

8

Contemporary Challenges

Introduction

This chapter deals with the challenges currently facing the FSM. The main obstacles include the reduction in funding from the Compact of Free Association, climate change, promoting economic development to increase the sources of funding, education, health, the Constitution, foreign relations, customs and traditions, the EEZ and leadership issues. I will discuss these challenges within the context of how Micronesians have previously dealt with and are continuing to respond to these issues, including what sort of self-reliant practices and external assistance the FSM requires to overcome these challenges. Should there be a particular timeframe to address these challenges in light of the imminent end to Compact funds post 2023? Is the *ainang* system strong enough to withstand the increasing impact of the globalised world?

Compact of Association or Disassociation?

The FSM is going through an intense economic and political transition in preparation for the reduction of Compact funds post 2023. Since the implementation of the Compact in 1986, the US has provided over US\$2 billion dollars to the FSM Government in return for granting the US power to deny access to the islands to third parties, ostensibly to

preserve regional security but, in reality, a strategic denial to potential enemies of US national interests.¹ The scaling down of American financial assistance to the FSM may open up opportunities for other regional powers to extend their influence in the region. A trust fund was set up for the FSM under the Compact, supposedly to replace Compact funds after 2023. However, it is uncertain whether the proceeds from the trust fund will be enough to sustain the FSM.² There is speculation that China is likely to pay more attention to the FSM post 2023 due to its own interests in the region. As was noted in previous chapters, China has been assisting the FSM in many areas such as the building of infrastructure, educational scholarships, training for FSM citizens to learn the Chinese language and social system, concessional loans and small-scale grants for community development.³ For the FSM, the key concern will be preserving and extending its autonomy in these circumstances. The Compact has been the major source of the FSM Government's income since 1986. It is often referred to as being a double-edged sword. On the one hand, it is seen as a saviour in that it prevents the FSM from bleeding to death from economic collapse; however, on the other hand, it is seen as handicapping the FSM's progress both internationally and domestically by creating dependency on Compact monies. Despite this, Micronesians are aware of the fact that reliance on someone else's money is not economically viable in the long term. The nation is embarking on a balancing act to ensure its future economic survival.⁴

The supporters of the amended Compact (2004) have welcomed US oversight of the distribution of funds, with the hope that this will stop the misspending of funds earmarked for essential sectors such as the private sector, education, health and public infrastructure.⁵ JEMCO has conducted audits of the Compact funds and, on occasion, withheld certain

1 Since WWII, US interest in the FSM has always been of strategic military interest. The Compact was negotiated in relation to such an interest. See *Compact of Free Association between the Federated States of Micronesia and The United States of America*, pp. 93–101.

2 It is predicted that there will be a shortfall of the trust fund by 2023. This has put stress on the leaders of the nation, which prompted Chuuk to seek independence in order to handle its own financial affairs. See President Mori, *State of the Nation Address*, 18 May 2012, p. 8.

3 Weidong, Interview.

4 Debate on the Compact and whether it has been beneficial is an ongoing issue. Epel Illon (advisor to the president of the FSM), Interview, Palikir, Pohnpei, 13 January 2011; Lorin Robert (secretary of Foreign Affairs), Interview, 7 January 2011.

5 See Debate on the Compact on Micronesia Forum under the heading 'The Compact is a Done Deal – Our Leadership Should Start Thinking About Economic Development', www.micronesiaforum.org/.

funds, pending their satisfaction that the necessary checks and balances have been put in place by the FSM Government. With this new auditing measure, both sides are studying their next move before the year 2023. It remains uncertain as to whether the Compact will be renegotiated/extended for a third time.

Optimists perceive the Compact as a means of maintaining the important connection between the US and FSM. They feel the FSM should not ‘cut its nose off to spite its face’ even though the US has been unwilling to compromise on many occasions. The Compact, they argue, is a safety net as it has provided the financial means to enable the building of the nation’s political and economic capacity.⁶ The US’s presence in the FSM has brought stability to the nation and regional security. Moreover, it has allowed Micronesians to live, work and seek education in America—a good opportunity to release the population pressure through emigration, an additional benefit of which has been remittances.⁷

The FSM is weighing its options and ability to tap into alternative sources of funding to replace the Compact funds. Many observers have predicted that the FSM is heading towards economic hardship in the years ahead, with a reduced living standard compared to that currently enjoyed under the Compact. Many Micronesians I interviewed over a two-year period (2011–2013) expressed concerns as to what will happen after 2023. Some want to revert back to traditional subsistence using the sea and land from which they have been sustained historically. Others have expressed the desire to look for employment overseas or to join their families who have already established themselves in the US.⁸ The challenge is whether the FSM will survive politically without economic assistance from the US.

Facing Climate Change

The leading threats that arise from climate change are coastal erosion, freshwater pollution, crop destruction due to salination and sea level rise. Micronesians’ ability to sustain environmental resources for future generations depends on careful stewardship that reinvigorates traditional

6 Naich, *Sustaining the Spirit of the Compact Partnership*, pp. 5–6.

7 Naich, *Sustaining the Spirit of the Compact Partnership*, pp. 5–6.

8 Naich, *Sustaining the Spirit of the Compact Partnership*, pp. 5–6; Elizabeth Grieco, *The Federated States of Micronesia: The ‘Push’ to Migrate*, Migration Policy Institute, 1 July 2003, www.migrationpolicy.org/article/federated-states-micronesia-push-migrate.

conservation practices and merges these with modern scientific principles. Most of the islands in the FSM are low lying. A further rise of 2 metres in the sea level would overwhelm the islands and require the relocation of the inhabitants. The Tuvalu Deal⁹ is seen as a lifesaver for islanders if it is adopted by the major international polluters.

Climate change is an ongoing challenge for the FSM. As was detailed in the previous chapter, this new threat is already affecting the nation, especially those on the low-lying atolls. For example, strong storms, typhoons, sea surges and droughts have become more frequent and intense. From the 1960s to 1990s,¹⁰ these events have been of concern but remained on the margins of political debate, the reason being that climate change was not well understood by a large number of Micronesians, especially at the local level. Information about climate change has largely only been accessible to the few government officials who attended overseas conferences in relation to the issue. Until recently, there were no major studies undertaken on climate change events in the FSM. The only relevant information provided to the public were the daily reports regarding weather forecasts.

The atolls in the FSM are far from the major port towns, and there has been no face-to-face education programs provided to the atoll communities to enable them to better understand the issues relating to climate change. For example, when I was teaching at the College of Micronesia in the late 1990s, the Mortlockese were complaining about serious foreshore erosion, especially on the ocean side of the lagoons. A team of assessors was dispatched to the Mortlocks but could not stay long enough to conduct in-depth studies, as the only means of transportation available, the inter-island ship, had to be shared by the many outer islands. This inevitably resulted in short and infrequent visits, as this transport was routinely subject to change.

Many Mortlockese have heard about climate change but do not understand the process fully, such as the causes of the extreme sea surges, although they may see the effects. What they know is that they are witnessing unusual changes in their environment. For example, weather patterns are not as predictable as they have been in the past. Summer months have come late

9 See fn. 33.

10 *Mortlocks Oral History* and personal experience. Transportation between Weno, the capital, and the outer islands was infrequent and, as such, studies were not properly conducted.

or too early. This has affected the pattern of their fishing activities and the cultivation of crops. They have also observed that breadfruit trees (one of the main staple crops) are producing fewer fruits. The Mortlocks region is not an isolated case as these experiences are shared with its neighbouring islands and other parts of Chuuk and the atolls in Pohnpei and Yap.

There have also been changes on the volcanic islands, though with less impact due to the elevation of the islands. The FSM Government is slowly developing policies to engage the public about how to respond to climate change. The policies are ad hoc owing to the lack of local expertise in the field, and the national government is still amassing resources to deal with the effects of climate change. From the mid-2000s onwards, major studies began to appear detailing the causes of the sea surges and the changes in the seasonal cycle impacting the outer islands in Pohnpei, Chuuk and Kosrae.¹¹ Today, many local and national organisations have been established for the purpose of educating the public about this threat and monitoring the progress of climate change in the FSM. Historical knowledge is also integrated into these educational programs, such as traditional food storage, building materials and methods of protecting shorelines from saltwater incursion.

Education and Health

Education and health are major challenges, particularly in terms of non-communicable diseases. The national government is mindful about its responsibilities and obligations to provide quality education and health services to its citizens. This follows the constitutional mandate of Article XIII, Section 1:

the national government of the Federated States of Micronesia recognizes the right of the people to education, health care, and legal services and shall take every step reasonable and necessary to provide these services.¹²

11 Some reports are Fletcher and Richmond, *Climate Management and Adaptive Strategies*; Henry, Jeffery and Pam, *Heritage and Climate Change in Micronesia*; Susumu and Kostka, *Federated States of Micronesia Food Security*; Keim, *Sea Level Rise Disaster in Micronesia*.

12 *The Constitution of the Federated States of Micronesia*, Article XIII, Section 1.

According to the FSM Government, there have been improvements in these two areas. For example, total youth literacy was at 95 per cent according to a report in 2000.¹³ However, the relevance of the type of education offered to young people remains to be seen. For example, is education targeting the development of individuals to be good citizens or the acquisition of skills and knowledge for the competitive job market both at home and overseas? The College of Micronesia has dealt with this issue and offered both academic degrees and vocational certificates.¹⁴ Many students have attained qualifications and either moved to the US to find work (where the wages are more attractive) or continued their education. Many have followed their families to start their high school years in the US and continued on to American colleges.¹⁵ Those who choose to remain in the FSM seek employment in the domestic market and continue to live a more traditional lifestyle. Therefore, the challenge is for educators to implement the best practices in education for the nation's future.

A report entitled *Health Progress Report: 2008–2011*, authored by Assistant Secretary of the FSM Department of Health and Social Affairs Marcus Samo, indicated a marked improvement in the department's capacity to collect and analyse data for the purposes of monitoring and responding to emerging health issues over the three-year period under review.¹⁶ The report further acknowledged an increase in the availability of medical, pharmaceutical and biomedical assistance to the hospitals in the FSM.¹⁷ An increase in funding was also noted as essential for the department's achievements. It should be noted that there is a need to improve the health of the population, especially in the areas of non-communicable diseases such as diabetes, hypertension and lung cancer, which require special equipment.¹⁸ It must also be remembered that

13 SBOC, www.sbof.com (site discontinued).

14 My personal knowledge as the program coordinator and curriculum designer at the College of Micronesia, Pohnpei Campus in 1998–2001. See also Henry H. Kellam, *Social Sector: Education, Part I: Education: Background Analysis: Understanding the Educational System in the FSM*, September 2001, pp. 10–12.

15 My personal knowledge as the program coordinator and curriculum designer at the College of Micronesia, Pohnpei Campus in 1998–2001. See also Kellam, *Social Sector: Education, Part I*, pp. 10–12.

16 Marcus Samo, *Health Progress Report: 2008–2011*, Palikir, Pohnpei, 1 January 2012; Gonzaga Puaas, *Review of the Current Health Protection Practises in the FSM: Law, Regulation and Policy Regimes*, Palikir, Pohnpei, 30 July 2013.

17 Samo, *Health Progress Report*, pp. 32–33.

18 Samo, *Health Progress Report*, pp. 32–33.

a healthy nation depends heavily on the enhancement and enforcement of its laws, policies and regulatory regimes governing the delivery and maintenance of both its social and health protection programs. Health and education responsibilities are shared between the states and the national government. They are thriving on the philosophy that a healthy nation depends on the quality of social services and the education of the population. Traditional lifestyles and diets can significantly reduce these non-communicable diseases. New programs aimed at educating the population on the benefits of local foods are in progress.¹⁹ However, ongoing success depends on local attitudes as Western foods are seen as a sign of prosperity and monetary wealth. This is a big challenge in the areas of education and health at the grassroots level.

Foreign Relations

Foreign relations is one of the key indicators of FSM's success as it will define the extent to which Micronesia interacts with the outside world and the benefits that flow from such interactions. For example, opportunities for capacity building provided by other governments, particularly in the areas of technology and economic development assistance, need to be maintained. However, Micronesia will only deepen its relations with countries empathetic to Micronesian causes such as the impact of climate change on the islands, respect for the FSM's EEZ and airspace, and a commitment to the principle of non-interference in the FSM's internal political affairs.

At this stage, there are still some outstanding legal issues that need to be resolved before the FSM can conduct itself effectively and independently on the international scene. The ongoing debate between US and FSM leaders over the issue of the security of the US in the Asia-Pacific region under the terms of the Compact will remain a challenge.²⁰ However, it needs to be noted that in recent years, the primacy of the FSM's Constitution over the Compact has not been fully articulated by FSM officials when the Compact is at issue. Further, the FSM Congress at times usurps the function of the executive branch in terms of foreign relations. For example, Congress was involved in the renegotiation of the Compact,

19 Island Community Food Community of Pohnpei, *Let's Go Local: Culture, Health, Environment, Economy and Food Security*, Koloia, Pohnpei, 2013, www.Islandfood.org/index.html.

20 Naich, *Sustaining the Spirit of the Compact Partnership*, pp. 1–6.

which was seen as a responsibility of the executive branch. The function of the executive branch is expressed in Article X, Section 2(a) and (b), which stipulate that the president is assigned 'to faithfully execute and implement the provisions of [the] Constitution and all national laws' and 'to conduct foreign affairs and the national defense in accordance with national law'.²¹

Conversely, it has been argued that the above sections contradict provisions of the Compact. For example, Article II, Section 123(a) of the Compact states:

in recognition of the authority and responsibility of the Government of the United States under Title Three [Defense and Security Relations], the Government of ... the Federated States of Micronesia shall consult, in the conduct of their foreign affairs, with the Government of the United States.²²

Section 123(a) is being used by the US to assert its right to veto decisions by the FSM Government in relation to the conduct of its foreign affairs if the decisions are not seen to be in the interests of the US. This is an area of significant debate and tension between the two governments.

The Constitution states that a:

treaty is ratified by vote of 2/3 of the members of Congress, except that a treaty delegating major powers of government of the Federated States of Micronesia to another government shall also require majority approval by the legislatures of 2/3 of the states.²³

The Compact is a treaty delegating major authority over the FSM's defence to another country, the US, which has been permitted under the Constitution. It is within this legal context that the US asserts the primacy of the Compact over the Constitution and, in particular, the US's right to veto decisions by the FSM Government in relation to third parties that are perceived to threaten US security. However, one can argue that the US cannot blindly rely on the Compact to pursue its objectives at the expense of Micronesian sovereignty and national interests. This is because the Constitution can limit the power of the Compact if the Compact exceeds

21 *The Constitution of the Federated States of Micronesia*.

22 Refer to the original *Compact of Free Association between The Federated States of Micronesia and the United States of America*, uscompact.org/files/index.php?dir=FSM%20Publications%2FCcompact%20Documents.

23 *The Constitution of the Federated States of Micronesia*, Article XI, Section 4.

the power bestowed upon it by the Constitution. Should there be a need to terminate the Compact, Article XIV, Section 1 maybe invoked.²⁴ The FSM Foreign Affairs Department will have to monitor its duties under the Constitution and escalate issues when any violation arises to ensure Micronesians stand firm on the issue of sovereignty. Micronesia's image in the international community will be judged on how it conducts itself based on self-respect and respect of others.

The EEZ

The FSM's EEZ remains the biggest single hope for the nation's future, particularly at the end of Compact funding in 2023. The EEZ covers an area of 2,978,000 square kilometres.²⁵ It has significant wealth in marine biota and likely mineral resources under and on its seabed. In 2007, Peter Wilson, a fisheries expert whose consultancy work includes work for the governments of Papua New Guinea and the former TTPI, conducted a study of the tuna industry worldwide. He estimated that approximately 60 per cent of the total tuna harvest in the world comes from the western Pacific nation states of Palau, Kiribati, the Marshall Islands, Tuvalu, Papua New Guinea and the Solomon Islands.²⁶ The FSM contributes 28 per cent of this harvest. Wilson noted that the main beneficiaries of the fishery harvests were Japan, the Philippines, Taiwan, the US and South Korea, while the European Union market is a growing beneficiary.

The tuna fishing industry, according to Wilson, continues to grow on a yearly basis. Russia and the Arab League are also expressing interest in the Pacific Islands commercially, particularly to access the tuna industry, and diplomatically, by fostering new relations with Pacific nations.²⁷ Like many Pacific Islands countries, the FSM faces problems of illegal fishing in its EEZ by foreign fishing vessels. To combat this problem, the FSM has joined with the Marshall Islands and Palau to pool their resources to more effectively patrol their waters. The Australian Government has provided patrol ships and been involved in the ongoing training of maritime surveillance activities with these three nations.²⁸

24 *The Constitution of the Federated States of Micronesia*, Article XI, Section 4.

25 D'Arcy, 'The Lawless Ocean?', p. 3; *Commercial Fisheries in the Federated States of Micronesia*, www.fsmgov.org/nfc/.

26 Wilson, 'A Tuna Industry in Micronesia?'

27 *Pacific Islands Report*, East-West Center, Hawai'i, 24 June 2010, p. 1.

28 Marar, Interview.

According to the president and chief executive of the National Fisheries Corporation, Peter Sitan, the fishing industry is the main FSM resource capable of replacing some of the financial shortcomings in the Compact.²⁹ Tuna fishery licensing fees are being adopted, but those fees need to be increased substantially to turn sufficient profit for the nation. It is argued that there should be a correlation between the license fees and market value of the fish caught in the FSM's EEZ.

Micronesian fishing analyst Paul D'Arcy agrees with Sitan and suggests that another way of developing the indigenous fishing industry is value-added processing in the country.³⁰ However, the FSM requires partners to assist with technical knowledge and capital to develop a viable fish processing industry. This could be achieved by entering into joint ventures with outside fishing nations so that the FSM can maximise its earnings from fishing resources.

Notwithstanding the possible future directions, illegal fishing remains an ever-present financial drain on the FSM's limited resources both in terms of policing and lost marine resources. Surveillance needs to be strengthened in order to deny foreigners the opportunity to steal from Micronesian waters.³¹ In addition, there needs to be more effective enforcement when vessels are caught in the EEZ, including confiscation of the vessel and its haul. As D'Arcy noted:

Offshore fishing fleets from larger and wealthier Pacific Rim nations regularly violated Pacific Island EEZs in the absence of local monitoring. The same lack of resources to monitor offshore waters also meant that Island nations could not develop effective fishing fleets and were forced into fishing access agreements that returned a mere fraction of the value of the catch at market.³²

Foreign fishing companies haul in hundreds of billions of dollars' worth of fish caught in the Pacific Islands' EEZs; yet only a fraction of their profits are received by the island states. Again, D'Arcy conservatively estimated that in 1998 Pacific Island nations received approximately US\$60 million

29 The fishing industry in the FSM has the potential to replace most of the funding under the Compact. See Sitan, 'The Development of the Tuna Industries', pp. 17–19.

30 D'Arcy, 'The Lawless Ocean?', pp. 3–4.

31 D'Arcy, 'The Lawless Ocean?', pp. 3–4.

32 D'Arcy, 'The Lawless Ocean?', pp. 3–4.

in fishing access fees from fleets that declared an annual catch sale price of approximately US\$1.3–1.9 billion.³³ This shortfall between actual and potential income for the host country is staggering.

The United Nations Convention on the Law of the Sea (UNCLOS III, 1982) established the legal regimes that protect the rights of coastal nations, like Micronesia, from unscrupulous illegal harvesters.³⁴ The regimes cover the exploitation of economic resources within the designated EEZ, which covers 200 nautical miles (370.4 kilometres) from the shores of the islands that form the outer limit of the archipelagos. The economic resources include fishing and extraction of mineral resources both on and beneath the ocean floor, bearing in mind the sustainability of the resources.³⁵ Notwithstanding these international legal principles, illegal fishing by foreign fleets continues. Palau is in the process of exploring for oil in its EEZ, and if it is successful, the FSM may do the same. Perhaps mineral extraction activities will be easier to monitor compared to fishing activities because the activity will occur within designated zones. It will be easier to observe the amount and manner of extraction to ensure adherence to restrictive environmental laws.³⁶ With these challenges and potential benefits looming, the FSM needs to seek new international partnerships for the purposes of expanding its capacity to build its future economic and social programs.

Leadership Issues

Unified leadership is fundamental to the integrity and future development of the FSM. Leadership comes in many forms in the FSM. Traditional leaders are confined to specific geographies of the nation, but their roles in the national political process need to be revisited. Political leadership spans all three levels of government: national, state and municipal. There is often a conflict between leaders of these jurisdictions over decisions made by the national government. One area of great conflict is the power relationship between the leaders of the legislative branch versus the executive branch of the national government.³⁷ The basis of this

33 D'Arcy, 'The Lawless Ocean?', pp. 3–4.

34 D'Arcy, 'The Lawless Ocean?', pp. 3–4.

35 D'Arcy, 'The Lawless Ocean?', p. 1.

36 D'Arcy, 'The Lawless Ocean?', pp. 7–8, 14–15.

37 Francis X. Hezel, 'Chuuk Independence: Why and How?', *Pacific Institute of Public Policy*, 2 March 2015, pacificpolicy.org/2015/03/chuuk-independence-why-and-how/.

conflict is constitutional in nature. For example, the president is selected by the members of Congress, rather than by voters. This has caused much public discord whereupon many citizens have claimed that the president is basically the puppet of Congress since it is Congress that installs the president. The president is elected by the 13 members of the Congress instead of by the people under Article X, Section 1 of the Constitution:

the executive power of the national government is vested in the President of the Federated States of Micronesia. He is elected by the Congress for a term of four years by a majority vote of all the members. He may not serve for more than two consecutive terms.³⁸

The lack of participation by women in the highest decision-making process in the nation is another issue of concern in the leadership of the national government.³⁹ Many observers advocate that women should be a part of the decision-making process as they can offer different perspectives than men. Moreover, Micronesian communities are largely based on 'matrilineality', and so it is only natural that women should be involved at the highest levels of government. This is true in Micronesia and other Pacific nations. To address this concern, a Congressional Bill, C.B. No. 16-10, January 2010, was introduced to bridge the gap between the genders. The Bill states:

to propose an amendment to the Constitution of the Federated States of Micronesia, for the purpose of increasing the representation of women in Congress by increasing the number of at-large seats in Congress, and reserving said seats for women, and for other purposes.⁴⁰

This Bill was defeated for many reasons, ranging from sexism to outside intervention.⁴¹ The response of those opposed to the Bill was that the Constitution already provides for women to run for Congress, thus making the Bill unnecessary. Federal politics is dominated by males, a post-colonial construct that does not take into account the role of women in traditional communities and elsewhere in other government

38 *The Constitution of the Federated States of Micronesia.*

39 Fifteenth Congress of the Federated States of Micronesia: *5th Special Session 2008.*

40 Sixteenth Congress of the Federated States of Micronesia, *First Regular Session 2009, C.B. No. 16-10.*

41 Peter Sitan (chairman), *Judiciary and Government Operation, Standing Committee Report No. 16-10, January 2010.*

branches and departments. Many have claimed that old fashioned male chauvinism still reigns, just under a different guise. Others claim that Congress is not the venue for gender balance to be addressed.⁴²

However, anecdotal evidence suggests that increasing numbers of women are in key government positions, such as ambassadors, heads of departments and agencies. Women's associations in some states and an office in the national government have been created to monitor women's rights for the purpose of improving their participation in the political process. It is in the best interests of the nation that women should be involved in the decision-making process as their contribution to their communities is significant and deeply rooted in Micronesian traditions.

There is an emerging view that the FSM has been suffering from a lack of leaders representing the new generation. The old leaders continue to rotate through government seats. They are not in tune with the latest best government practices that would assist in taking the nation into the future. Retiring older leaders may provide opportunities and openings for the next generation, including women, to take up future challenges.

Constitutional Issues

The Constitution is under pressure to accommodate changes that have been evolving since independence and threaten the FSM's integrity and continuity. Micronesians must continue to cooperatively harness their strength to deflect such pressures from rupturing the nation's unity. Micronesian unity is framed and promoted by Article XIII, Section 3 of the Constitution, which states:

it is the solemn obligation of the national and state governments to uphold the provisions of this Constitution and to advance the principles of unity upon which this Constitution is founded.⁴³

It is only proper that the maintenance of this constitutional philosophy should be taken seriously, otherwise Micronesians will once again be subject to outside dominance, as they were in their colonial past.

42 Bill Jaynes, 'Special Seats For Women', *Kaselehlie Press*, 25 September 2012.

43 *The Constitution of the Federated States of Micronesia*.

The Constitution is the legitimate source of power and a reference for the citizens when confronted with complex issues from both within and outside the nation. It is expected that differences in opinion between the state and national governments will continue for some time, maintaining the old political wounds over jurisdictional issues. Various secession movements since independence continue to threaten the Federation, especially over the allocation of national funds. The secessionist movement in Chuuk State is the latest threat that may rupture the Federation. It is driven by leaders from the trust territory days and centres on their belief in allocating the budget between states on the basis of population, noting that Chuuk is by far the most populous state in the FSM.⁴⁴ These older leaders also blame the lack of Chuukese funds on other states for draining the nation's purse through chronic mismanagement. One consequence of this is that the new generation is increasingly disillusioned by this political rhetoric, used by many leaders stir up public opinion and maximise their votes.⁴⁵

The Chuuk State Legislature recently introduced Bill No. 11-12-08, which later became law, creating the Future Status Commission:

to review and recommend possible political status suitable for long term financial survival of Chuuk State after the economic assistance provided under the amended Compact between the FSM and US expires in 2023, and for other purposes.

This particular move contradicts the spirit and language of the Constitution. For example, the Constitution promotes the concept of unity in diversity, and the Compact should not be seen as the source of Micronesian survival, since Micronesians' continuity is dependent on the *ainang* system. *Ainang* binds people together and survives on the principles of reciprocity and sharing as deeply rooted in Micronesian traditions and cultures, like the *sawei* system in Yap. To divide the Federation would mean disaster. The FSM could become a softer target for transnational crime as

44 Hezel, 'Chuuk Independence: Why and How?'

45 The ongoing feuding among political leaders at all levels is affecting the new generation in terms of their future as the year 2023 is not too far away. See Heather Jarvis, 'Voices of Young Women Need to Be Heard, Says Micronesian Youth Leader, Interview with Lucille Sain', *ABC Radio Australia*, 11 March 2014, www.radioaustralia.net.au/international/2014-03-07/voices-of-young-women-need-to-be-heard-says-micronesian-youth-leader/1265114.

law and order would be compromised.⁴⁶ Political observers see Chuuk's move as a teething problem, a typical symptom of a young nation finding its way to maturity. Moreover, those in the secessionist movement need to understand that to secede requires jumping many complex hurdles. One of the hurdles is compliance with the constitutional process that protects the nation's political integrity. The process for splitting the Federation is subject to Article IV, Section 1, which states:

an amendment to [the] Constitution may be proposed by a constitutional convention, popular initiative, or Congress in a manner provided by law. A proposed amendment shall become a part of the Constitution when approved by 3/4 of the votes cast on that amendment in each of 3/4 of the states. If conflicting constitutional amendments submitted to the voters at the same election are approved, the amendment receiving the highest number of affirmative votes shall prevail to the extent of such conflict.⁴⁷

Domestic debates are fundamentally important steps towards developing the FSM's social and political health; they provide opportunities for self-evaluation and thus the resolution of complex issues. The political discourse between the federal government and its constituents is subject to Article VIII, Section 1, which states, 'a power expressly delegated to the national government, or a power of such an indisputably national character as to beyond the power of a state control, is a national power'.⁴⁸ The state governments have consistently held the position that anything that is not specifically provided for in the Constitution falls within the bounds of state jurisdiction. Lawyers and academics have been exploring specific measures to pre-empt jurisdictional rifts arising between the disputants. One suggestion is that they negotiate outside the Constitutional Court on the basis of Micronesian cultural principles of fairness and equity.⁴⁹ This is because if the national government continues to assert control over matters that are not clearly defined as its prerogative, it may antagonise the states and undermine solidarity. Instead, the issue should be premised on

46 Michael Yui, 'Border Security: Transnational Crime in Micronesia. Part 3: Micronesia and Its Law Enforcement Problems', 6 March 2012, www.asiapacificdefencereporter.com/articles/216/Border-security-Transnational-crime-in-Micronesia.

47 *The Constitution of the Federated States of Micronesia*, Article IX, Section 1.

48 *The Constitution of the Federated States of Micronesia*, Article VIII, Section 1.

49 My personal opinion as no literature exists on this particular topic. Many leaders rigidly follow the constitutional process and the law to solve their differences. Unfortunately, apparently no one has bothered to consider negotiation outside the constitutional process to settle this difference and find a solution based on FSM traditional principles of fairness and equity.

striking a balance based on mutual interests to strengthen national unity.⁵⁰ Traditional leaders may therefore have a role to play in the undefined legal areas.

Political and Economic Challenges

Since colonisation, economic goals for Micronesia have always been set by outsiders and designed to benefit outsiders. For example, during the Japanese period, economic development in Micronesia was seen as very successful, although such success did not benefit Micronesians. The US, under the trusteeship agreement, was tasked with developing the islands but failed to carry out its mandate. After Micronesians' pushed for a new political status, the US poured millions of dollars into Micronesia to compensate for years of neglect.⁵¹ This sudden injection of money resulted in the creation of the classic model of economic dependency. This model characterises Micronesians as being incapable of fending for themselves due to a lack of economic infrastructure, a social system that hinders capitalism and an unfriendly legal system that discourages foreign investment necessary to stimulate economic activities to promote the trickle-down effect.⁵² The problem with this analysis is that it applies a neoclassical economic model, which is better suited to big economies, not Micronesia. It is therefore not surprising that the trickle-down effect has not been very effective in Micronesia. The Micronesian social system, which is the backbone of Micronesian survivability, continues to be misunderstood by outside economists. It should be remembered that the implantation of any economic philosophy that requires the dismantling of the central pillar of indigenous life—communal and kinship support—is doomed to fail. The nature of the Micronesian economic system as inherently opposed to wholesale capitalism should be subject to further studies to ensure the development of a suitable economic model to sustain continuity.

50 My personal opinion.

51 Yet, oddly, the predominate literature has portrayed the US as neglecting the FSM since the end of WWII. See Hanlon, *Remaking Micronesia*, pp. 90–91.

52 The FSM has been characterised by many reports by outsiders as lacking infrastructure and having unfriendly laws for foreign investment. See e.g. Asian Development Bank, *Federated States of Micronesia Development Framework 2012. Looking to the Future: A Foundation for Discussion at the FSM Development Partners Forum*, 2012, www.adb.org/sites/default/files/linked-documents/cobp-fsm-2014-2016-oth-01.pdf.

In his State of the Nation address in 2012, President Mori expressed the need for Micronesians to change their mindset:

our governments need to prioritize and align development efforts with its development plan. Our governments must always ensure that the allocation of our financial resources adheres to our development plans. Our governments must formulate sound policies and regulations that are business and development friendly in order to attract more foreign investments and improve related ratings by the World Bank. We must also facilitate the privatization of our government-owned enterprises. These steps are essential to promote economic growth.⁵³

While this speech articulated sound goals for developing the FSM's economy, there was no roadmap provided for how this would be achieved. Decades of development rhetoric has not translated into anything concrete to benefit the people. Development theories are illusive concepts that have been routinely fed to the public for political purposes rather than economic benefits.⁵⁴ By and large, they have never filtered down to capture the public's attention and support.

From this author's perspective, development means devising and implementing processes that allow a country to utilise knowledge, skills and attitudes that sustain a desired lifestyle. It means sustaining self-sufficiency and adapting the modes of production in conjunction with global forces to suit local context. A wholesale import of economic models designed to overwhelm Micronesia's unique circumstances are not conducive to the FSM's development.⁵⁵ Micronesians have tried to grapple with what development entails ever since the traditional social system came into contact with the colonial economic system. Theories of economic development are far removed from the realities of day-to-day

53 Emmanuel Mori, *State of the Nation Address*, 18 May 2012, p. 9.

54 Political rhetoric on economic development has been fed to the public since the beginning of the Compact in 1986. However, in reality, nothing much came from successive economic plans. See Giff Johnson, 'Ad Hoc Decisions Don't Make It in an Increasingly Complex World', *Pacific Institute of Public Policy*, 9 October 2013.

55 Since the ideas of development have entered Micronesia, they seem to suggest that the Micronesian lifestyle has problems. Micronesians have seemingly believed this suggestion and want to imitate the capitalist way of life. The question remains, why? For some explanations, see Francis X. Hezel, 'Reflection of Micronesia's Economy', *Micronitor*, Majuro, 29 April 1973, www.micsem.org/pubs/articles/economic/frames/reflectfr.htm.

life for most Micronesians.⁵⁶ What they know is that their subsistence lifestyle provides sustenance and keeps the extended family together. By comparison, Western economic development seems abstract and unrelated to the life they have been accustomed to since their ancestors made the islands their home. Those that do not move into the wage economy and remit money are often on the margins of this system and still rely, in part, on *ainang* for support.

The Western mode of economic production based on mass commercial consumerism is not suitable for the FSM's circumstances due to a lack of appropriate technology, lack of infrastructure, the small size of the islands and the social structure.⁵⁷ To Micronesians, development is about protecting and sustaining their subsistence way of life and safeguarding their traditional practices with small-scale technology that may complement their lifestyle. For example, a small outboard engine for fishing, solar energy to provide lighting and operate electrical household appliances, new models of cooperative stores for bartering goods and handicrafts, and small retail outlets that will provide necessary manufactured items and jobs. To this end, 'development' may then be defined as the capacity to accommodate changes while maintaining the health of the environment and sustaining the extended family system, particularly in the low-lying islands.⁵⁸ The low-lying islanders' ideas could be applied to the economies of the volcanic islands, utilising their different capacity for integrating traditional and modern economic practices, so long as development does not negatively affect the fragile environment. Again, appropriate technology and infrastructure to cater for both domestic and international consumerism may be possible, but within the Micronesian brand of development and under local control.⁵⁹

56 My encounters with many people at the grassroots level during my field study (in Pohnpei, January 2011, and Chuuk, June 2013) suggest that the language of development, such as 'statistics', 'evidence' and 'gross national product', are foreign concepts that are not yet fully understood by many Micronesians (despite even my attempts to explain these concepts in the simplest form possible). Planting taros, gardening and fishing dominated our discourses.

57 The geographical conditions and cultural system of the FSM are incompatible with the ideas of capitalism, something that consultants have often misunderstood. Capitalism does not seem to be a viable way for the future development of the FSM.

58 J. Dobbins and Francis X. Hezel, 'Sustainable Human Development in Micronesia: Origin and Meaning of the Term', *Micronesian Counselor*, No. 21, March 1998, www.micsem.org/pubs/counselor/frames/sushumdevfr.htm.

59 Dobbins and Hezel, 'Sustainable Human Development in Micronesia'.

Revisiting the Traditional System

Traditional economic practices are premised on a network system, patterned along socio-cultural lines in terms of labour relations; resource management; and the interconnection between families, clans, villages, islands and regions. This system remains central to Micronesia's economic sustainability and is intrinsically linked to Micronesians' identity, which is deeply rooted in the nation's history. It is about assisting each other when the need arises, for example, in agricultural and fishing activities, construction of houses and canoe building, and the maintenance of local knowledge and the clanship system.⁶⁰ For example, the *sawei* system in Yap and clanship connections in Pohnpei, Chuuk and Kosrae maintain the flow of ideas and goods and help redress inequality throughout Micronesia today.

The Micronesian labour system has been modified to adapt to the new economic circumstances introduced under colonialism and maintained through globalisation. Today, labour relations have two major aspects, voluntary and paid work.⁶¹ For example, in the low-lying islands, many people continue to volunteer their labour in exchange for a particular item as payment, or they may be obliged to assist due to familial ties. The volunteer, in return, expects the recipient of such labour to reciprocate when the need for future work arises, thus triggering the obligation and response cycle.⁶² The interconnection and voluntary model underscores the foundation of the economic mode of production in traditional Micronesian societies. It also protects members of the community from exploitation. This practice has continued through successive colonial periods until today. In some instances, labour can be paid for with items like cigarettes, alcohol and other Western items that are considered temporary but a luxury.⁶³

60 Gonzaga Puas, *Labour Standards in the FSM*, FSM Department of Justice, Palikir, Pohnpei, 12 April 2005, pp. 2–5.

61 Puas, *Labour Standards*, pp. 2–5.

62 Puas, *Labour Standards*, pp. 2–5.

63 Puas, *Labour Standards*, pp. 2–5.



Figure 18: People of Rewow village, in 2014, on Lekinioch work to replace pandanus sheets on foeng, the *ainang faal* of Sopunpi, demonstrative of the principle of *allis fengen*.

Source: Photograph taken by Amanson Ansin in 2014.

Observers and historians, such as Hezel, have noted that the rise of the cash economy is weakening the very foundation of the Micronesian family structure.⁶⁴ It has ruptured the family connection, and many wage or salary earners are forming what sociologists refer to as ‘nuclear families’. Nuclear families, by and large, manage their own family affairs and depend on money they earn as self-contained and self-supporting economic units. They can afford luxuries in life and buy many things they want without sharing with their extended family.⁶⁵ Hezel’s observation may be true in a few cases; however, Micronesians prefer to remain within the extended family system as it provides security, certainty and social acceptance. One can argue that the cash economy is not threatening traditional Micronesian socio-cultural foundations but, rather, has reinforced its structure. The strength of the traditional system rests with how Micronesians rearticulate the forces of the cash system to suit their contemporary lifestyle. Some examples can be illustrated by the way money has been absorbed and distributed like a commodity itself within the extended family structure.

⁶⁴ Hezel, *The New Shape of Old Island Cultures*, pp. 1–10.

⁶⁵ In the Trust Territory period, nuclear families formed when people were new to a place and had no relatives nearby (e.g. when working on assignment for the government). It was not due to a deliberate move to be separated from the rest of the extended family. Today, the ‘nuclear family’ does not exist in the FSM.

Money is not new to Micronesians; it first appeared during the colonial period. It has been used by Micronesians to buy Western commodities to supplement one's lifestyle. For example, when food items are bought, they are distributed to close relatives who live nearby. In return, traditional foods are shared with the members who earned the cash.⁶⁶ Further, when a member of the extended family needs money to satisfy a community obligation, other members of the extended family will pool their money together to assist the member who sought assistance. Those who cannot assist can volunteer their services to perform the tasks required. Funerals and family meetings naturally oblige extended family members to contribute. Family members who have an earning capacity cannot operate outside the extended family system, as to do so would bring social stress upon themselves. As my grandfather once said, 'people do not eat money, but food'. This is in reference to WWII, where money was worthless. It is also about the fact that a person may have money, but what could that person do if people refuse to sell their food to them? Or, to put it simply, what can money earners do when faced with sudden unemployment or illness? Would they eat the money they earned? Who would provide care in lieu of the members of the extended family? Even those families now living in the heartland of the cash economy, the US, continue to maintain connections with each other, especially when important social events arise that require the pooling of financial resources.

Conclusion

Micronesians face many challenges today, ranging from economic development and constitutional issues to education, health and the development of a new generation of leaders. Maintaining the fluidity of the traditional system is the foundation for Micronesians' future survival. It is an evolving system that has been at the heart of Micronesian history. It has adapted, transformed and rearticulated itself, even under the stresses caused by ongoing engagement with the outside world and the current tides of globalisation. Successive waves of colonial regimes attempted to undermine the traditional system by inserting their own brands of development and different regimes of governance, all of which

66 My personal experience. On weekends, the extended family worships together and share, and exchanges food while visiting each other. Money is also circulated at this time through food shopping and by request from relatives.

were largely unsuccessful. Micronesian countermeasures were adopted through the process of adaptation, which arrested alien practices that could not be assimilated into its indigenous cultural practices. That is, Micronesians only accepted the essential elements of colonialism that ensured indigenous continuity. The current, relatively new, Micronesian Government has the task of ensuring that its modern legal, political, social, health and economic institutions perpetuate relevant traditional historical doctrines that define how Micronesia's future should be shaped.

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