directly stimulate supportive industries like boat building and processing plants, canning, and freezing.

Tourism and Transportation. The development of tourism in the islands is directly related to the development of transportation and communication. The territorial government is working with the Micronesians to improve sea transportation in terms of efficiency and economy. Through contractual arrangements with the Micronesian Line, local companies assumed operation of five Government owned field trip vessels in 1966.

During the same year two DC-4 aircraft and two SA-16 Grumman amphibious planes were providing more regular service to the districts. The DC-4's served all districts but Ponape, where water landings were necessary, and the SA-16's provided shuttle service between Truk, Ponape and Kwajalein. DC-4 service was increased in cases where heavy passenger loads required it.³

In 1967 shipping services for transportation of goods and passengers were still inadequate. Local authorities

viewed the need for means of travel within and between districts as the most pressing problem. The two DC-4's and two SA-16's were still in operation. During this year trust territory planes flew nine million two hundred thirty thousand passenger miles as compared to eight million seven hundred forty two thousand miles in 1966.⁴

In 1968 the administration placed in service additional administrative vessels throughout the territory. This freed existing field trip vessels to meet the direct transportation needs of the people.

Air Micronesia's Boeing 727 has made jet travel possible within the Marianas, Truk, the Marshalls and Guam to Honolulu in the east and Okinawa in the west.

By 1968 a commercial air taxi, passenger and cargo aircraft, operated on a nonscheduled basis between Guam and Saipan and between Guam and Yap, Ulithi, Palau and Truk.⁵

In 1969 Air Micronesia instituted a broad training program to equip Micronesians with the skills necessary to fill positions in all phases of its operations.

In Truk, the Marshalls, Palau, Ponape and the Marianas, Micronesians were operating private bus companies. However, due to heavy rainfall, they were finding road maintenance difficult.⁶

In 1969 tourism showed signs of further progress and growth potential. The number of visitors to the islands had

increased about forty-five percent annually over the past four years. Micronesians were making concrete plans to develop this promising industry by constructing hotels, printing new guide books, creating an historic sites commission, and creating chambers of commerce.⁷ The creation of Air Micronesia was one of the greatest aids to tourism. Deficiencies in land and sea transportation still presented a real problem.⁸

In spite of obvious handicaps, the islands still have great potential for the development of tourism. Endowed with an abundance of sunshine and natural beauty, the islands afford excellent opportunities for fishing and water sports. The ruins of Nan Madol, in Ponape, also attract the interest of visitors. Tourism is not only an important source of revenue for the islanders but also creates employment opportunities for natives. The Nathan report estimates that from thirty to forty thousand tourists might visit the Trust Territory each year from 1972 on.⁹ The rising tourist rate has partially borne out this prediction. Trans World Airlines now has two flights daily between Japan and Guam. American tourists are not the only group to find travel to the islands attractive. Micronesia is becoming a favorite vacation spot for the Japanese.

Most of the funds invested in tourism are still of foreign origin. For example, only a small portion of the

investment in the Royal Taga Hotel is Micronesian capital. Nevertheless, the Micronesians will directly benefit from jobs created by increased tourism.

Education. For many years foreign occupants of the islands neglected the education of the natives. In the middle of the nineteenth century American missionaries established some mission schools which suffered from lack of funds. Though some Spanish fathers established chapels in the Carolines and Marianas when Spain held the islands, they made no provision for the educational needs of their converts. During German occupation educational facilities improved, although education was still secondary to missionary efforts. Both Catholic and Protestant missionaries have attempted to convert the natives to Christianity.

The Germans established one hundred mission schools; however, the Japanese laid the foundation for a public educational system. The Japanese established the first public schools for native children in December of 1915, just a year after the islands had been taken from Germany.¹⁰ However, in 1919 when the Japanese immigrated to the islands, they established separate schools for their children. I think this is particularly interesting in terms of current domestic problems in education in the United States. The Japanese called the native schools "Public" and the Japanese schools

"Primary." In 1926 the government established supplementary vocational education for natives.

Because the population of the islands is so widely scattered, even the Japanese, who met with greater success than the Germans, had problems in organizing schools. They admitted native children to tuition free schools at the age of eight. Furthermore, they provided all books and materials, medical care, and in some cases room and board. The curriculum included ethics, Japanese language, arithmetic, science, handicraft, singing, agriculture, physical education and home economics.

Critics of the educational system established by the Japanese suggest that it displayed the same limitations characteristic of any state controlled educational system. The Japanese stressed Japanese culture and history. The relevance of this material to the native children might be questioned. No studies to indicate the number of native students who remained literate for any period of time following their schooling are available. The natives probably derived the greatest benefit from vocational training.

Before 1964 lack of proper equipment and buildings, poor quality of local teachers, and inadequate standards of English hampered the development of an educational system in the Trust Territory.

Although there were a number of mediocre elementary schools, one secondary school on Ponape served the whole area.¹¹

The crash program of 1964 to improve the quality of education increased the budget to ten million dollars, most of which was to be spent for new classrooms and housing for teachers.

The new program included such features as free education, acceleration of teachers' training and importation of some teachers from the United States. Additionally, it provided for each district to have its own high school. This program, however, was not a panacea. The liberal arts programs were not totally relevant to the islanders, nor was enough vocational or technical training available.

Although Truk has accepted some Americanization such as the use of United States currency, it has demonstrated greater resistance to American education than most parts of Micronesia. On this island the advancement of education has been slow, although this used to be the site of the Pacific Islands Central School and still has a highly regarded mission boarding school, which serves the whole territory.

By 1970 eight hundred Peace Corps Volunteers, the majority of whom were teaching English or promoting community development, were active in Micronesia. High school enrollments had increased, and over three hundred Micronesian

students were going outside the Trust Territory to pursue their higher education.

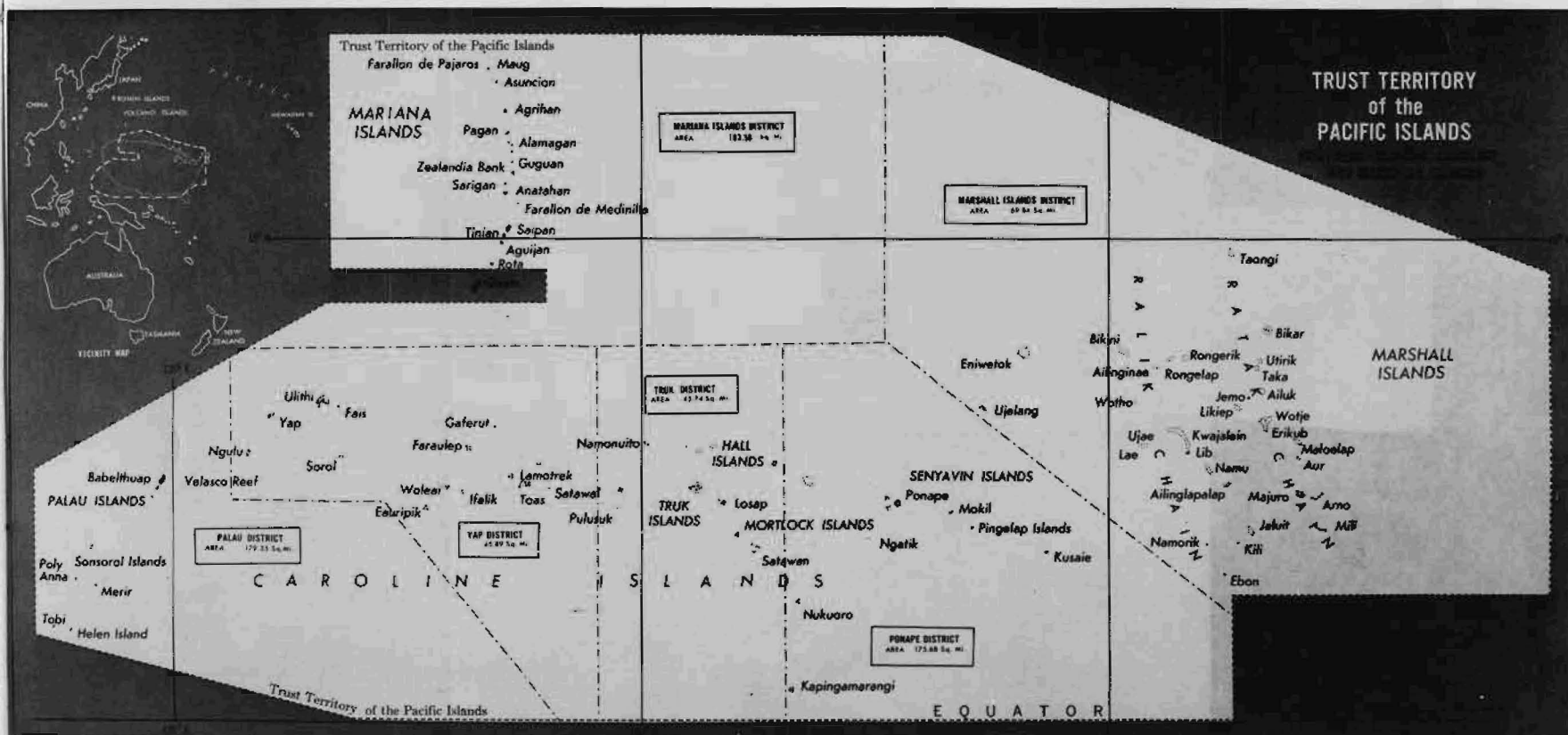
Further Economic and Social Considerations. Because of the previously discussed problems of agriculture, it seems unlikely that farming will develop much beyond a subsistence level. However, further development of the copra industry is possible.

My final remark on the future economy of the Trust Territory stems from anthropological and sociological considerations. In encouraging the Micronesians to enter the world money market and to become a consumer society, I think it important to avoid a breakdown in the traditional social structure of the people.

The Micronesians have seen their islands occupied and exploited first by one world power and then another, and another. As a result of having foreign cultural influences artificially superimposed upon their society, they have been unable to develop technologically and to assume a national identity. The foreign administrators were interested primarily in what they thought was good for Micronesia in terms of interaction with the occupying power. If the people of Micronesia are to retain any cultural identity, the present administrators must start to think not in terms of what the United States thinks is good for Micronesia, but what Micronesians think is good for Micronesia.

Improved communications, technical assistance and training by Peace Corps Volunteers and other agencies, and health care have all had an impact on the Micronesian people. There is little hope for them to benefit directly from any economic development in the Territory unless they have the education and training to know how to handle a new prosperity.

APPENDIX I
MAP OF THE TRUST TERRITORY



APPENDIX II

INTERNATIONAL TRUSTEESHIP SYSTEM

Article 75

The United Nations shall establish under its authority an international trusteeship system for the administration and supervision of such territories as may be placed thereunder by subsequent individual agreements. These territories are hereinafter referred to as trust territories.

Article 76

The basic objectives of the trusteeship system, in accordance with the Purposes of the United Nations laid down in Article 1 of the present Charter, shall be:

- a. to further international peace and security;
- b. to promote the political, economic, social, and educational advancement of the inhabitants of the trust territories, and their progressive development towards self government or independence as may be appropriate to the particular circumstances of each territory and its peoples and the freely expressed wishes of the peoples concerned, and as may be provided by the terms of each trusteeship agreement;
- c. to encourage respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion, and to encourage recognition of the interdependence of the peoples of the world; and
- d. to ensure equal treatment in social, economic, and commercial matters for all Members of the United Nations and their nationals, and also equal treatment for the latter in the administration of justice, without prejudice to the attainment of the foregoing objectives and subject to the provisions of Article 80.

Article 77

1. The trusteeship system shall apply to such territories in the following categories as may be placed thereunder by means of trusteeship agreements:

- a. territories now held under mandate;
- b. territories which may be detached from enemy states as a result of the Second World War; and
- c. territories voluntarily placed under the system by states responsible for their administration.

2. It will be a matter for subsequent agreement as to which territories in the foregoing categories will be brought under the trusteeship system and upon what terms.

Article 78

The trusteeship system shall not apply to territories which have become Members of the United Nations, relationship among which shall be based on respect for the principle of sovereign equality.

Article 79

The terms of trusteeship for each territory to be placed under the trusteeship system, including any alteration or amendment, shall be agreed upon by the states directly concerned, including the mandatory power in the case of territories held under mandate by a Member of the United Nations, and shall be approved as provided for in Articles 83 and 85.

Article 80

1. Except as may be agreed upon in individual trusteeship agreements, made under Articles 77, 79, and 81, placing each territory under the trusteeship system, and until such agreements have been concluded, nothing in this Chapter shall be construed in or of itself to alter in any manner the rights whatsoever of any states or any peoples or the terms of existing international instruments to which Members of the United Nations may respectively be parties.

2. Paragraph 1 of this Article shall not be interpreted as giving grounds for delay or postponement of the negotiation and conclusion of agreements for placing mandated and other territories under the trusteeship system as provided for in Article 77.

Article 81

The trusteeship agreement shall in each case include the terms under which the trust territory will be administered and designate the authority which will exercise the administration of the trust territory. Such authority, hereinafter called the administering authority, may be one or more states or the Organization itself.

Article 82

There may be designated, in any trusteeship agreement, a strategic area or areas which may include part or all of

the trust territory to which the agreement applies, without prejudice to any special agreement or agreements made under Article 43.

Article 83

1. All functions of the United Nations relating to strategic areas, including the approval of the terms of the trusteeship agreements and of their alteration or amendment, shall be exercised by the Security Council.

2. The basic objectives set forth in Article 76 shall be applicable to the people of each strategic area.

3. The Security Council shall, subject to the provisions of the trusteeship agreements and without prejudice to security considerations, avail itself of the assistance of the Trusteeship Council to perform those functions of the United Nations under the trusteeship system relating to political, economic, social, and educational matters in the strategic areas.

Article 84

It shall be the duty of the administering authority to ensure that the trust territory shall play its part in the maintenance of international peace and security. To this end the administering authority may make use of volunteer forces, facilities, and assistance from the trust territory in carrying out the obligations towards the Security Council

undertaken in this regard by the administering authority, as well as for local defence and the maintenance of law and order within the trust territory.

Article 85

1. The functions of the United Nations with regard to trusteeship agreements for all areas not designated as strategic, including the approval of the terms of the trusteeship agreements and of their alteration or amendment, shall be exercised by the General Assembly.

2. The Trusteeship Council, operating under the authority of the General Assembly, shall assist the General Assembly in carrying out these functions.

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