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## Negotiating Independence

### Introduction

Prior to colonial rule, each island in Micronesia governed itself. However, the islands were linked via an extensive inter-island network centred on the *ainang* system. This system survived four successive colonial powers because of the limited influence of colonialism, which was largely confined to the port towns. In the 1970s, the Micronesians faced the prospect of independence framed in the image of a nation state. This chapter discusses the processes that led to the shaping of the FSM's independence post WWII and issues that arose following independence.

Three factors underpinned the people's desire for independence as promoted by Micronesia's founding fathers. The first was the US's adamant intention to fully incorporate the islands into its political sphere of influence regardless of Micronesian wishes. The second was the Micronesian leaders' own political consciousness stemming from their understanding of the new world order, which drove them to move the islands towards independence. The third was the indigenous notion of how independence should be shaped based on historical and cultural imperatives, rather than in a form imposed by outside forces. Concerns over these factors seemed increasingly justified post independence during the debate about the Compact of Free Association. A number of Micronesian leaders were especially concerned about the terms of the 'permanent denial

clause' sought by the US as a restriction on the FSM's independence. Although initially agreed to by Micronesian representatives, this clause remained a concern and the Compact was amended in 2001.

## Images of Micronesia Post WWII

Oral accounts from the Mortlocks recall that immediately after WWII, US military forces rounded up the Japanese garrisons in the islands and deported them back to Japan. For example, on Satowan and Lukunor islands, Japanese soldiers were disarmed and taken to the docks, where American naval crafts transported them to American warships anchored offshore to repatriate them back to Japan. During this process, the islanders would call out, '*awlela Resepan auspaw shuan no liwin*' ('go home Japanese do not come back') and sarcastically bid *saionara*<sup>1</sup> forever to the soldiers. However, American soldiers were welcomed with open arms.

Mortlockese people often communicate in a language of distortion called *afeliel* (hidden meanings) about issues affecting them. This is an offshoot of a special language used between *itang*.<sup>2</sup> Messages are delivered in a secretive mode of communication only understood by an intended audience. For example, people of Satowan Island are famous for using *kapas apiliwek* (reverse psychology) when talking between themselves.<sup>3</sup> A level of familiarity is required to decipher the meaning of the language during conversation. *Afeliel* and *kapas apiliwek* were used to communicate hidden messages between islanders during WWII. This provides an example of how Micronesians maintained their connection with each other during the extended colonial period.

1 '*Saionara*' is an adopted Japanese term meaning to bid farewell. Bidding farewell in Mortlockese is '*awlela*'.

2 '*Itang*' is a person with many talents, knowledge and skills. They can be an orator, manipulator, warrior, negotiator and historian, for example. People respect *itang* because of their wisdom and knowledge.

3 Okusitino Māhina, a Tongan scholar referred to the same in interpersonal dialogue called *helihaki* (to speak one thing but mean another). It demonstrates the extent to which communication can be manipulated in different Pacific Islands contexts. See Okusitino Māhina, 'The Poetics of Tongan Traditional History, Tala-e-fanua: An Ecology Centred Concept of Culture and History', *Journal of Pacific History*, Vol. 28, No. 1, June 1993, p. 113.

This metaphoric language is not confined to the Mortlocks but is also used in Yap and Pohnpei. For example, Glenn Petersen referred to a common practice in Pohnpei called *kanengamah*, where the indigenous people use metaphoric language to conceal real meanings in their communication with each other. Peterson notes that *kanengamah* means:

deliberately concealing the truth about oneself or what one knows, and it is tempting to liken it to a lie. Pohnpeians do not perceive it as lying, however, concealment is different than distortion or outright falsehood.<sup>4</sup>

Manipulation of the local languages was necessary to transmit information between Micronesians about Japanese activities without detection. Survival strategies also included using local knowledge to secretly harvest Micronesians' own land at night. There were stories told by my elders about locals who were pursued by Japanese guards while tending the gardens at night. However, the islanders were not caught and Japanese attempts to identify the culprits floundered when they could not penetrate the solidarity of silence among extended family networks. Japanese investigations of the raids were unsuccessful due to the solidarity of the Micronesian people.

My grandfather likened Micronesia after WWII to a fatigued elderly man slow in movement but with a sharp, agile mind; retaining his intellectual wit to maintain his personal integrity, though retired from physical labour.<sup>5</sup> Having been a grandfather many times over, he was used to providing for his extended family with his bare hands; he did not need someone else's imposed charity. He was worried about the future of his children and, as such, instructed them politely to rely on their own capabilities and be productive if they wanted to survive. He believed that receiving charity from someone else's sweat should not be a part of their future. This personal recollection, while anecdotal, reflects beliefs common to my grandfather's generation. This chapter will suggest that this attitude

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4 Petersen, 'Kanaegamah and Pohnpei's Politics of Concealment', p. 34; Hemenstall and Rutherford, *Protest and Dissent in the Colonial Pacific*, p. 107. Hemenstall and Rutherford referred to *kaningama* (note their different spelling) as 'a poker-faced patience in the face of life's adversities'.

5 Ring Pwas was one of the leaders of Lukunor or Lekinioch Island post WWII. He was a traditional chief and the magistrate of Lekinioch Municipality. He later became an associate judge in the Truk District judiciary system and subsequently an associate justice of the state of Chuuk Supreme Court (Hanlon, *Making Micronesia*, p. 88). See also *Micronesian Reporter*, Saipan, July 1962, Micronesian Leaders Conference <001 19780700: 32 - Pacific Digital Library>; *Micronesian Reporter* <001 19570300: 19 - Pacific Digital Library>.

of self-reliance prevailed at this time and indeed throughout Micronesian history, and the outsiders' failure to realise this was a significant reason for the failure of colonial regimes. The Micronesians' attitude was, however, often masked behind polite smiles of silence that outsiders mistook for compliance and consent.

My grandfather's rhetoric condemned outsiders' treatment of Micronesians.<sup>6</sup> In his humble view, outsiders disrespected the indigenous population by reducing them to second-class citizens.<sup>7</sup> Despite all the adaptation, assimilation and re-contextualisation of outside forces, he thought independence should be sought through islanders' intellectual wit and built solidly on Micronesian integrity and identity.<sup>8</sup> He believed that it was the only way forward to restore indigenous dignity. Coincidentally, his views resonated with many Micronesians, especially the leaders who fought for independence, and similar rhetoric was used to put the wheels of independence into motion.<sup>9</sup>

Centuries of foreign rule had left Micronesians suspicious of outsiders. Their suspicions were expressed in various forms of local resistance against the colonisation process. Memories of subjugation among Micronesians laid the foundation for Micronesian unity and political independence.<sup>10</sup> Independence gained momentum after WWII when the circumstances of the external world changed and the US desired outright annexation of the islands.<sup>11</sup> This was not acceptable to Micronesian leaders.

Micronesians' first priority was to continue to survive. The land and sea remained the sources of sustaining their livelihood. Micronesians did not conceal their genuine appreciation of the Americans who had ejected the Japanese from their islands.<sup>12</sup>

6 David Hanlon, 'Patterns of Colonial Rule in Micronesia', in *Tides of History: The Pacific Islands in the Twentieth Century*, edited by K. R. Howe, Robert C. Kiste and Brij V. Lal, University of Hawai'i Press, 1987, pp. 93–94.

7 D'Arcy, 'What was the Impact of Japanese Rule?', pp. 6–7.

8 My personal knowledge. See fn. 5 for Ring Puas.

9 *Mortlocks Oral History*. Although Ring was a traditional chief, his thoughts coincided with the objectives of the FSM's leaders for independence (Hanlon, *Making Micronesia*, p. 88).

10 Hanlon, 'Patterns of Colonial Rule in Micronesia', pp. 93–96.

11 Kiste, 'Termination of the US Trusteeship in Micronesia', p. 127.

12 *Oral history* of Lekinioch Island. See also Hezel, *The New Shape of Old Island Cultures*, pp. 4–5.



**Figure 9: War relics on Satowan in the Mortlock Islands.**

Source: Photograph courtesy of Vince Sivas (October 2013).



**Figure 10: Airplane wreckage on Satowan Island from the Japanese period.**

Source: Photograph courtesy of Vince Sivas (October 2013).

## Responses to the TTPI

At first, Micronesians were curious as to what the US had planned for their islands after the war. The islands were soon classified as a strategic trust territory, later known as the TTPI. Unlike the other 11 trust territories that existed after WWII, which were under the UN Trusteeship Council, the TTPI was also put under the supervision of the UN Security Council.<sup>13</sup> The reason for this was that the US had a veto power in the UN Security Council and could therefore control the future of the TTPI. As Roger Gale commented, the US 'created a unique entity ... different from the other trust territories in that its political status cannot be altered without the permission of the administering authority'.<sup>14</sup>

Under the UN trusteeship agreement, the US had responsibilities to develop the islands socially, economically and politically before the Micronesians could decide their future.<sup>15</sup> Like the Union of Soviet Socialist Republics (USSR) in Eastern Europe, the US drew its own iron curtain over the territory by sealing off the islands as a strategic and militarily sensitive area.<sup>16</sup> Outsiders, including American civilians, required permission to enter the TTPI. The 'iron curtain' years contributed to the slow economic development of Micronesia. There was not enough exposure of islanders to the outside world, and the outside world had no opportunity to learn what Micronesians were experiencing under the US. Micronesians were kept in the dark and isolated from the flow of international information. Like previous colonial practices, the inhabitants of the TTPI were not consulted about their future. It became apparent that the new administration was planning to remain in the islands, just like the previous colonial powers.

The TTPI comprised six districts: Ponape,<sup>17</sup> Truk,<sup>18</sup> Palau, Yap, the Marshall Islands and Marianas Islands. Their function was to organise services for the municipalities and implement the TTPI Government's objectives.

13 Gale, *The Americanization of Micronesia*, pp. 61–62.

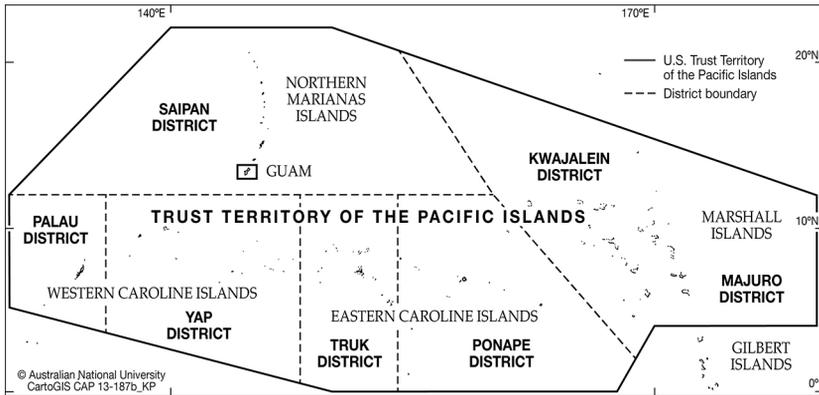
14 Gale, *Americanization of Micronesia*, p. 12.

15 *Charter of the United Nations and Statutes of the International Court of Justice*, Chapter XII, Article 76(b), [www.un.org/en/about-us/un-charter/full-text](http://www.un.org/en/about-us/un-charter/full-text).

16 Kiste, 'A Half Century in Retrospect', p. 461.

17 Which later changed its name to its indigenous name, Pohnpei.

18 Which later changed its name to its indigenous name, Chuuk.



**Figure 11: Map of the Trust Territory of the Pacific Islands (TTPI) prior to its break up into separate political entities in the 1970s.**

Source: Map produced by ANU CartoGIS.

A high commissioner was appointed by the US president to liaise between Washington, DC, and the Micronesian people. The commissioner had the power to make decisions for the TTPI without Micronesian input. Before the creation of the COM in 1965, the US made little progress in developing the islands as required under the UN agreement.<sup>19</sup> It only built and maintained a skeleton infrastructure necessary to achieve its own strategic goals, seemingly oblivious to the realities on the ground.<sup>20</sup> For example, expenditure for the TTPI was estimated at US\$5.2 million per annum during the US Navy administration. This increased to US\$7.5 million<sup>21</sup> by the time the DOI took over. This was insufficient to meet the costs of running the territory and building effective infrastructure. As the wealthiest and most powerful nation in the world, the US's financial commitment to the TTPI was dismal.

Public buildings such as classrooms and dispensaries, as well as public homes in the district centres, were rudimentary structures of corrugated iron, plywood and whatever could be salvaged from the war.<sup>22</sup> The road system was in disrepair and needed maintenance. The main docks were only maintained to minimum standards to allow shipments in and out of the port towns.<sup>23</sup> There was also a discrepancy in salaries between

19 Kiste, 'Overview of US Policy', pp. 8–9.

20 Hanlon, *Remaking Micronesia*, pp. 135–139.

21 Meller, *Constitutionalism in Micronesia*, pp. 15–16; Kiste, 'Overview of US Policy', p. 10.

22 Hezel, *Strangers in Our Own Land*, p. 324.

23 I attended high schools in Weno and Pohnpei during this period and witnessed the docks.

the Americans and the local people. Americans were paid more than Micronesians with the same qualifications. Social interaction was almost non-existent as Americans had their own social spaces such as social clubs, houses and offices.<sup>24</sup>

In the outer islands, the inhabitants were virtually left alone and traditional lifestyles remained largely unaffected by the American presence. The municipal governments, schools, churches and the local health system were predominantly run by the few elected officials who were also traditional leaders. Sailing canoes continued to be the main mode of inter-island transportation. Inter-island contacts remained vital as economic and social interdependency continued to be maintained.<sup>25</sup> Decisions made in a distant land had little impact on the daily life of the inhabitants of the atolls.<sup>26</sup> Colonialism and WWII in particular had interrupted their lifestyle and the post-war period was an opportunity to reassert traditional ways of survival adapted to the modern world. It was understood that the Americans had their own agenda, just like the previous colonial powers. The idea of political independence was not fostered by the US but reached a crescendo at the discussion table in 1965 when the COM was formed.<sup>27</sup>

The ongoing importance of traditional institutions did not mean Micronesians were against change. Frustrated with the slow pace of development, Micronesians devised ways to be heard by the international community. The Micronesians expressed their concerns to the UN visiting missions as well as appearing in the UN in the early 1960s. The COM throughout the 1970s and 1980s took up the cry for independence.<sup>28</sup> Micronesians' push for self-determination later gained sympathy in the UN.<sup>29</sup> For example, the former USSR became a prominent critic of the US's performance in the TTPI. The US, for its part, continued to present

24 *Lukunor Oral History* told by the people of Lukunor who worked in the port town of Moen during the Trust Territory days. The issue was more pronounced on the island of Ebye, next to the military base in the Marshall Islands, where the indigenous people lived in rundown squalor. See Hanlon, *Remaking Micronesia*, p. 188.

25 Peter, 'Chuukese Travelers and the Idea of Horizon', p. 264; D'Arcy, *The People of the Sea*, p. 166.

26 *Oral History*. See also Hezel, *The New Shape of Old Island Cultures*, pp. 3–4; Kiste, 'Overview of US Policy', pp. 1–2.

27 *Oral History*. See also Kiste, 'Overview of US Policy', pp. 1–3.

28 D'Arcy, 'American Administration of Micronesia', pp. 1–2.

29 Gale, *Americanization of Micronesia*, pp. 98–99.

an image that it was working towards fulfilling its obligations under the UN agreement. The reality was different on the ground; it was business as usual, with limited development or consultation with the locals.<sup>30</sup>

## Organising Micronesians

A UN visiting mission to the TTPI in 1961 reported that the US ‘must end its neglect and undertake greater efforts to prepare the TTPI for self-government’.<sup>31</sup> The visiting mission also revealed that the long presence of the US in the islands had not contributed to serious development. A number of common phrases were used to describe the US’s poor record in the TTPI, such as ‘benign neglect’, ‘the Rust Territory’ of the ‘pathetic’ islands, and that Micronesians had ‘the trust’ but Americans had the territory.<sup>32</sup> The USSR was highly critical of the US following the release of the UN visiting mission’s report in 1961. The report’s criticism of the US for not fulfilling its obligations under the UN agreement was echoed by the USSR and the Micronesians, who were invited to the UN General Assembly to voice their experiences of the US’s failure to carry out its responsibilities in the territory.<sup>33</sup>

The Kennedy administration responded to the criticism by appointing Professor Anthony Solomon from Harvard University to undertake a study of the TTPI. The purpose was to provide information to President Kennedy on how the US should proceed in terms of the TTPI’s future in order to avoid further political embarrassment. The professor subsequently produced the famous Solomon Report, which strongly recommended rapid Americanisation of the TTPI in anticipation of full annexation of the islands.<sup>34</sup>

30 Kiste, ‘Overview of US Policy’, pp. 2–4.

31 Hanlon, *Remaking Micronesia*, p. 91; Meller, *Constitutionalism in Micronesia*, p. 15.

32 During my contract work with the Congress of FSM and the Department of Justice, the terms were often used by many FSM government officials to blame the US’s historical record of the lack of development in the FSM. See Peter, ‘Chuukese Travellers’, pp. 258, 260. Others took the opposite view, claiming that the FSM should grow up and accept its own faults on this issue. As Mariena Dereas, a senior lecturer in Micronesian Studies at the College of Micronesia said, ‘let’s get it right this time, and forget the old thoughts’. This seems to be the new motto for the new intellectuals who do not want to waste their energy on blaming others. I interviewed Mariena and her colleagues on 11 January 2011 in Palikir, Pohnpei.

33 Epel Illon, Interview, 13 January 2011, about his appearance in the UN in the early 1980s.

34 Hanlon, *Remaking Micronesia*, pp. 93–94.

Americanisation meant a structural reform to systematically indoctrinate Micronesians through education, law, politics and economics to embrace all things Americana.<sup>35</sup> To reinforce the reform agenda in the TTPI, American agents of change such as anthropologists, economists, educators and lawyers were involved in targeting the new generation of Micronesians to embrace America. The US also increased its funding to the TTPI to upgrade infrastructure and further facilitate its future objectives for the territory. For example, the budget in 1952 was US\$7.5 million; this increased to US\$25 million in 1967 and reached its peak of US\$85 million dollars in 1977.<sup>36</sup> Jobs were created, new classrooms were built, free lunch programs were implemented, and the mass promotion of American culture in the public domain occurred through movies and music.

Such American action was ironically subverted when Micronesians began to attend tertiary institutions in the US and encountered the realities of Americana, including racism. These students started to question the 'American lifestyle' compared to that of their island cultures. For example, many realised that should the islands become part of the US political family, Micronesians would suffer in an American system where indigenous peoples were to be found on the lower rungs of the social ladder. This arose from their direct observations of the status and treatment of minorities such as the Chamorros, Hawaiians and the American Indians.<sup>37</sup>

Racism also affected Micronesian leaders' perceptions of the American system. As Bethwel Henry, former speaker of the COM, said to me during an interview, 'my experience of racial discrimination occurred during my trip to the US. I asked a taxi driver in Kansas to drive us to a hotel, but they dumped us at a hotel for coloured people only'.<sup>38</sup> Patsy Mink, then congresswoman for Hawai'i, favoured incorporation of Micronesia but

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35 A. N. Solomon, *Report by the US Government Survey Mission to the Trust Territory of the Pacific Islands*, Washington, DC, 1963, vol. 2, p. 3.

36 Gale, *Americanization of Micronesia*, p. 104. Sapuro Rayphand, Interview (online), 13 December 2013. Sapuro was a qualified teacher with a master's in education from Lekinioch, who taught in many schools of the Trust Territory, including Saipan. He was told that the gap in pay between Americans and Micronesians was because American teachers needed to pay for their own accommodation and food. This was a poor excuse—why did Sapuro not receive such compensation on Saipan since he was away from home and needed to pay for his own accommodation and food?

37 Bethwel Henry (former speaker of the Congress of Micronesia), Interview, Kolonia, Pohnpei, 28 June 2012.

38 Henry, Interview, Kolonia, Pohnpei, 28 June 2012.

declared in 1971: 'It seems obvious that Micronesians will not be satisfied with anything less than independent status, and the longer a decision is delayed, the more insistent they will become'.<sup>39</sup>

The first generation of Western-trained intellectuals and leaders, like Bethwel Henry, Tosiwo Nakayama, Petrus Tun, John Mangefel, Jacob Nena and Leo Falcalm, were already advocating for independence for Micronesia based on their own experiences in American universities.<sup>40</sup> These leaders in the making became a political force of considerable influence in Micronesia. They formed a substantial lobby group to arrest the rising tide of Americanisation in Micronesia. This new phase, which arose from the new educated elite, contributed to the waning support for full acceptance of Americanisation or annexation in the islands. The waning support also stemmed from other reasons. First, Micronesians were directly exposed to a greater level of Americanisation, providing them with the opportunity to evaluate American values and culture compared to their own. Second, many of the American professionals exported to the TTPI to implement American objectives were young and full of ideals and empathy. Once exposed to the weaknesses and hypocrisies within the US's political system, many became friends of the Micronesian movement for independence.<sup>41</sup> Third, the Micronesian leadership made it clear to the Micronesian populace that becoming part of the US would likely see them lose their land and become second-class citizens.

## Micronesian Dissatisfaction

In 1961, a UN report condemned the US for not developing the islands to a level acceptable under the trusteeship agreement. The US had breached its duties and obligations materially under the agreement, which imposed upon the US the responsibilities to develop the islands economically, socially and politically before the issue of self-determination could be decided.<sup>42</sup> In 1965, the COM asked the US to produce serious plans to develop Micronesia economically and politically.<sup>43</sup> The uneven

39 Gale, *Americanization of Micronesia*, p. 230.

40 Henry, Interview, Kolonia, Pohnpei, 28 June 2012.

41 Henry, Interview, Kolonia, Pohnpei, 28 June 2012.

42 Solomon, *Report by the US Government Survey Mission to the Trust Territory of the Pacific Islands*, vol. 2, pp. 3–10; Bethwel Henry (the first speaker of the Congress of Micronesia), Interview, 28 June 2012.

43 Hanlon, *Making Micronesia*, pp. 119–122.

development throughout the TTPI and the lack of Micronesian input at the top echelon of the decision-making process were key elements driving Micronesian political frustration.<sup>44</sup> For example, Micronesians complained about the hiring practices in the public sector, wherein Americans still occupied the best-paying jobs despite there being qualified Micronesians who could perform at that level. In a way, it was the recycling of past colonial practices where Micronesians were at the bottom of the economic ladder. Many islanders had the requisite qualifications and wanted the top positions.<sup>45</sup> For example, a former Micronesian teacher I interviewed said that he was receiving US\$3,000 per annum in the 1960s, which increased to US\$5,000 in the mid-1970s. By comparison, American teachers were paid US\$12,000 annually.<sup>46</sup> In response, the COM legislated for Micronesians to be paid a salary based on the philosophy of 'equal work, equal pay'.<sup>47</sup>

The discrepancy in conditions between the district centres also became apparent. For example, Saipan, where the headquarters of the TTPI was located, continued to benefit from the US's greater presence while underdevelopment continued to be the norm in other district centres such as Yap, Truk and Ponape.<sup>48</sup> In the outer islands, life continued as usual. Visits to the outer islands by the field trip ships were infrequent. Health and education programs were left to the locals to organise as they had always done in the past. They continued their traditional system of governance while adapting to the new American-formed municipal governments.

In the Mortlocks, for example, history remained largely taught by the elders, Christianity and local religious beliefs coexisted, and economic activities concentrated on taro farming, fishing and breadfruit harvesting. Although there was meagre cash made from copra trading, it was often shared by the extended family.<sup>49</sup> It was the same pattern in the other low-lying atolls in the TTPI such as in the districts of Yap and Ponape. News of local government activities and plans could be heard on the new

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44 Bethwel Henry (the first speaker of the Congress of Micronesia), Interview, 28 June 2012.

45 Gale, *Americanization of Micronesia*, p. 126; Hanlon, *Remaking Micronesia*, p. 102.

46 Sapuro Rayphand, Interview, Guam, 13 December 2013. Sapuro was a teacher during the Trust Territory days from the 1960s to 2010. He holds a master's in education from the University of Guam, yet was paid less than his American counterparts (see fn. 36).

47 Bethwel Henry (the first speaker of the Congress of Micronesia), Interview, 28 June 2012.

48 Hezel, *Strangers in Their Own Land*, p. 336.

49 My personal experience.

radio stations such as WSCZ in Chuuk and WSCD in Ponape. However, the locals listened to radio for entertainment rather than government policy.<sup>50</sup> The islanders preferred to engage in face-to-face meetings with their Micronesian leaders during field trips to the outer islands rather than listening to them on the radio.<sup>51</sup> Such meetings were in accordance with traditional meeting practices that aimed to build harmony within communities.

The economic situation in the TTPI was seen as heavily subsidised by the US and perceived as promoting a dependency mentality in Micronesia. The Micronesian leaders in the COM began to analyse this situation and debated how to move away from an economic model based on dependency on the US.<sup>52</sup> The debate on dependency rose to prominence in the 1970s as a backlash against free market development agendas espoused in development agencies dominated by US-trained economists.<sup>53</sup> Dependency connotes a state of helplessness, whereby Micronesians are unable to take care of themselves. This welfare theory was connected to the free feeding program (called *aikiu* by the Mortlockese) provided by the US Department of Agriculture (USDA) for schools, the elderly and following natural disasters.

There was also debate over the relative nutritional value of the food obtained from the USDA program versus local produce. For example, new categories of diseases such as hypertension, diabetes and other illnesses arose, believed to be associated with eating white rice, bleached flour, spam, chopped meat, powdered milk and shortening cooking oil. Some communities provided their schools with local agricultural products to supplement the rice and canned meat to increase the nutritional value of the meals. Many leaders such as Julio Akapito, a former congressman from Chuuk, challenged the intention of the free family lunch program as ‘racially and culturally arrogant’ and self-serving.<sup>54</sup> He declared that he had lived in Chuuk ‘for the past thirty years [and had] never gone

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50 My personal experience. On Lekinioch, people would undertake work like husking coconuts while the radio was playing. When the news came on, they would turn the radio off and have a conversation. See details in Marshall, *Namoluk beyond the Reef*, p. 32.

51 In my personal experience, the prevalence of traditions is one reason for the neglect of development.

52 Hanlon, *Remaking Micronesia*, pp. 158–159.

53 Hanlon, *Remaking Micronesia*, pp. 158–159.

54 Hanlon, *Remaking Micronesia*, p. 178.

hungry',<sup>55</sup> and questioned the point of the free lunch program and the other welfare programs. Nevertheless, Julio had his own critics and USDA food continued to flow to the islands.

Dependency theory, like colonialism, was a theory developed by outsiders and exported to the islands without any understanding of the structure of Micronesian economic life that had sustained the islanders throughout their history. Self-reliance is fundamental to the islanders' survival and continuity. It is argued that Micronesian economic conditions should not be measured in terms of foreign economic yardsticks such as GDP as these have no bearing on Micronesian social reality.<sup>56</sup> Micronesians value connections with their extended families; their individual and collective social network, wealth and mental health depend on these connections. It should be remembered that Micronesians have been governing themselves for centuries without outside help, and to be labelled as dependent on the US is at best ignorant, ethnocentric and arrogantly self-serving misinformation.<sup>57</sup>

## Independence on the Horizon

Despite the rising tension between Micronesian leaders and the US over the political future of the TTPI, the indigenous population continued to transform their communities, using their historical skills to adapt to the new order emanating from beyond the horizon. Traditional socio-economic practices remained the mode of production to maintain the internal coherency of communities. Few were willing to wait around and depend on 'handouts'. Some Micronesians set up businesses trading Western goods in exchange for traditional goods. For example, copra was traded for items like cigarettes, candies and canned food.

However, such small businesses could not earn enough profit because of the inherent *tumunu fengen* (sharing and caring) principle embedded in the Micronesian cultural structure.<sup>58</sup> For example, new businesses called *koap* (the co-ops) emerged but, after a few years in operation, they collapsed as profits and goods were withered away by relatives of employees calling

55 Hanlon, *Remaking Micronesia*, p. 178.

56 My personal view. See also Petersen, *Traditional Micronesian Societies*, pp. 1–2.

57 Hezel, *Strangers in Our Own Land*, p. 274.

58 Marshall, 'The Structure of Solidarity', p. 62; Other leaders like Hans Williander advocated a small-scale business model based on cultural roots. See Hanlon, *Remaking Micronesia*, p. 137.

on traditional obligations to receive goods without payment.<sup>59</sup> Interest in Western products also faded, as islanders preferred to fish and farm within their customary practices. This basic reality of doing business in Micronesia continues to be ignored by overseas' consultants who regularly recommend beefing up the private sector as the best means for economic growth in the FSM. Foreign consultants need to alter their foreign perspective of mass consumerism to understand Micronesian modes of production and survival. In that way, collaboration can occur to undertake new forms of community production to enhance islanders' lifestyles, with due consideration also towards the business principles of credit ratios, capital reserves and earnings sufficient to cover costs and reinvest into improving the enterprise.

Micronesians who embraced Americanisation argued that it was better to live under the US because it offered a convenient way of living where individuals did not have to be accountable to the clanship system.<sup>60</sup> Individuals could acquire wealth and live as luxuriously as they desired. This new wealth could ease the burden of backbreaking traditional work like climbing breadfruit trees and farming in muddy taro patches, as well as procure Western-style housing that could withstand the seasonal typhoons.<sup>61</sup> However, after a few years, the Western houses collapsed due to lack of maintenance and USDA food programs ceased. Consequently, islanders had to revert to the traditional system as the best option for survival and continuity.<sup>62</sup>

The debate between the anti- and pro-independence movements could be heard during *sotang* (village meetings). For example, after Typhoon Pamela hit the Mortlocks in 1976, USDA food and other forms of American assistance were distributed to all the islands. On Lukunor, during *sotang*,

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59 I witnessed two to three co-ops virtually disappear within a year of inception. The co-ops ranged from financing of housing to small groceries stores. One of the stores was passed on to new management but again folded within a year. This was called the Lazarus phenomena (referring to the Biblical person brought to life again by Jesus). The question is, why did the co-ops never profit as intended? Was this due to culture or lack of management skills? See Francis X. Hezel, 'Is that the Best You Can Do? A Tale of Two Micronesian Economies: The Plea to Grow Economy', East-West Centre, Hawai'i, 2006, [www.micsem.org/pubs/articles/economic/frames/taleoftwofr.htm](http://www.micsem.org/pubs/articles/economic/frames/taleoftwofr.htm).

60 Ignacio Soumwei (Teacher at Mortlocks Junior High School, Satowan), comments in class, Semester 1, 1974. Soumwei coined the term 'chocolate cookie Micronesian', referring to individuals who looked like Micronesians but think like Americans.

61 Ignacio Soumwei (Teacher at Mortlocks Junior High School, Satowan), comments in class, Semester 1, 1974. I also personally observed this after Typhoon Pamela struck the Mortlocks in 1975.

62 Ignacio Soumwei (Teacher at Mortlocks Junior High School, Satowan), comments in class, Semester 1, 1974. I also personally observed this after Typhoon Pamela struck the Mortlocks in 1975.

many complained about the rice and chopped meat meals, which were not filling and considered tasteless.<sup>63</sup> Many preferred agricultural tools such as mattocks, shovels, bush knives and fishing equipment since these had more application in sustaining local production. To others, the USDA assistance promised a life that Micronesians could enjoy without exerting too much work on their land.<sup>64</sup> High school teachers and their students also engaged in the debate regarding the pros and cons of independence stemming from the dependency issue.<sup>65</sup> The ongoing debate led to the emergence of the fringe group labelled 'chocolate cookie Micronesians', referring to individuals who look like Micronesians but think like Americans.<sup>66</sup>

For those with higher salaries in the port towns, American materialism became very attractive. The power of money was limitless to them; it could buy whatever one desired, including land and human labour to work the land while they lived in their newly acquired luxury. They had acquired the taste of immediate gratification from the power of money. Many from the new generation also fell into this economic trap since they had never experienced the harsh realities of life, for example, under the Japanese rule.<sup>67</sup> They wanted the US to protect the islands from slipping into the hands of the new 'evil empire', the USSR.

Security was foremost in their calculations and they wanted the best of the American system. This group of people were referred to as 'the sell-out' or *sokon remirika*.<sup>68</sup> They dreamed of an American lifestyle but had no

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63 My personal experience during village *sotang*. See Marshall, *Namoluk beyond the Reef*, pp. 65–66; William Lessa, 'The Social Effects of Typhoon Ophelia (1960) on Ulithi', in *Peoples and Cultures of the Pacific: An Anthropological Reader*, edited by Andrew P. Vayda, The Natural History Press, New York, 1968, p. 59.

64 Hanlon, *Remaking Micronesia*, pp. 172–177.

65 Meller, *Constitutionalism in Micronesia*, p. 318. Secondary schools like Xavier and Truk high schools were engaged in the debate for a new political status for Micronesia.

66 Ignacio Soumwei (Teacher at Mortlocks Junior High School, Satowan), comments in class, Semester 1, 1974; Teachers and village elders during *sotang* (observed by me on Satowan Island). Ignacio Soumwei coined this term.

67 Ignacio Soumwei (Teacher at Mortlocks Junior High School, Satowan), comments in class, Semester 1, 1974; Teachers and village elders during *sotang* (observed by me on Satowan Island).

68 Ignacio Soumwei and his cohorts referred to *sokon remirika* as consisting of many of the recipients of the Basic Educational Opportunity Grant (BEOG), students who studied in the US, those harbouring anti-Japanese sentiments and many big business owners in favour of integrating with the US. John Haglegam gave the example of pet projects by congressmen and their cohorts who diverted funds into the erection of seawalls while pocketing substantial amounts for themselves (John Haglegam, Interview, College of Micronesia, Palikir Campus, 11 January 2011). Many leaders benefited from the TTPI purse and advocated close relations with the US.

means to convince others about how to achieve it. They included many politicians, returned college students, teachers and the few petty capitalists who owned small retail outlets in the port towns.<sup>69</sup>

Other supporters of the money economy who came from the outer islands flocked to the port towns to find work and send goods to their families on their home islands. This group contributed to the increased population in the port towns. For example, in Ponape, the capital Kolonia had a population of less than 2,000 in 1963, which grew to over 2,800 by 1970.<sup>70</sup> In Moen, Truk, the population of 5,687 in 1967 grew to 9,562 in 1973. In Yap, the population of the Rull and Weloy municipalities increased from 1,741 in 1963 to 2,482 in 1973.<sup>71</sup>

## The Road to Independence

After the long decades of what many called the era of benign neglect, the issue of independence went public, driven by the leaders of the six districts who came together to create the COM. The leaders petitioned the high commissioner to create a nationwide forum where Micronesian leaders could meet and discuss matters of concern regarding their islands. At first, the US was reluctant to recognise the Micronesians' request. However, under constant pressure, the US relented and created the bicameral COM in September 1964, consisting of 12 senators in the House of the Senate and 21 members in the House of Representatives.

The COM became the voice of the people, signalling a new era in Micronesian political history. One of its prime purposes was to accelerate the process of decolonisation. This happened in 1966, when House Joint Resolution No. 47 was adopted, expressing that 'this generation of Micronesians should have an early opportunity to determine the ultimate constitutional and political status of Micronesia'.<sup>72</sup> In 1967, the US president sent a proposal to the US Congress to study the future of the TTPI and how 'to consult with the people of Micronesia'.<sup>73</sup> The US

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69 My personal experience regarding relatives who operated small stores to earn a few dollars.

70 Hezel, *Strangers in Their Own Land*, p. 323.

71 Gale, *Americanization of Micronesia*, p. 128.

72 *Summary of the Political Status Talks of the Joint Committee on Future Status*, Congress of Micronesia, Saipan, 1973, p. 1.

73 *Summary of the Political Status Talks of the Joint Committee on Future Status*, p. 2; Meller, *Constitutionalism in Micronesia*, p. 52.

Congress did virtually nothing. It made no recommendations and did not investigate the issue as requested by the COM. The US Congress did set up a committee, which produced no tangible result.

In response, the COM adopted Senate Joint Resolution No. 25, creating its own future political status without input from the US. The resolution demanded the following: 1) that the COM develop a process for political education in Micronesia; 2) that Micronesians choose their future political status; and 3) that Micronesians undertake 'a comparative study of how Puerto Rico, Western Samoa, Cook Islands and other territories have achieved their self-government, independence, or other political status'.<sup>74</sup>

The US, having been pressed by the COM to come to the negotiating table, reluctantly participated in a series of negotiations with the Micronesians. Four options for Micronesians were proposed by the Micronesian representatives during these negotiations: independence, free association, integration with another sovereign power or continuation of the status quo. In response, the US offered commonwealth status, which meant becoming an unincorporated territory of the US.<sup>75</sup> This proposal failed as it did not meet Micronesian expectations. The US was also criticised by the UN for not honouring the trusteeship agreement, which allowed the people of the TTPI the choice of determining their own means of self-determination. Micronesians were more politically astute, determined and angrier than the Americans realised.<sup>76</sup> The central question thus became what sort of political independence would be suitable for all six districts. The Micronesian leaders also proposed the Compact of Free Association as an alternative to independence. The US found this proposal acceptable but operated on the assumption that the Compact should be negotiated on their terms.

These issues were the subject of the ConCon that brought Micronesia's political and traditional leaders to Saipan in the early 1970s.<sup>77</sup>

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74 Meller, *Constitutionalism in Micronesia*, p. 2.

75 Meller, *Constitutionalism in Micronesia*, p. 2.

76 Hanlon, *Remaking Micronesia*, pp. 136–139.

77 The issue was which type of government model best suited the people of the TTPI.

## The Constitutional Convention

The ConCon brought together the educated elite and traditional leaders of the six districts of the TTPI. It was a forum designed for Micronesians to discuss their political future. Norman Meller, the main advisor to the ConCon, described it as the forum where the TTPI leaders gathered to demonstrate both their differences and similarities. For example, the Palau delegation came to the ConCon with an arrogant attitude, demanding certain conditions and proclaiming that if the ConCon disagreed, then Palau would withdraw from the ConCon.<sup>78</sup> Palau demanded that the capital should be situated in Palau, and each state should be allowed to withdraw from the proposed federation after eight years of joining. Further, Palau envisaged a decentralised form of federation, where the central government acted only as a facilitator, and foreign aid should be divided equally between the states.<sup>79</sup> Palau's proposals were virtually ignored by the rest of the delegates at the ConCon.<sup>80</sup>

Meller noted that Palau's position seemed to signal that the ConCon was destined to fail. Palau's aggressive stance related to their belief that Palauans were more sophisticated and politically astute than other Micronesians.<sup>81</sup> The Palauan delegates believed that they would be better off economically without the proposed federation. A proposed joint venture between Japan and Iran to build a super oil storage port in Palau played a major role in Palau's decision to steer clear of any proposed federation. The Palauans thought that they would pocket millions of dollars from this port and did not want the other states to share in this benefit.<sup>82</sup>

The Marianas and Marshallese delegations had their own reservations about the federation. Like Palau, they considered that their own interests might not necessarily benefit from federation. The Mariana Islanders had greater exposure to the outside world, which motivated them to continue the consumer culture and cash economy they had become accustomed to. Some viewed their position as being politically engineered by a minority elite.<sup>83</sup> The Marshallese, on the other hand, had experienced the economic

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78 Hezel, *Strangers in Their Own Land*, pp. 351–353.

79 Meller, *Constitutionalism in Micronesia*, pp. 176–177.

80 Meller, *Constitutionalism in Micronesia*, pp. 184–188.

81 Hezel, *Strangers in Their Own Land*, pp. 351–352.

82 Meller, *Constitutionalism in Micronesia*, pp. 175–176.

83 Hanlon, *Remaking Micronesia*, pp. 220–221.

benefits arising from the US military installation in Kwajalein. The chief architect of the Marshallese separation movement was Amada Kabua, one of the paramount chiefs of the Marshall Islands.<sup>84</sup>

Opposing factions of pro-federalists and separatists dominated the political landscape in Palau, the Marshall Islands and the Marianas Islands. Their own domestic referendums were decisively in favour of separating from the TTPI. The disintegration of the TTPI was blamed squarely on the US as it allowed the other districts to negotiate for separate political status, contrary to the UN-imposed requirement of deciding the political future of the territory as a single entity.

The delegations from the conservative states of Truk, Pohnpei and Yap, who favoured retaining much of their traditions while joining the international community of nations, would not allow the fragmentation to sway them from their objective of achieving an independent nation for the rest of the Micronesians. Their leaders were instrumental in ensuring they remained together as a political unit. For example, the first president, Tosiwo Nakayama, and his political cohorts were instrumental in uniting the leaders of Yap and Chuuk. Nakayama belonged to an extended clan network that spanned from Chuuk to the outer islands of Yap. Many of these islands are part of the traditional *sawei* system.<sup>85</sup>

The only obstacle to the adoption of the Constitution was to fulfil the requirement in the proposed Constitution that three-fifths of the voters in a majority of the remaining four states approved the Constitution. Since half of the districts had already left the TTPI, the district of Kosrae was created to satisfy this legal requirement and thus allow the majority of the states to adopt the Constitution by referendum—that is, three-fifths of the voters in the majority of the remaining four districts in the TTPI approved the Constitution.<sup>86</sup> These districts, now called the states of Chuuk, Pohnpei, Yap and Kosrae, became constituted as the FSM in accordance with the majority vote of the people.<sup>87</sup> In 1979, the FSM declared itself an independent constitutional government. The Constitution as carried

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84 Hanlon, *Remaking Micronesia*, pp. 220–221, 226.

85 Hanlon, *Remaking Micronesia*, pp. 25–27.

86 Meller, *Constitutionalism in Micronesia*, pp. 329–330.

87 Meller, *Constitutionalism in Micronesia*, pp. 329–330; Hanlon, *Remaking Micronesia*, p. 174.

by the majority requirement affirmed the historic commitment of the common wish of the people to live in harmony with each other. It also legitimised the FSM as a new, self-governing nation.<sup>88</sup>

## The Debate Over Disintegration

Some questions about the legalities of the US's conduct surrounding the disintegration of the TTPI remain unanswered. In particular, the question of whether the US violated the terms of the trusteeship agreement. The terms of Article 83 of the UN Charter as applied to a strategic trust territory stipulated that:

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 which 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.<sup>89</sup>

There is a strong case for arguing that the US's conduct contradicted the terms of the agreement. For example, Section 1 of Article 83 indicated that any 'alteration or amendment to the TTPI agreement shall be exercised by the Security Council'. The US did the opposite by facilitating the disintegration of the TTPI into four independent parts, Palau, the Marshal Islands, the Northern Marianas Islands and the FSM, without the UN Security Council's prior approval. The US's conduct constituted an alteration of the TTPI agreement because it engaged in negotiations with districts within the TTPI rather than engaging with the TTPI representatives as a whole.

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88 *The Constitution of the Federated States of Micronesia*, Article I.

89 *Charter of the United Nations and Statutes of the International Court of Justice*, Article 83.

The fragmentation of the TTPI, supported by America's conduct, violated the UN precedent in relation to the doctrine of territorial integrity of a non-self-governing territory.<sup>90</sup> One issue was whether the FSM was required to continue their negotiations with the US given that the TTPI had disintegrated. The FSM was no longer a constituted part of the TTPI as agreed to under the terms of the trust territory agreement.<sup>91</sup> In hindsight, perhaps the FSM could have taken a different path to ensure the realisation of its economic goals under a different political arrangement, with or without the US.

Anthropologist Robert Kiste argued that there were no specific procedures regarding the termination of the TTPI agreement and, in the absence of such, both the FSM and US ended it on their own terms. An alternative view is that the principles within UN Resolution 1514 (XV) could have been applied to terminate the TTPI agreement<sup>92</sup> rather than a simple agreement between the US and Micronesia. The TTPI agreement specifically granted the UN Security Council the final power to terminate the agreement. One can also question why Micronesia was subject to US approval to terminate the TTPI, given that the TTPI as originally formed no longer existed.

It can also be argued that there was a:

material breach of the trusteeship agreement on the part of the USA. That is because it failed repeatedly to satisfy the terms, which were to develop the islands economically and politically towards self-government or speed up the process of independence as may be appropriate to the particular circumstances of the Trust Territory and its people before the Constitutional Convention.<sup>93</sup>

Further, the chief advisors to the Micronesian ConCon, Norman Meller and Leonard Mason (an American anthropologist with deep knowledge of the islands), also advised the US not to divide up the trust territory as it would contradict the UN agreement. They were ignored.<sup>94</sup> As Petersen stated:

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90 Meller, *Constitutionalism in Micronesia*, p. 325.

91 Personal argument based on what constituted the TTPI.

92 Brownlie, *Principles of Public International Law*, pp. 170–173. Resolution 1514 referred to the former South West Africa (now Namibia), which involved the Security Council being required to apply the provisions of the said resolution in relation to Article 83 of the UN Charter. The same principle could have also applied to the case of Micronesia.

93 *Summary of the Political Status Talks of the Joint Committee on Future Status*, p. 1.

94 Meller, *Constitutionalism in Micronesia*, p. 324.

At the time of the 1975 ConCon the US was engaging in political status negotiations with individual [districts] as a means of overcoming the Congress of Micronesia's resistance to American demands for the permanent control over Micronesian lands.<sup>95</sup>

Perhaps the US should not shoulder all the blame since the Micronesian leaders should have been aware of the issue and responded to it legally. However, the above exercise demonstrated the contradictions in international law, whereby the most powerful countries can ignore or manipulate the UN to suit their own purposes.<sup>96</sup>

## Independence and the Constitutional Convention

Various issues concerning independence continued to be raised during the ConCon. What sort of independence was appropriate to the new state of the FSM? What government structure should the leaders strive towards since Micronesia is a diverse collection of islands and cultures? While the Micronesian leaders debated the issues, the US was studying the Compact. It emerged that there was a conflict between the proposed Compact of Free Association and the newly drafted Constitution.<sup>97</sup>

The Compact, as perceived by the US, should have overriding power over the Constitution;<sup>98</sup> that is, the Constitution should literally restate the language of the Compact, with the Constitution having a secondary role. This position was seen by Micronesian leaders as a deliberate attempt by the US to undermine the sovereignty of the FSM and its people.

To respond to the US's tactic, the president of the ConCon, Tosiwo Nakayama, cleverly said:

it will be best to draft a constitution without knowing what is in the draft compact, because in working on the constitution, we are dealing with the interests of the people and we should not be concerned with trying to protect the interests of [an outside power] in Micronesia.<sup>99</sup>

95 Glenn Petersen, *Federated States of Micronesia in Pacific Ways: Government and Politics in the Pacific Islands*, edited by Stephen Levine, Victoria University Press, 2009, pp. 47–48.

96 Contradictions in international law that the super powers always exploit.

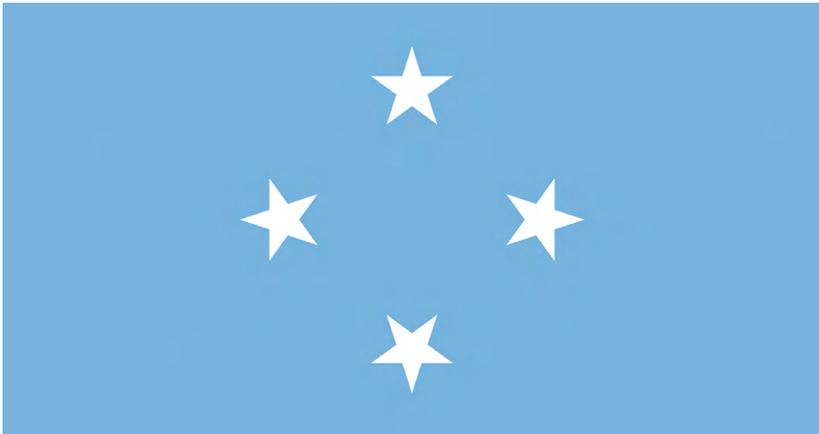
97 Hanlon, *Remaking Micronesia*, pp. 25–27.

98 Meller, *Constitutionalism in Micronesia*, pp. 317–318.

99 Meller, *Constitutionalism in Micronesia*, pp. 317–318.

The draft Constitution was sent to Washington, DC for American comments. The US responded by citing the inconsistencies between the draft Constitution and the Compact. The US insisted on the Compact as having an overriding power in relation to the Constitution.<sup>100</sup> The Micronesian negotiators responded by saying, 'while the Constitution may be inconsistent with [the US] interpretation of free association, it is not inconsistent with [the Micronesians]'.<sup>101</sup>

It took many more negotiations before the US finally faced the fact that Micronesian independence could no longer be denied. The US opened new rounds of negotiations, focusing on the 'permanent denial clause' of the Compact that gave the US unilateral power to refuse any third party from accessing FSM territories for military purposes and sole responsibility for the defence of the FSM.<sup>102</sup> The FSM's interpretation of the Compact is that the US's rights derive from the Compact and end when the Compact ends. The concept of the permanent denial clause contravened the FSM's sovereignty as upheld in its Constitution.<sup>103</sup>



**Figure 12: The official flag of the Federated States of Micronesia.**

Note: The stars represent the four states. The blue colour represents the ocean from which Micronesians derive their identity.

Source: Image courtesy of the FSM Government.

100 Meller, *Constitutionalism in Micronesia*, pp. 317–318.

101 Meller, *Constitutionalism in Micronesia*, p. 319.

102 Who are the enemies of Micronesia that the US wants to defend the FSM against?

103 The 'permanent denial clause' in the Compact pertains to the principle of a permanent agreement between Micronesia and the US. Changes within could be negotiated but the compact remains as is. It is based on the philosophy that US security in the northwest Pacific should be protected forever (Stewart Firth, 'Sovereignty and Independence in the Contemporary Pacific', *The Contemporary Pacific*, Vol. 1, No. 1 & 2, Spring/Fall 1989, pp. 79–83).

## The 15-Year Life of the Compact

The FSM stood firm in refusing to recognise the permanent denial clause but agreed to a variation, whereby the denial clause would only last the 15-year duration of the Compact, after which the Compact would be subject to renegotiation. This was done by the FSM's negotiators on the basis of pragmatism rather than acquiescence; they saw that the Compact needed to be signed quickly so that the US could terminate the UN trust agreement.<sup>104</sup> The FSM could then join the UN and forge diplomatic relationships with other nations for the purpose of enhancing its economic and political position.

The Compact was then framed on the basis of a bilateral treaty with the US, providing US\$3.4 billion dollars to the FSM Government in exchange for the US being granted the right to exercise power to deny third party states access to the islands if such access was deemed contrary to the US's interests.<sup>105</sup> The Compact was renegotiated in 2001 and extended to 2023. However, it is still debated as to whether the 'deniability clause' will have any validity after 2023.

Despite arguments by political scientists that the FSM has lost its sovereignty because of the security arrangements under the Compact, it can be argued that the denial clause does not and cannot usurp the FSM's Constitution. The Constitution's Preamble states, 'We, the people of Micronesia, exercising our inherent sovereignty, do hereby establish this Constitution of the Federated States of Micronesia'.<sup>106</sup> Section 1 of Article II then reaffirms Micronesian sovereignty by declaring:

This Constitution is the expression of the sovereignty of the people and is the supreme law of the Federated States of Micronesia. An act of government in conflict with this Constitution is invalid to the extent of conflict.<sup>107</sup>

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104 The Compact needed to be signed quickly to trigger the process of recognition by the international community (Meller, *Constitutionalism in Micronesia*, pp. 317–318).

105 *The First and Amended Compact of Free Association Combined*, [www.fsmita.com/world/micronesia.htm](http://www.fsmita.com/world/micronesia.htm).

106 *The Constitution of the Federated States of Micronesia*, Preamble.

107 *The Constitution of the Federated States of Micronesia*, Article II.

Therefore, any act of Congress, including the signing of a treaty, cannot be contradictory to the Constitution; if it is, then the act is made without power to the extent of its conflict with the Constitution. Congress is not empowered to sign away the FSM's sovereignty.

The Compact restates the language of the FSM's Constitution by stating that the US recognises that the Compact:

entered into force on November 3, 1986 ... based upon the International Trusteeship system of the UN Charter, and in particular Article 76 of the Charter ... the people of the Federated States of Micronesia...and in the exercise of their sovereign right ... have adopted a Constitution appropriate to their particular circumstances ... the Compact terminates the Trusteeship and establish a government-to-government relationships ... [however] the people of the Federated States of Micronesia have and retain their sovereignty.<sup>108</sup>

Title I, Article I, Section 3 reaffirms this, stating: 'The people of the Federated States of Micronesia, acting through the Government established under the Constitution, are self-governing'.<sup>109</sup> The two documents are clear on the matter that sovereignty rests in the hands of the Micronesian people. Nothing can usurp such a power, except by constitutional means—that is, by a referendum.<sup>110</sup>

The Micronesians accelerated the process of approving the Constitution by sidelining the debate on the Compact. The people approved the Constitution in 1979 by a referendum, without delay. Tosiwo Nakayama's tactic worked as the Compact was then required to be derived from the Constitution. The US had no choice but to acknowledge the superiority of the FSM's Constitution over the Compact.<sup>111</sup>

The Compact has been perceived as creating problems for the FSM, affecting FSM–US bilateral relations. At the heart of the problem are the issues of sovereignty and dependency. Since the implementation of the amended Compact in 2001, Micronesian observers and leaders have expressed their disappointment in the way the US has been meddling

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108 *Compact of Free Association between the Federated States of Micronesia and the United States of America*, p. 55.

109 *Compact of Free Association between the Federated States of Micronesia and the United States of America*, Title I, Article I, Section III, p. 55.

110 *The Constitution of the Federated States of Micronesia*, Article XIV.

111 Gale, *The Americanization of Micronesia*, p. 241.

with the internal affairs of the FSM. For example, the Joint Economic Management Committee Office (JEMCO), which consists of five members (three of whom are American), is now becoming the 'fourth branch' of government by controlling how Compact funds are utilised. An example of JEMCO's heavy-handed tactics is the delayed implementation of the education sector grant to Chuuk State in 2008 when Chuuk disagreed with the US on priority needs in its education system. The US refused to budge when the Micronesians vehemently objected to JEMCO's assertion that, as the Compact funds are paid for by US taxpayers, the US has the right to interfere in the FSM's internal affairs to ensure the funds are implemented as allocated.<sup>112</sup> The FSM Congress has questioned this approach, but their concerns have so far been ignored. By setting up an absolute 3:2 American majority in JEMCO, the Compact has effectively become a tool for the US to pressure the FSM Government to comply with US demands or suffer financial consequences.<sup>113</sup> The issues surrounding the Compact are yet to be settled, with the 2023 end date fast approaching.

## The Compact and Economic Development

It can be argued that the Compact should be viewed as a transitional vehicle or an experimental tool to allow the islanders to measure the success and failure of various economic strategies advocated by foreign experts.<sup>114</sup> Others see Compact funds as 'rent money' paid by the US

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112 Carl Apis, pers. comm., FSM Department Foreign Affairs, Nett, Pohnpei, 2012. I also discussed the issue with Epel Illon, who was one of the negotiators from the FSM side. He noted that the right for the US to interfere in the implementation of the Compact funds in the FSM was agreed to from the start. The US left the FSM to do the implementation for the first 15 years. However, when the Compact was amended, the US saw the need to interfere to ensure the funds were appropriately implemented. He also said that it was agreed to that the US Department of the Interior was granted the right by the FSM to audit the funds in the FSM. The question of sovereignty includes the right of the FSM to forgo some of its rights, according to Epel Illon. See also *The Constitution of the Federated States of Micronesia*, Article IX, Section 4, for approval of treaty delegating power to another sovereign power. This section seems to be deliberate as the Compact and the Constitution were drafted and negotiated concurrently in the 1970s and 1980s.

113 JEMCO has two members from the FSM and three from the US. The FSM is always outvoted on issues the American members do not want to implement.

114 The Compact is considered a transitional economic vehicle to test whether it would satisfy Micronesian development circumstances. For a brief discussion, see John Fairlamb, *Office of Compact Negotiations, U.S. Department of State Compact of Free Association Negotiations: Fulfilling the Promise*, A Paper Originally Presented to Island State Security Conference Asia-Pacific Center for Security Studies, Honolulu, Hawaii, June 2001, [www.fsmgov.org/comp\\_per.html](http://www.fsmgov.org/comp_per.html).

for wanting to exclusively maintain the islands as part of the American security zone in the Asia-Pacific region. As such, Micronesians have the right to use the rent money as they desire because such a rental is an implicit acknowledgement of their sovereignty.<sup>115</sup> The supporters of this position have questioned the mindset of the tenant (the US) in believing they have the right to tell their (Micronesian) landlord how to spend the rent money. They argue that Micronesians should stand up and move forward by devising their own economic plan while only paying lip service to the US's economic strategies.<sup>116</sup> Why should they be pushed by someone else's demand?<sup>117</sup>

Since the termination of the TTPI in 1986, the FSM's development programs have been restricted by the terms of the Compact. The Compact's main premise is to stimulate economic activities such that Micronesia will be able to sustain itself economically in the future. For example, in the first 15 years of the Compact, the US provided around US\$1.5 billion to the FSM Government.<sup>118</sup> The funds were used for general government operations in health and education, economic development, capital improvements and other special purposes.<sup>119</sup> Sixty per cent of this amount was spent on operational costs and the remaining 40 per cent on capital investment.<sup>120</sup> Micronesians looked forward to an improvement in their living standards as measured by economic indicators. It was likened to the *lerak* season, the season of plentiful food, where money was in abundance. The perception was that Micronesians would be bathing in this newfound wealth and not worrying too much about the future, since the money would be coming from somewhere else. However, this ray of economic sunshine was grossly insufficient for its stated purpose of establishing an independent economic base beyond the Compact era for a nation of over 103,000 citizens whose multi-island nature makes the provision of services

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115 James Naich, *Sustaining the Spirit of the Compact Partnership: Comments on the US Report on the First Five Years of the Amended Compact of Free Association*, Embassy of the Federated States of Micronesia, Washington, DC, October 2010, pp. 1–10.

116 The US has suggested various models of economic development, none of which have been very successful. The debate continues as to why. See The Micronesia Forum; Hanlon, *Remaking Micronesia*, pp. 146–148.

117 Hanlon, *Remaking Micronesia*, pp. 146–148.

118 *Report to Congress on the Compact of Free Association with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) for Fiscal Year 2006*, Washington, DC, 2006, p. 3.

119 *Report to Congress on the Compact of Free Association with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) for Fiscal Year 2006*, p. 3.

120 Francis X. Hezel, 'Rough Seas Ahead: The FSM Economy During Compact II', *Micronesian Counselor*, No. 44, January 2003, [www.micsem.org/pubs/counselor.htm](http://www.micsem.org/pubs/counselor.htm).

problematic. Corruption also greatly reduced the effectiveness of the funds. For example, the 60 per cent earmarked for necessary infrastructure at the state and municipal government levels was siphoned off by politicians and their cohorts. Congressional appropriations were used for pet projects<sup>121</sup> to appease politicians' electorates by providing them with community halls, motorboats, fishing gears, cars and food. Municipal monies were squandered on superfluous projects that could not be sustained, like purchasing inter-island ferries that were not seaworthy. Many politicians spent money just on looking for boats outside the FSM, with the expenses being categorised as a holiday.

In 1987, the amount of Compact money spent per person per annum was approximately US\$1,357. In 1993, this figure decreased to around US\$996 per person per annum. This decline in relative per capita funding has continued in subsequent years. It is predicted that per capita funding will decrease to US\$562 by 2023 under the amended Compact.<sup>122</sup> These figures do not mean much to many citizens, who do not benefit directly from the pet project appropriations. Each congressman and their cohorts control the funding of 'infrastructure projects' in their states and municipalities, presenting opportunities for corruption and personal enrichment. In the mid-2000s, investigations and subsequent criminal action was undertaken against three powerful congressmen who were later convicted of corruption. (They have since been pardoned but are permanently banned from running for Congress.) Corruption continues to be a major problem, as discussed in the Chuuk Reform Agenda public forum<sup>123</sup> and a report by the Office of Public Auditing in 2014.<sup>124</sup>

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121 William Cook, 'U.S. Department of State Diplomacy in Action: Executive Summary', Washington, DC, June 2014, p. 8; Henry Asugar, *Congress Bill No. 13-76, A Bill For an ACT, 'To grant amnesty to certain classes of people who are now being accused, or yet to be accused, or who have been prosecuted of certain types of crimes against the sovereignty of the Federated States of Micronesia but not yet convicted, and for other purposes'*, 20 January 2004.

122 David Gootnick, director of International Affairs and Trade, *Micronesia Faces Challenges to Achieving Compact Goals: Testimony before the Insular Affairs Subcommittee, House Resources Committee, U.S. House of Representatives: Attachment III: Estimated FSM Per Capita Compact Grant Assistance, Fiscal Years 1987–2023*, United States Government Accountability Office, Washington, DC, 10 June 2008.

123 Chuuk Reform Agenda, [www.chuukstate.org/](http://www.chuukstate.org/); Office of the National Public Auditor, FSM, *CFSM Public Projects and Social Programs: 1.6 Million Approved without Clear Criteria. Audit Report Number 2015-04*, 2014, [www.fsmopa.fm/files/onpa/2014/Audit%20Report%202015-04.pdf](http://www.fsmopa.fm/files/onpa/2014/Audit%20Report%202015-04.pdf).

124 Vid Raator, 'Audit Confirms That FSM Congress Misuse of 1.6 Million of Public Funds', Chuuk Reform Coalition, 10 February 2015, [www.chuukstate.org/audit-confirms-that-fsm-congress-misuse-1-6-million-of-public-funds/](http://www.chuukstate.org/audit-confirms-that-fsm-congress-misuse-1-6-million-of-public-funds/); Office of the National Public Auditor, *CFSM Public Projects and Social Programs: 1.6 Million Approved without Clear Criteria. Audit Report Number 2015-04*.

In denying the ongoing issue of corruption, the speaker of Congress claimed that the Office of Public Auditing was intentionally engaging in politics and recklessly misleading the public.<sup>125</sup>

The issue of corruption raises the question of how Micronesians will sustain themselves amid the projected decline in living standards after 2023. The US has encouraged the FSM Government to address the shortfall by tapping into different revenue sources outside of the Compact. The FSM is engaging with China to explore opportunities to expand its revenue base. It is unclear as to whether China will be receptive to the FSM's overtures. If so, can China match the magnitude of assistance provided by the US under the Compact? Otherwise, it is not known how the US\$600 million shortfall will be met.

Pessimists perceive the Compact as nothing more than a vehicle for facilitating the US's recolonisation of Micronesia. Although the objectives of the Compact are well intended, at least at the theoretical level, its application can be seen as undermining the FSM's sovereignty.<sup>126</sup> Some observers have claimed that the US is using the Compact as a power by proxy through a backdoor approach to reassert its dominance over the FSM.<sup>127</sup> For example, JEMCO, which has a majority of American members, dictates how Compact funds should be used despite Micronesian objection. In doing so, JEMCO is effectively pressuring the FSM to conform to an American vision of the FSM's future, with the implicit threat of withholding funds. For example, President Mori objected to two resolutions by JEMCO that demanded:

an incremental \$700,000 annual reduction of Compact funding to the College of Micronesia [COM] beginning in 2013 until the College's funding is peaked at \$1 million per year ... and by 2023 approximately \$25 million will have been subtracted [by this reduction].<sup>128</sup>

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125 'Speaker Halbert Responds to Audit Report', *The Fourth Branch*, [www.tfbmicronesia.com/articles/2015/2/16/speaker-halbert-responds-to-audit-report](http://www.tfbmicronesia.com/articles/2015/2/16/speaker-halbert-responds-to-audit-report).

126 The JEMCO is controlled by its American members who often make decisions based on their perception of what development ought to be (Fabian Nimea, *Federated States of Micronesia: National Assessment Report. Support for the Formulation of National Sustainable Development Strategies in the Pacific Small Island Developing States*, Palikir, Pohnpei, June 2006, p. 34).

127 A popular issue of public debate is whether the FSM is experiencing the same treatment by the US as it did in the Trust Territory days.

128 FSM Information Office, 'President Mori Expressed Serious Concern Over JEMCO Draft Resolutions', *Press Release No. 0911-04*, Palikir, Pohnpei, 6 September 2011, p. 1.

The same resolution rejected US\$8.4 million in funding to improve infrastructure for the College of Micronesia over the next four years. JEMCO also demanded a US\$1.8 million reduction in scholarships, which would reduce funding by US\$18 million over the remaining Compact period.<sup>129</sup> In the state of Chuuk, the government asked JEMCO to spend money on improving the physical structure of classrooms; the US said that improving teacher qualifications and the purchase of new textbooks were more important and thus the priority for new expenditure.<sup>130</sup> This has created friction between Chuuk and JEMCO, leading to a resurfacing of old colonial tensions regarding America's paternalistic attitude towards Micronesians. In my interview with the current chairman of the Chuuk Education Committee, Mr Walter, he said, 'let the USA push its own agenda as we know 2023 is not that far [away]'.<sup>131</sup> JEMCO's bellicosity exemplifies the extent to which the US is prepared to demonstrate its power over Micronesian financial affairs under the Compact, as well as the short sightedness of this policy in not anticipating local opposition. The FSM president has demanded that JEMCO conduct formal, public consultations about funding for all public programs before implementing new measures that could be seen as being against Micronesian interests. His request has been ignored. Micronesian leaders can protest against JEMCO's actions but, legally, there is nothing much they can do if JEMCO's decision in the 'best interests of Micronesians' differs from what Micronesian leaders perceive to be in the best interests of Micronesians.<sup>132</sup> It remains to be seen what the FSM's leaders will do before the 2023 expiration of the Compact.

Supporters of the Compact welcome American involvement regarding financial oversight, viewing this as a means by which the misspending of funds earmarked for the private sector, social programs and public infrastructure can be prevented.<sup>133</sup> The US has made good on its promise to audit the Compact funds, and will continue to withhold funds until the FSM has put its house in order. For example, per David Gutnik, director of International Affairs and Trade, US Government Accountability

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129 FSM Information Office, 'President Mori Expressed Serious Concern Over JEMCO Draft Resolutions', p. 1.

130 Nimea, *Federated States of Micronesia National Assessment Report*, p. 35.

131 Inos Walter, Interview (online), 3 April 2013. His comments alluded to 2023 when the FSM will change the way it conducts business internationally.

132 Nimea, *Federated States of Micronesia National Assessment Report*, pp. 34–35.

133 Francis X. Hezel, 'How Much is Enough? US Aid and Free Association', *Marianas Variety*, Saipan, 22 March 1985. [www.micsem.org/pubs/articles/economic/frames/howmuchfr.htm](http://www.micsem.org/pubs/articles/economic/frames/howmuchfr.htm).

Office, 'prior to the annual awarding of compact funds, the FSM must submit a development plan that identifies goals and performance objectives for each sector',<sup>134</sup> such as education, health, and private and capacity-building programs. There have been repeated failures on the part of the FSM Government to comply with JEMCO's demands. Gutnik claims that 'numerous factors have negatively affected the use of the compact grants for FSM development goals'. The FSM's grant allocations have reflected Compact priorities by targeting education, health and infrastructure. However, as of April 2008, the FSM had completed only three infrastructure projects and approximately 82 per cent of the US\$82.5 million in infrastructure funds remained unexpended. Lack of progress can be explained by entrenched disagreement between national and state governments over infrastructure priorities, problems associated with the project management unit and Chuuk's inability to secure land leases.<sup>135</sup> Other problems with the FSM's development programs include the inflated public sector, limited tax revenues, reliance on external finance assistance (amounting to 65 per cent of the FSM's GDP), lack of expertise and lack of development in the fishing and tourism sectors.<sup>136</sup> It seems as though Gutnik, the ADB and their cohorts consider the FSM's future to be rather bleak, especially in light of the looming 2023 Compact end date. It remains to be seen whether the Compact will be renegotiated for a third time and, if not, what new form of engagement will develop between the FSM and US.

Optimists perceive the Compact as a means of maintaining a very important connection between the US and FSM. They align with the view that the FSM should not 'cut its nose off to spite its face' even though the Compact's goals have not been met,<sup>137</sup> arguing that the Compact is a safety net that has assisted in building the nation's political and economic capacity (despite the slow progress). The FSM's association with the US has brought stability to the nation and regional security. Further, the Compact allows Micronesians to live, work and seek education in the US. It has provided excellent opportunities for the increasing number of Micronesians migrating to the US. An associated benefit has been the

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134 Gootnick, *Micronesia Faces Challenges to Achieving Compact Goals*, p. 6.

135 Gootnick, *Micronesia Faces Challenges to Achieving Compact Goals*, p. 3.

136 Gootnick, *Micronesia Faces Challenges to Achieving Compact Goals*, p. 6; Asian Development Bank, *Federated States of Micronesia Partnership Strategy*, [www.adb.org/countries/micronesia/strategy](http://www.adb.org/countries/micronesia/strategy).

137 Nimea, *Federated States of Micronesia National Assessment Report*, pp. 34–35.

economic benefit provided to Micronesian families through remittances.<sup>138</sup> The reduction in FSM citizens' living standards under the Compact has prompted massive emigration to greener pastures in the US. However, if the Compact restricts emigration in the future, what opportunities will there be in the FSM<sup>139</sup> for its citizens who have come to expect and enjoy a more Westernised lifestyle?

## Dependency and the Economy

Dependency theories are many and dominate the public debate. Many advocates of these theories characterise Micronesians as relying too much on the US's generosity. This perpetuates the previous era of American influence and stifles the urgency of seeking alternative funding sources.<sup>140</sup> Dependency is seen as synonymous with the Compact and necessary to enable Micronesians to survive. There have been considerable statistical data generated over the past 20 years that indicate that billions of dollars have been poured into the islands without a significant return, as judged by the economic modelling favoured by economic statisticians.<sup>141</sup> There have been many workshops, economic summits and discussions about economic strategies that could be appropriate for Micronesia; however, positive results have yet to be produced.<sup>142</sup>

Part of the FSM's unsuccessful economic story has been blamed on Micronesians themselves. This has stemmed from reports asserting that the Micronesian leadership is not equipped with the requisite economic knowledge to competently develop Micronesia.<sup>143</sup> For example, during my fieldwork and in discussions on the Micronesia Forum, many participants blamed their congressmen and the executive branch of government for misappropriating Compact funds to serve their own interests.<sup>144</sup> Others

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138 Naich, *Sustaining the Spirit of the Compact Partnership*, p. 5.

139 Glenn Petersen, 'Routine Provocation and Denial from the Tonkin Gulf and Hainan to Kyoto and the Pacific Islands', in *Security in Oceania in the 21st Century*, edited by Eric Shibuya and Jim Rolfe, Asia-Pacific Center for Security Studies, 2003, pp. 210–212. Lorin Robert also confirmed Petersen's point on the FSM as the 'hole in the donut', referring to its strategic value (Interview, Palikir, Pohnpei, 7 January 2011).

140 It is known to many Micronesians that 'dependency' is not a real economy.

141 Pers. comm. with many citizens during field research in 2010–2013.

142 Nimea, *Federated States of Micronesia National Assessment Report*, pp. 13–14.

143 Raatior, 'Audit Confirms That FSM Congress Misuse of 1.6 Million of Public Funds'.

144 Bill Jaynes, 'Cabinet Member to Stand Trial on FSM Criminal Charges', *Kaselehlie Press*, 13–26 April 2015, p. 3.

blamed the Micronesians' lack of expertise, which limits their ability to effectively scrutinise<sup>145</sup> advice provided by foreign consultants (who have also benefitted from Compact funds). It is also based on the belief that the FSM continues to emulate economic strategies that are unviable in Micronesia due to the small domestic market, limited access to overseas markets, transport costs to market and limited output/ability to satisfy big market demands.<sup>146</sup> Some observers seriously question whether the FSM negotiators involved in the Compact negotiations undersold the islands, as the funding level was only enough to build a skeleton infrastructure.<sup>147</sup>

Micronesians have seen the rise and fall of all the colonial regimes and various business models brought to their shores. Businesses were set up for the benefit of outsiders. To the local people, it is a cycle of economic antagonism, wherein outsiders exploited the lands, sea and islanders themselves. Scores of consultants have descended on the nation, proposing new ideas of what economic development ought to be. The ideas ranged from cooperative models, to the creation of both public and private corporations, to individual trading stores, to partnerships with outsiders. The main emphasis is on stimulating the private sector, a concept deeply entrenched in the idea of capitalism. It should be remembered that Micronesians continue to practise their traditional economic mode of production, which has served them well for millennia, and have used the introduced foreign economic system to enhance their lifestyle and continuity.

## Globalisation

Globalisation is becoming the new economic mantra in the FSM, yet the term is elusive because it connotes many things, which islanders need to comprehend before acting on it. Globalisation can be defined in many ways; this chapter adopts the definition of:

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145 Gootnick, *Micronesia Faces Challenges to Achieving Compact Goals*, pp. 1–4; Bill Jaynes, 'GAO Official Says Compact Impact Reporting is Not Reliable or Consistent', *Kaselehlle Press*, 29 July 2013.

146 Nimea, *Federated States of Micronesia National Assessment Report*, p. 17.

147 There is a section of the public that is critical of the FSM negotiators for accepting the composition of the JEMCO when it was initially created (Nimea, *Federated States of Micronesia National Assessment Report*, pp. 34–35).

a process driven by international trade and investment and aided by information technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical wellbeing in societies around the world.<sup>148</sup>

Micronesian leaders believe that opening up the FSM to global influences is the economic road to prosperity. However, there are dangers in rushing to embrace this idea. For a start, the FSM must diligently study what globalisation entails and what consequences it may have on Micronesians.<sup>149</sup> For example, what are the costs and benefits of integrating Micronesia into the global structure? Will the benefits outweigh the costs? Historically, Micronesians have always looked beyond the horizon, as their world is connected within a large region with its own mini globalisation that predates colonisation. The region had its own communication and trade routes where goods and ideas were often exchanged.<sup>150</sup> This past must be understood to enhance Micronesian engagement with each other and outsiders. For example, is globalisation a new idea or a reconceptualised notion of the colonial past dressed up in modernity? What historical lessons can islanders learn from the past in terms of colonisation before jumping on the globalisation bandwagon? These questions may enable Micronesians to better frame their future, given that globalisation has the propensity to erode the island lifestyle faster than one can imagine.<sup>151</sup>

It is no secret that the world is divided unevenly in terms of the distribution of wealth. To the West, which incorporates elements of Marxism, social democracy and the free market, the touted best solution for advancing the standard of living is through the creation of wealth measured by individual and corporate acquisition of materials and money.<sup>152</sup> This is possible through the utilisation of the capitalist mode of production, wherein individuals pursue their own objectives at the expense of the masses. Profit is the main goal and success is measured by the size of individual bank accounts.

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148 Rothenberge, *Globalization 101*.

149 The debate is ongoing and discussion can be found in the Micronesia Forum: [www.micronesiaforum.org/](http://www.micronesiaforum.org/).

150 Marshall, *Namoluk beyond the Reef*, p. 3.

151 Globalisation is an ongoing debate in the FSM, especially among the educated elite. See the Micronesia Forum for some of the current debates: [www.micronesiaforum.org/](http://www.micronesiaforum.org/).

152 James M. Boughton, 'Globalisation and the Silent Revolution of the 1980s', *Finance and Development*, Vol. 39, No. 1, March 2002, [www.imf.org/external/pubs/ft/fandd/2002/03/bought.htm](http://www.imf.org/external/pubs/ft/fandd/2002/03/bought.htm).

Human exploitation is part of the capitalist system.<sup>153</sup> In order to maximise profit, the few owners of wealth require more workers to create more wealth for them. In return, workers receive wages from the owners for their labour. This creates a cycle of dependency between the wage earners and the owners of wealth.<sup>154</sup> As owners become richer, they gain control of the labour market that the wage earners depend on. Since the owners control the labour market, they are also selective as to who and how many workers they will employ or make redundant.<sup>155</sup> This is the heart of the idea of dependency—not the kind of relationship that the FSM has with the US under the Compact. The issue is that workers in the capitalist system will not survive without wages if the labour market suddenly collapses because of a downturn in the economy, as has been seen numerous times throughout the twentieth and twenty-first centuries.

This is not the case in the traditional Micronesian economic model as the *ainang* system is the basis of individual survival. Micronesians are well aware of the changing circumstances in their islands caused by the introduction of capitalism. The US will continue to inject more funds into the FSM under the Compact in order to buy Micronesian acquiescence for the implementation of American economic practices.<sup>156</sup> The key question is, how does one measure the standard of living under the Compact compared to the traditional model that has been the provider of Micronesian continuity and predates colonialism?

Micronesians are a separate and independent category of people different from Americans, as based on their deep historical connection and unique identity. The answer lies in the Micronesian understanding of their history and how to exploit the lessons of their past to engage in the larger sphere of international relations. This is the subject of subsequent chapters.

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153 Chrisoula Andreou, *Philosophy of Economics: In Defense of Marx's Account of the Nature of Capitalist Exploitation*, [www.bu.edu/wcp/Papers/Econ/EconAndr.htm](http://www.bu.edu/wcp/Papers/Econ/EconAndr.htm).

154 Albert Einstein, "Why Socialism?", *Monthly Review: An Independent Socialist Magazine*, Vol. 61, No. 1, May 2009, [monthlyreview.org/2009/05/01/why-socialism/](http://monthlyreview.org/2009/05/01/why-socialism/).

155 Art Perlo, *Capitalism and Unemployment*, 17 October 2011, [peoplesworld.org/capitalism-and-unemployment/](http://peoplesworld.org/capitalism-and-unemployment/).

156 US\$2.5 billion annually is provided to the FSM under the Compact, yet the FSM remains economically stagnant. Many Micronesians wonder why.

## Conclusion

Independence from colonial rule did not come easily for Micronesians. Autonomy and respect for the sovereignty of local social and political entities have always been part of Micronesian history, prior to, during and after colonisation. Successive, poorly resourced colonial regimes left many communities beyond administrative centres relatively free to pursue their own priorities and objectives, which continued to revolve around *ainang* solidarity and support. Micronesians' political astuteness and negotiation skills have thus far thwarted American attempts to retain political control over the FSM. The FSM's leaders ensured that the Constitution was ratified prior to the Compact so as to ensure the relatively inferior position of the Compact and thereby promote Micronesian priorities ahead of American interests. Upon the ratification of the Constitution, the US's push for the supremacy of the Compact over the FSM's sovereignty was no longer viable—the Constitution was formally established as the supreme law of the land and the Micronesian people. Today Micronesians continue on their historical path to ensure the existence of their identity and continuity. These are essential to the management of superpower rivalries in FSM's territory, which will be discussed in the next chapter.

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