U.S. ADMINISTRATION AND PROSPECTS FOR ECONOMIC SELF-SUFFICIENCY: A COMPARISON OF GUAM AND SELECT AREAS OF MICRONESIA

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Negotiations between representatives of the United States and the former U.S. Trust Territory of the Pacific Islands (Micronesia) have resulted in the formation of four new political entities. Termination of the trusteeship formally signals the emergence of three sovereign states--the Federated States of Micronesia, the Marshall Islands Republic, and the Republic of Palau--all bound by a Compact of Free Association with the United States. The former Northern Marianas district of the Trust Territory became a commonwealth of the United States--the Commonwealth of the Northern Mariana Islands.

Under the Trusteeship Agreement, the United States was obliged to "promote the economic advancement and self-sufficiency of the inhabitants" of Micronesia (Heine 1974: 189). It is generally concluded that the United States failed to establish an adequate economic base upon which Micronesians could achieve economic self-sufficiency (e.g., Gale 1979; Heine 1974; Mayo 1981; Nevin 1977; Nufer 1978). Thus, economic considerations were undoubtedly a central issue in the decision of Micronesian leaders to continue political affiliation with the United States (see Heine 1974; Leary 1980:8-9; McHenry 1975). Provisions of the Compact of Free Association and the Northern Marianas Common-

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wealth Covenant stipulate the kinds of economic support and the levels of aid each new government will receive within a specific time period.

But what are the long-term prospects for Micronesian economic self-sufficiency with termination of the trusteeship? Is it reasonable to assume that economic self-sufficiency in Micronesia is possible, given the constraints imposed by geographic remoteness and the peculiar socioeconomic and political circumstances of almost four decades under U.S. administration? To some extent this question can be addressed by comparing the Micronesians' economic situation with the economic situation of Chamorros in the U.S. territory of Guam, who have experienced similar kinds of constraint. Although Guam's economy has expanded and developed far beyond what it was prior to the American regime, it is not a self-sufficient economy. This is largely a consequence of advancing, in terms of employment and wage earning, the public sector economy before the private. In this article I argue that a similar pattern occurred in some parts of the U.S. Trust Territory. The primary focus will be directed toward urban areas where development of the public sector economy has exceeded the private. In this regard, Guam and Ebeye[1] (an island in Kwajalein Atoll) have been selected for comparison. Both are urban, and their urban development is in part a consequence of the U.S. military's playing a significant role in their economies. Moreover, certain parts of Micronesia--the Northern Marianas and Palau--have the potential for increased military activity or fortification, and the U.S. has included in the Compact and Covenant agreements with each of these new Micronesian political entities contingencies for military use of their islands. Thus the military may also play a significant role in the economic development in these areas with termination of the trusteeship, and their social and economic futures could follow the same paths that have occurred in Guam and Ebeye.

I shall begin with a brief overview of the United States' political administration in Micronesia and in Guam. Separation of the two is merely a consequence of the historical circumstances under which the U.S. assumed control over these areas and on political grounds, both of which will be delineated below.

Cousins under U.S. Rule

Guam is part of Micronesia in an ethnological sense. It was excluded, however, when "Micronesia" became the colloquial term in reference to the U.S. Trust Territory. In the remainder of this article, Micronesia is used in the colloquial sense, that is, excluding Guam.

Guam and Micronesia both have long histories as U.S. territorial possessions. Spain ceded Guam to the United States in 1898 after the Spanish-American War. Guam was designated as a U.S. naval station and remained so until 1950, when it became an unincorporated territory of the United States. A naval government, officially called the Naval Government of Guam, was established to extend American sovereignty in the island. The governor of Guam, a naval officer appointed by the president of the United States, was the highest authority in the island and also served as commander of the naval station. By 1940, the naval government had grown into a bureaucracy of twelve departments, each headed by a naval officer. These departments facilitated the dissemination of American models in Guamanian social life, ranging from law and economics to education, health, and hygiene.

Although a naval station, Guam was not heavily fortified. Therefore it fell easily when attacked by Japanese forces commencing the Second World War. The Japanese occupied Guam until July 1944, when American forces landed to liberate the island. During the postwar period from 1945 to 1950, Guam was extensively fortified and became the most important bastion of U.S. air and naval forces in the western Pacific. Soon afterward the Organic Act of 1950 reclassified Guam as a U.S. territory, extending U.S. citizenship to the Chamorros and establishing a civilian government--the Government of Guam.

The Marshall, Caroline, and Mariana Islands (excluding Guam) were captured by the United States during the Second World War. These islands, collectively referred to as Micronesia, were formally controlled by Japan under a League of Nations Mandate. In 1945, the U.S. Navy assumed administrative authority over the region under the supervision of the Defense Department. After the war, strategic and political considerations led the United States to seek permanent retention of Micronesia. Military leaders favored complete annexation of the islands, while the State Department argued for a trusteeship through the newly formed United Nations. The two sides eventually reached a compromise for control based on the concept of a “strategic trust.” Declaring all of Micronesia a strategic area allowed the United States to exercise certain prerogatives: (1) the right to establish military bases and fortifications in the Trust Territory, and (2) to deny other nations or individuals entry into the territory for security reasons. And the Trust Territory was put under supervision of the U.N. Security Council, rather than the U.N. General Assembly as other trusteeships were, so that the United States could use its veto power to limit other nations’ ability to interfere with American administrative policies. With the

strategic area concept as its central feature, the United States Trusteeship Agreement regarding Micronesia was approved by the United Nations in 1947.

American political institutions were established in the Trust Territory as early as 1948, when a municipal government system with elected leaders was introduced at the local level. The territory as a whole was organized into six administrative districts. A high commissioner led the territorial government, and each district was administered by a district commissioner. In 1951, administrative authority in the territory was transferred from the Navy to the U.S. Interior Department, except for Saipan and Tinian in the Marianas, which remained under naval jurisdiction.[2]

Throughout the 1950s and into the 1960s, the United States made little progress toward fulfilling its obligation to promote political advancements and economic development in the Trust Territory, as stated in the Trusteeship Agreement. (More on this later.) Consequently, this became known as the period of "benign neglect" on the part of the United States. Responding to criticism from the United Nations and the domestic press, the United States in 1963 initiated a policy to remedy the previous neglect of its ward. This involved substantial increases in the Trust Territory's annual budget, improvements of educational and medical facilities in the region, and later forming the Congress of Micronesia to afford Micronesians participation in government at the territorial level. It was action on the part of the Congress of Micronesia that subsequently led to negotiations with the United States for changing Micronesia's political status.

Chamorros in the Economic Development of Guam

During the Spanish period, Guam's economic base was essentially agrarian with minimal occupational specialization. Under American rule, the agrarian economy was steadily transformed into a wage-labor economy, based principally on an industry directed toward the construction and maintenance of a military installation and a communication station, spearheaded by the U.S. Naval Government of Guam. A trade industry, supplying imported American goods to U.S. naval personnel stationed in the island, soon followed.

Many Chamorros quit their agrarian pursuits and migrated to the island's capital, Agana, to enter the wage-labor market. Chamorros living in and around Agana began to learn vocational trades and professional skills. As early as 1904, when the population of Guam totaled

about ten thousand, two-thirds of the population resided in and around Agana. Eventually a group of skilled laborers, artisans, clerks, and schoolteachers emerged. Most of these, in addition to unskilled laborers, were employed either by the U.S. Naval Government of Guam or by the federal government at the naval base (Thompson 1969: 146). This outcome was a result of an islandwide military security closure that inhibited growth of the private economy, and thus restricted employment opportunities. Moreover, wages offered by the naval and federal governments were double those paid in the private economy. With the "trend toward the city" (Thompson 1969:129), Agana maintained its position as the principal population center until it was destroyed by the preinvasion bombardment commencing the American liberation of Guam in 1944. After the war Guam experienced a period of population growth and development, leading toward urbanization even greater than before the war. This was the postwar period of reconstruction. Migration of Americans from the continental United States (called Statesiders) to Guam was negligible until after World War II. Migrating primarily to take advantage of economic opportunities opened by the postwar reconstruction and fortification of Guam, the number of Statesiders in the population increased substantially from 785 (3.5 percent of the total population) in 1940 to 22,920, or 38 percent of the total population, in 1950 (U.S. Bureau of the Census 1941, 1953). A labor shortage during the postwar reconstruction led to the importation of Filipinos. Their number in Guam reached a peak of eighteen thousand by the mid-1950s, but declined to five thousand by 1959 (Lowe 1967:409).

Efforts to introduce modern developments in Guam began in 1952. That year a ten-year improvement program was adopted to enhance the islands infrastructure and institutions of public service, such as schools and a hospital. Plans were made to spend about $1.5 million a year for ten years using funds from the territorial government to finance the project. This capital investment had minimal effect on development of Guam's private economy. Apart from the military's contribution, the economy throughout the decade of the 1950s was primarily oriented toward services, comprising wholesale and retail stores, laundries, gasoline service stations, restaurants, and the like (Governor of Guam 1955: 17). There was no appreciable industry developed in Guam.

In 1962, an event occurred that brought about significant long-term change to Guam's economy and inspired a period of economic expansion. This was Typhoon Karen, which led to termination of the islandwide military security closure by the following year. Guam suffered extensive damage from Typhoon Karen. A grant of more than $15 mil-

lion from the U.S. Congress and a federal loan of $45 million to the Government of Guam for rehabilitating the island initiated a period of expansion of the economy. Even more beneficial to the economy was the end of military security that had restricted the flow of private capital into Guam since the beginning of American rule. Within five years after its opening to the public, Guam became a major travel destination for Japanese tourists. Japanese business interests soon followed. The Japanese invested in the construction of hotels and other tourism-related facilities. Other international companies also built hotels and resorts. This initiated the beginning of a new economy based on tourism (Haverlandt 1975: 116). For example, the number of hotels and motels in Guam increased from five in 1967 to eighteen in 1972, and the number of paid employees in tourism rose from seventy-five to 1,323, an increase of 1,664 percent (U.S. Bureau of the Census 1975).

Although Guam's private sector economy has expanded, it has attracted few industries that are not directly or indirectly dependent on (or greatly affected by) military spending. Tourism is one exception. Indeed, the needs of the military have transformed the island economy. Agriculture, the principal economic base when American rule began, has become insignificant. What has emerged in its place is essentially a service and wage economy, and its relative prosperity is a by-product of heavy military expenditure. From 1964 to 1968, for example, more federal funds were allocated to Guam than during the entire period between 1898 and 1964 (deSmith 1970: 114). The armed forces continue to be a significant component of the economy. Military installations in Guam include: the Apra Harbor Naval Station (called "big navy"), which contains a ship repair facility; Andersen Air Force Base, a Strategic Air Command base; a naval communications master station; a naval magazine; and the naval regional hospital. All of these facilities are located on federally owned lands, which account for forty thousand acres or 35 percent of Guam's total land surface of 214 square miles. Thus there are no revenues for leased lands. Instead, Guam's economy benefits from the military in other ways. Civilians are employed on the bases. Jobs range from skilled mechanics, electricians, and craftsmen at the naval ship repair facility, to service workers such as clerks and cashiers at base commissaries and stores. Military construction contracts are awarded to local construction firms, and these often account for a large proportion of all major building projects on the island. The military is a consumer of locally produced goods such as fresh eggs, bread, milk, and produce from local merchants. Military agencies also contract for services such as packing and shipping, office machinery repairs, and waste

removal. Island retailers benefit from purchases made by military personnel and their dependents who live off-base, and from new arrivals who sometimes need temporary lodging while awaiting military housing. The purchasing power of military personnel is significant; 1980 census figures reported 11,500 active duty service men and women in Guam, along with their ten thousand dependents. Combined, they accounted for 20 percent of the island's total population of 105,800 (Government of Guam 1980:4). And the military had been the principal purchaser of products from a petroleum refinery located in Guam before the plant closed in 1982. The Government of Guam collects direct revenues from the military through at least three channels: (1) from federal income taxes withheld from military personnel salaries, of which 100 percent are reverted to Guam; (2) from funds paid to the Guam Department of Education to support military dependent children enrolled in public schools; and (3) from registration of motor vehicles purchased locally or brought over by military personnel (Government of Guam 1977:23; Pugh 1971:66-67).

The general pattern of Chamorro employment has been a steady increase in nonagricultural-related occupations (including fishing) and a substantial increase in the public sector, particularly public administration. Data from a random University of Guam survey of seven hundred households throughout the island carried out in the mid-1970s revealed that among employed Chamorros surveyed, fewer than 17 percent (actual numbers are not reported) indicated they worked in the private sector. Only a small fraction of those surveyed in this category (.03 percent) gave agriculture as their primary means of support. Almost half (49.7 percent) of employed Chamorros indicated they worked for the Government of Guam, and 33 percent said they were federal civil service employees (Haverlandt 1975:97). The majority of federal civil service employees are employed by the military. According to the *Guam Annual Economic Review* for 1984, the military employed more than six thousand Guam residents, a fraction more than 19 percent of the total working labor force (Government of Guam 1984: 26, 31).

The pattern of Chamorro employment illustrated above is reflective of the overall employment pattern in Guam. December 1983 statistics show that a little more than half (51 percent) of total employment was in the public sector. This is a long-standing trend. Moreover, statistics indicate that nearly 30 percent of employment was in public administration at the local level, representing the largest industry division in terms of number employed (Government of Guam 1984:26).

U. S. Economic Policy in Micronesia

Prior to the Second World War, Japan sponsored a well-organized capitalistic economy in Micronesia. Micronesian participation in that economy varied: (1) there were enterprises with which Micronesians had little economic relation, such as sugarcane cultivation and sugar manufacturing; (2) there were enterprises, such as phosphate mining and coconut cultivation, that employed Micronesian labor; and (3) there were enterprises that had commercial relations with Micronesians, such as trade or providing service (Yanaihara 1976:61-63). The Japanese-controlled economy, and most of its associated infrastructure, was destroyed during the Pacific War.

When the United States assumed control over Micronesia, a Naval Military Government was established as administrator. In 1946, an economic survey of the islands was commissioned to make recommendations toward development of local economic resources (Oliver 1951). Following a delineation of Micronesia's economic needs, the report recommended that the U.S. administration immediately prepare a plan for economic rehabilitation, and that it be vigorously carried out (Oliver 1951:36). The report also noted that the economic policy conducted by the naval government up to that time was sound, but suffered two shortcomings: (1) lack of an integrated postwar plan at the administrative level, and (2) lack of implementation of the existing plans at the local level (Oliver 1951:87). That there were shortcomings in the naval administration's economic policy is corroborated by James (1949). He attributes the problem to the inability of naval administrators and civilian economic specialists of the U.S. Commercial Company (the vehicle through which economic policy was carried out at the local level) to work together effectively (James 1949: 116). There were probably other deficiencies in the Navy's administration. Those mentioned here simply illustrate the kinds of problems that occurred.

Administration of the Trust Territory was transferred to the Department of the Interior in 1951, but military activities continued on Kwajalein, in the Marshalls, and on Saipan, in the Northern Marianas. These islands remained under military jurisdiction because Kwajalein was being used for testing a new missile weapons system and there was a C.I.A. training camp on Saipan (Gale 1979:8). Administration of the Northern Marianas was resumed by Interior in 1963, after the C.I.A. training camp on Saipan was closed in 1962 (Gale 1979: 101). Based on the observations of various authors (e.g., deSmith 1970; Goodman and Moos 1981; Price 1966), economic policies under Interior were less

effective than those under the Navy. An indication of the Trust Territory administration's economic policies during the decade of the 1950s can be derived from annual reports submitted to the United Nations. Regarding economic development, one report states that the major objective of the administering authority was to attain maximum self-sufficiency through programs planned and directed toward four major goals: (1) stimulating and expanding agriculture in the island economy, and encouraging maximum development of available resources; (2) enhancing and increasing production of marketable goods to provide revenue for imports; (3) promoting diversification of the economy to diminish the dependence upon copra as the single major marketable product; and (4) developing the ability of Micronesians to be self-sufficient in all matters of economics in finance and commerce (Trust Territory of the Pacific Islands 1959:44). A more succinct characterization of American economic policy is found in Willard Price's *America's Paradise Lost*. From his visit to Micronesia in the early 1960s, Price quotes the high commissioner: "Our policy . . . has been that the economic development in this area should be by the Micronesians themselves for themselves. . . . Formerly, there was exploitation of the area for outsiders; today, we want the development to be by and for the people of the territory" (Price 1966:23).

According to Hezel (1982a), the U.S. administration believed that economic self-sufficiency in Micronesia was possible, in part based on the previous economic success of the Japanese in the islands. American economic policy was formulated along the following lines:

> The pace of development was to be geared to the desires and the capacity of the people, . . . and wages were to be kept consistent with the productivity of the economy. Government appropriations for health and educational services were carefully controlled in the hopes of fashioning a self-contained economy. Capital investment on the part of the U.S. government was called for; however, private investment was discouraged, . . . for fear of exploitation and eventual alienation of land. . . . It rested in the assumption that limited quantities of foreign imports could become "incentive goods" to spur the native population on towards ever greater productivity. Meanwhile, their commercial economy, which would develop side by side with subsistence economy, was based on cash income from copra, fishing, and . . . small-scale agricultural ventures. (Hezel 1982a:2-3)

Hezel maintains that this policy was not fully implemented, however, mainly because of insufficient funds. Since the Trust Territory came under jurisdiction of the Interior Department in 1951, the annual budget allocated by the U.S. Congress to administer the territory averaged $5 million, barely enough to maintain basic administrative programs (Nufer 1978:51). Nevertheless, some modest progress toward economic development was made as income from exports from the territory exceeded the cost of its imports. This situation lasted until 1956. Thereafter, export values failed to exceed the cost of imports (Hezel 1982a:3). Goodman and Moos maintain that until 1974, when the territory was opened to foreign private investment, the American administration had adamantly opposed the introduction of foreign investments to protect Micronesians from the "evils" of non-American entrepreneurs (1981:232).

Commenting on the accomplishments of the American administration, deSmith argues that until 1962 very little was done toward economic development in most parts of the Trust Territory, with the exception of Saipan (1970: 134). This may or may not be true. It does perhaps point out that, the administration's economic development goals notwithstanding, there was too much control and too little done to stimulate economic growth throughout the territory. Fear of repeating the exploitative economic policies practiced by the Japanese undoubtedly explains why the administration restricted the flow of American capital into the islands. Thus the characterization of American policy during the decade of the 1950s as one of "benign neglect" may be alternatively described as the American administration's expecting Micronesians to do too much with too little. This conclusion is also expressed by Price, who maintains that the United States "can hardly be charged with exploitation. We take nothing out of the islands. Our fault is that we do not put enough in--enough to keep body and soul together, enough to pay 'a decent rent' for our present and potential bases" (1966: 225).

Beginning in 1963, the annual budget allocated to the Trust Territory administration was tripled, and increased steadily in subsequent years. This action was more a response to political concerns than to the economic needs of Micronesia (Gale 1979: 107-108).

The Trust Territory government grew in size in concert with its budget. From 1962 to 1974 there was a threefold increase in the number of government employees--from 2,686 to 6,815 (Nevin 1977:137). While the public sector economy grew, the private sector became stagnant. Hezel reports that the value of exports from the territory in 1975 was about the same as it was in 1961 (1982b:81). Furthermore, wages

paid in the public sector exceeded earnings in the private. Consequently, it was considerably more advantageous for Micronesians to seek higher-paying jobs in the public sector. With government jobs located in the district centers, there was increased migration of people from the outer islands to these areas seeking government employment (Hezel 1982b:81; Nevin 1977:31). Indeed, the public sector was the principal means through which the American administration could spur the economy. Trade and service activities in the territory were largely dependent on the re-spending effect of funds injected into the economy by government expenditures. The Trust Territory government's continued spending of large sums in Micronesia provided a base for further expansion of private sector activities (Nathan Associates 1966:74).

In a federal government report, contemporary Micronesian economies are characterized as lacking significant private sectors, being basically public sector economies dependent upon funds from the United States to subsidize economic development and social services. This depiction more likely reflects conditions in the district centers and urban areas, usually one and the same. Wage levels in the public sector remain higher than earnings in the private, consequently labor is diverted from the development of the productive private sector industries of agriculture, fishing, and tourism. Employment and earning statistics show that the public sector accounts for 54 percent of total employment and 65 percent of all wages. Employment in the private economy is concentrated in industries such as wholesale and retail trade, restaurants and bars, and construction firms that depend on government capital improvement funds for most of their income. Manufacturing industries are few and are relatively minor enterprises, for example, small-scale furniture making and handicraft (U.S. Comptroller General 1983: 7-8).

The diversion of labor from agriculture and fishing is not only a consequence of the disparity between wage levels in the public and private sectors of the economy, but also reflects a change in attitude among Micronesians concerning these kinds of work. According to Hezel, a 1973 occupational preference survey of high school students in Micronesia indicated "that any job associated with village subsistence life--such as farming, fishing, and handicraft work, etc.--ranked close to the bottom of the list," while white collar jobs were regarded as more desirable (1982b:82). Trust Territory government employment statistics for the five-year period 1974-1979[3] show that on average only 1.07 percent of all employed were in agriculture and fisheries (U.S. Department of State 1981:53). Since these figures focus on employment, they probably

fail to account for people in outer islands areas engaged in agricultural and fishing activities for subsistence.

Kwajalein Atoll in the Marshalls is where the United States military has had its greatest economic impact in the Trust Territory, in terms of being a principal employer. Since the mid-1960s, the United States Army has operated an intercontinental ballistic missile (ICBM) testing range at Kwajalein Atoll. To construct new facilities and maintain the base, the military had to recruit Marshallese and other Micronesian employees. They not only recruited Kwajalein Islanders relocated to nearby Ebeye, but also Marshallese and Micronesians from outside the Kwajalein area. Workers are recruited by Global Associates, the logistics contractor for the missile range, whose contract requires it to provide essentially all nontechnical support for the base (Alexander 1978: 39). Alexander reports that the number of Micronesians employed at Kwajalein in 1965 was 663, but was subsequently reduced to five hundred in 1966 to avoid overcrowding on Ebeye, where Micronesians employed at the base are housed (1978:62). More recent reports indicate that there are now 650 Micronesians employed at the base in what by American standards are considered menial jobs such as maintenance personnel, gardeners, cooks, maids, and warehouse workers, but also in skilled positions such as mechanics, heavy equipment operators, and secretaries (Keju and Johnson 1982a:25; Johnson 1984:23).

A limit on the maximum number of Micronesians employed at Kwajalein was first imposed in 1966 to preclude overpopulating Ebeye Island (Alexander 1978:62). The only Micronesians allowed to live on Kwajalein then were the ranking Trust Territory representative and his family. Nonetheless, efforts to keep the population of Ebeye at a reasonable level failed. Ebeye has been dangerously overcrowded since then (see Alexander 1978:61-65; Keju and Johnson 1982b; Johnson 1984:19-26) because it continues to attract more Micronesians seeking employment at the Kwajalein Missile Range. Moreover, Alexander argues, "Directly or indirectly, the financial base for Ebeye's existence lies in the presence of the Kwajalein Missile Range" (1978:68). He further notes that in 1975 wages (governed by U.S. minimum wage laws) paid to Micronesian employees at Kwajalein totaled more than $2.85 million, excluding the income of individuals employed as domestics. In contrast to this, in the same year private sector employees on Ebeye received an estimated $280,000 in wages.

The economic impact of the military in the Trust Territory as a whole is reflected in the fact that by the middle to late 1960s, wage earnings of Micronesians employed at the Kwajalein Missile Range accounted for

nearly 20 percent of the entire Trust Territory national income (Alexander 1978:68-69). Johnson reports that although the base at Kwajalein keeps a ceiling on Micronesian employment at 650,[4] Micronesian employees there argue that the base could hire many more Micronesians for less than it costs to bring in Americans (1984:20, 24). A similar observation is made by Alexander (1978:41). It is not surprising that Micronesians would maintain this attitude considering the high unemployment rate in the Marshalls, which Johnson claims was greater than 36 percent during the early 1980s (1984:20). Although the number of Micronesians employed by the military is not overwhelmingly great, employment with the military is desirable because of the higher salaries paid. Micronesians employed on Kwajalein are indirectly employed by the military because they are directly employed by Global Associates. Consequently, the Kwajalein Missile Range is listed under the private sector in statistical data on employment and earnings in the annual report for the Trust Territory. Figures show that it offers the highest average wage per employee among private sector industries in the Trust Territory (U.S. Department of State 1981:54).

Comparison and Conclusion

Tremendous distances separate Guam and Micronesia from foreign markets. Transportation has always been a great concern, but it became an impediment to economic development as transportation costs and import expenditures equaled or exceeded export income. Geographic remoteness was only part of the problem; the economies of Guam and Micronesia were also adversely affected by the imposed restrictions of U.S. administrative policies. For Guam, the islandwide security closure restricted the flow of private capital into the island until it was lifted in 1963. In Micronesia, although under military security as well, the controlled economic development policy implemented by the Trust Territory government restricted investment of private capital for fear of potential exploitation of Micronesians and of Micronesians' being alienated from their land.[5]

The Micronesians' migration from outer islands to the district centers (and later capitals) to find government employment is similar to the Chamorros' migration to Agana to engage in the wage-labor market spearheaded by the Naval Government during the first decade of American rule. The influx of Marshallese and other islanders to Ebeye is a prime example. Alexander reports that the population of Ebeye in 1954 was 981, composed of indigenous residents and Marshallese relocated

from the Kwajalein Labor Camp. By 1965, Ebeye's population had risen to 3,500 and by 1975 totaled 7,500, making it one of the most densely populated places on earth with the equivalent of more than 74,000 persons per square mile (Alexander 1978:62,64)--the result of a large number of inhabitants on a very small land mass. Some of the factors responsible for the dramatic population increase are the relocation of people from the target area of Kwajalein Atoll designated as a missile hazard zone, called the Mid-Atoll Corridor, to Ebeye; the migration to Ebeye of outer island residents of Kwajalein Atoll who claim land rights in the Mid-Atoll Corridor; the influx to Ebeye of people from the outer islands of the Marshalls and elsewhere seeking wage employment; and the migration to Ebeye of people who want to take advantage of its medical and educational facilities, and entertainment such as television, movies, and bars (Alexander 1978:63-64). This pattern of migration to Ebeye coincides with a trend Alexander suggests has been occurring throughout the Pacific, the movement of people from outer islands to the district centers and other urban areas, generally referred to as urbanization (1978:59-60). The process of urbanization, however, is more than the movement of people to urban areas. It also involves adaptation to a new sociocultural milieu. Thus Micronesians not only adapted to new residences in Ebeye, they also adapted to new ways of life.

The process of urbanization in Guam began earlier than it occurred in Kwajalein Atoll, with the migration of Chamorros to Agana and surrounding areas during the first decade of this century. Much of the Statesider migration to Guam noted above was probably temporary, because the island was still under military security that severely restricted permanent immigration. By 1975, the vast majority of Statesiders on the island were temporary American military personnel and their dependents (about 21,000) as opposed to resident civilians (about 7,000). Conditions changed when the security closure was lifted. After the Second World War, Guam's population rose at an annual rate of only 1.2 percent up to 1960. Between 1960 and 1975, however, this rate of growth more than doubled to 3 percent annually. Furthermore, census records indicate that Guam experienced one of the highest growth rates in the world between 1970 and 1975, with an annual rate of 4.3 percent. These high rates of population growth were mainly a consequence of immigration (Government of Guam 1978: 17-18). Agana had been the major population center in Guam until it was destroyed during the Second World War. After reconstruction, it never regained its former standing as the island's leading population center. Nonetheless, in contemporary Guam almost 75

percent of the entire population resides in the northern part of the island. A fourth of this number is found in Agana and the surrounding area. Agana may be regarded as the focal point of a series of villages that accumulatively constitute a central urban district (Mayo 1981:56), because within it occur aspects of social life that are regarded as urban, for example: the presences of government, financial, commercial, educational, and medical institutions; various entertainment establishments, such as movie theaters, discos, restaurants, and the like; and engagement in nonrural means of livelihood.

Employment patterns of Micronesians have paralleled the employment patterns exhibited among Chamorros in Guam; that is, a steady decline in agricultural-related occupations (including fishing) and an increase in nonagricultural pursuits, particularly those in public administration In Guam, Chamorros attribute their preference for public sector employment to the U.S. Naval Government's offering wages far exceeding the top salaries offered in the private sector during the years prior to 1940, and after the war showing a preference toward Chamorros over Statesiders and other foreign persons for government employment. Therefore, public administration and employment at military installations became the role models for Chamorros seeking employment (Mayo 1984: 100). Micronesians' preference for government employment is similar to that of the Chamorros' with regard to higher wage levels paid by government, but varies in other ways. Nevin concludes that for Micronesians "government is not the employer of last resort, but of first resort. Because of attitudes inherent in a small island subsistence-culture, working in business--that is, for another man--is considered demeaning, while working for government is seen as prestigious" (1977:32).

Earlier we saw how the military has not only played a key role in the economic development of Guam, but also continues to be a crucial part of the overall economy. Similarly, the military has played a part in the economic development (in terms of providing employment) of some parts of the former Trust Territory, specifically in Kwajalein. It may also become a factor in the economies of one or more of the other new political entities in Micronesia.

Kwajalein continues to be a vital part of the United States strategic defense network, and now plays a role in testing the new Strategic Defense Initiative ("Star Wars").

While the Navy administered Micronesia, Saipan was regarded as strategically significant because of its "mobilization potential" (Trumbull 1959:19). Within a decade after the war, the U.S. military on

Saipan had already become an integral part of the economy. A large number of the adult males worked for the Navy public works department, and, consequently, three-fourths of the population was supported by the Navy (Trumbull 1959:21, 25). During the early 1970s, the United States accepted an offer from the Northern Marianas delegation to negotiate with it separately from the other Micronesian delegations. The Northern Marianas desired a closer affiliation with the U.S. than did the other districts of the Trust Territory, such as commonwealth status or the like. Early in the talks, the United States presented its military plans for the Northern Marianas. These included: reserving more than three hundred acres of the harbor at Saipan for future naval use; joint use of the civilian airfield on Saipan, as well as acquiring an additional five hundred acres of nearby land as a support area; acquiring all of forty-square-mile Tinian for air force and naval facilities, although the southern one-third of the island would be reserved for civilian use; and use of tiny Farallon de Mendinilla for target practice (McHenry 1975: 149). If and when these plans are implemented, the military would become a major contributor to the Northern Marianas' economy. Since the military could potentially employ local labor as it did in the early 1950s on Saipan, it might again provide a means of livelihood for island residents. And the local government will earn $17.5 million from the United States for land lease rights to the military (Leary 1980: 19).

Authorizations for the existing and planned military facilities described above are included in articles of the Compact of Free Association and Commonwealth Covenant agreed upon by the United States and the new governments of Micronesia. For the Marshalls and Northern Marianas, the military has already demonstrated its impact on the local economy. In Palau and the Federated States of Micronesia (F.S.M.), there has not been a major military presence heretofore. Thus their absence in comparisons made above. Nevertheless, the Compact agreement outlines plans for construction of military facilities in Palau, and reserves the United States' right to establish a military presence in the F.S.M., subject to agreement with that government (Micronesia Support Committee and Pacific Concerns Resource Center 1982:40). Based on what has been evident in Guam, the Marshalls, and the Northern Marianas, it is reasonable to assume that the military could also become an important part of the developing economies in Palau and the F.S.M.

By failing to develop an adequate private economy, the United States, through its administrative policies in Guam and the Trust Territory, indirectly steered Chamorros and Micronesians toward the public sec-

tor and the military as the best opportunities for employment. The formal political relationship between the United States and Guam on the one hand, and between the United States and the new governments of Micronesia on the other, differ. But the economic relationships are similar: Guam and Micronesia were essentially dependent upon the United States to subsidize their economies. For Guam, termination of the military security closure opened new avenues for economic growth. The emergence of tourism is a prime example. Other elements of Guam's private sector also developed, but they have not been enough to make Guam economically self-sufficient. And as a consequence of the large military presence in the island and its impact on the economy, Guam remains indirectly dependent on the United States through the military.

For the Trust Territory, implementation of the Commonwealth Covenant and Compact agreements terminates the trusteeship.[6] The agreements will open new avenues for economic advancement in the new Micronesian political entities, but do not guarantee economic self-sufficiency. In fact they assure, for the fifteen-year duration of the Compact (Micronesia Support Committee and Pacific Concerns Resource Center 1982:20) and under a time frame stated in the Covenant (Leary 1980:19), that the United States will continue its direct financial support. Moreover, both documents explicitly pave the way not only for a continuance of U.S. military activity in the Marshalls, but also for expansion of the military presence to Palau and the Northern Marianas.

During the years the United States has administered Micronesia, military analysts have emphasized the great strategic value of the islands either as the principal forward base of American forces on U.S. soil in the Pacific (referring specifically to Guam), or as the optimum pullback position if the United States is forced to leave bases in the Asian-Pacific rim, that is, the Philippines, Japan, and Korea (see Louis 1972; Pomeroy 1951). In a study of U.S. military strategy in the Pacific for the 1980s, Webb argues that as the United States alters its military presence in the Asia-Pacific region, "it becomes apparent that the islands of Micronesia, particularly Guam and the rest of the Marianas, are vitally important to our future viability as a Pacific power" (1974:vi-vii). With regard to the Marianas, Webb's opinion is being borne out, inasmuch as the United States' strategic plans were clearly evident while negotiating the Commonwealth Covenant with the Northern Marianas (Leary 1980:7). And military provisions in the Compact reflect the intent of the United States to extend its military presence in Micronesia to Palau (Micronesian Support Committee and Pacific Concerns Resource Center 1982: 43-49).

With their options for economic development limited by the constraints already noted so far, the new governments of Micronesia may find it difficult to refuse offers to lease land to the U.S. military. Although Guam's economy is relatively diverse, leaders in government and business favor an increased military presence in the island because of the additional economic resources it would generate (Saymo 1980: 30). While conducting field research in Guam, this writer came to the conclusion that the civilian population also maintains a favorable attitude toward the large military presence.

It is questionable whether the people of Micronesia are as willing as their governments apparently are to have military bases in their islands. The Palauan government has failed to get the required majority of residents to approve its Compact agreement that would allow U.S. nuclear-armed or -powered naval vessels in its islands.[7] Another example of antimilitary sentiment on the part of Micronesians is quoted in a publication concerning the future of Micronesia after the trusteeship, prepared by the Micronesia Support Committee and the Pacific Concerns Resource Center (1982: 14). It consists of a letter written by Tinian students at the University of Guam in 1973, who express opposition to the construction of military bases on Tinian. Nonetheless, the Covenant, including the provision for leasing land to the military, received approval from almost 79 percent of those who cast ballots in the Northern Marianas plebiscite concerning commonwealth status (Leary 1980: 11). This indicates that, like Guam, the Northern Marianas is a "supportive environment" in which the population is favorably disposed toward a U.S. military presence (Leary 1980:7). Still another example comes from the Marshalls. Although not calling for a complete withdrawal, Kwajalein landowners are concerned about the overwhelming impact the Army missile range has imposed on their lives (Johnson 1984:27-37). On the other hand, Micronesians employed at the Kwajalein Missile Range would be equally concerned if the military withdrew, leaving them jobless.

But the United States offers the following: $17.5 million to the Commonwealth of the Northern Marianas for a one-hundred-year lease on two-thirds of Tinian; $5.5 million during the fifteen-year duration of the Compact agreement and an additional $1 million annually for years sixteen through fifty of the Palau Military Land Use Agreement to the Republic of Palau; and $28.5 million during the Compact period plus more than $9 million annually for years sixteen through fifty of the Kwajalein Military Use Agreement to the Marshall Islands government (Micronesia Support Committee and Pacific Concerns Resource Center

1982:16, 37). It would be difficult for new governments trying to maintain the standard of life their people have grown accustomed to under U.S. administration to ignore economic resources of this magnitude. Therefore, considering the similarities between Guam and Micronesia, we may conclude that, like Guam, the new governments of Micronesia --the Northern Marianas Commonwealth and the Republics of Palau and the Marshall Islands--may continue to be financially dependent on the United States. The dependency is based on the direct and indirect impact of the U.S. military on their developing economies. Indeed, the prospects for economic self-sufficiency in Guam and the select areas of Micronesia noted above are minimal.

Guam and Micronesia came under U.S. control as a consequence of war. The United States maintained and administered them both on the pretext of national and international security, and the prevention of future war. Now, with the continued operation of the Kwajalein Missile Range and plans for new bases in Palau and the Northern Marianas, the developing economies of the Republics of Palau and the Marshall Islands and the Northern Marianas Commonwealth may to some extent be oriented toward the industry of preparing for war.

NOTES

1. Ebeye is an atypical case in the territory because of its reliance on the U.S. military base located at Kwajalein as a primary avenue for gainful employment. More will be said about this later.

2. In 1953, authority over Saipan and Tinian was returned to the Navy for security reasons. Subsequently, the Central Intelligence Agency built and operated on Saipan a secret base to train Nationalist Chinese guerrillas (Gale 1979:8, 84).

3. The Commonwealth of the Northern Marianas is excluded from 1979 statistics for the Trust Territory.

4. I have no up-to-date figures on Micronesian employment at the Kwajalein Missile Range. Such figures are not crucial for one of the arguments being made in this paper. That argument is: the U.S. military had a significant economic impact in the Trust Territory as a major employer of Micronesians.

5. A similar argument was raised in Guam by the U.S. Naval Government concerning extension of U.S. citizenship to Chamorros (Thompson 1969:79).

6. The Northern Mariana Islands Commonwealth Covenant has been in effect since 1975, when signed into law by President Gerald Ford (Micronesia Support Committee and Pacific Concerns Resource Center 1982: 17). Compact agreements between the United States and the Marshall Islands and F.S.M. governments were approved in 1986. There is

confusion, however, concerning termination of the trusteeship. This stems from a decision by the United States not to seek U.N. Security Council approval to terminate the trusteeship. Instead, the trusteeship was considered terminated upon bilateral approval of the Compact and Covenant agreements. Consequently, the new political entities of Micronesia may not be formally recognized by other foreign governments (Eve Pinsker, personal communication).

7. Through a personal communication received in August 1987, I learned that the Palauan government had gained the necessary margin of votes from island residents to approve its Compact agreement and allow nuclear-armed or -powered U.S. warships in territorial waters.

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