

INTERVIEW OF WILLIAM H. STEWART

by Howard P. Willens

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- Willens: William H. Stewart is a senior economist for the Commonwealth government. Bill, thank you for taking the time on short notice to talk to me about some of your experiences here in Micronesia. Could you begin by giving me a little bit of personal educational background.
- Stewart: Well, I'm a graduate of the University of Charleston. I've done graduate work at Marshall University. I graduated from the Industrial College of the Armed Forces and served as a Foreign Service Officer with the American Embassy in Tunis and later in Bangkok.
- Willens: During what years were you a Foreign Service Officer?
- Stewart: 1962 to 1968. I'll tell you a little bit about that, because it may have some bearing on my outlook. You know when President Kennedy became our Chief Executive, he became alarmed that many of the newly emerging countries, formerly colonies of England, France, Belgium, were going independent, breaking away from the mother country, and were flirting with communism and socialism. And he wanted to field a group of people in the embassies to get out there and promote the concept of private enterprise and capitalism, to give them an alternative to socialism and communism. And I was one of a few people within the State Department that was primarily charged with that function.
- Willens: How were you selected?
- Stewart: Well, I had been involved in economic and industrial development work in West Virginia. We were very active and involved in plant location and long-range planning for the State. As you remember, back in those days, West Virginia had an economy that was in very serious trouble. And they mounted a rather aggressive program to stimulate the economy, and I was very much a part of that. And later, that seemed to have interested the State Department, and I got involved with that effort. I left the State Department largely of my own free will. I felt that we'd spent too much time out of the country. I became the Activities Director for the Greater Miami Chamber of Commerce, and was working there until I was contacted by the Department of the Interior to see if I would be in a position of industrial economist in the TTPI. And I was and eventually was selected and sent out in August of 1970 to their headquarters here on Saipan.
- Willens: What were your duties in that capacity?
- Stewart: Well, I was an industrial economist, and one of the things that the Trust Territory wanted to do (they could see where there was going to be some change in political status) was to help the Micronesian people develop the economy. We were in the process of thinking about going to the U.S. Congress for some \$5.5 million to establish an economic revolving loan fund so that these loans could be given to qualified Micronesian businessmen and businesswomen. So I did the documentation for that loan package from the Congress.
- Willens: Was there a loan fund of that kind in existence at the time?
- Stewart: No, there was not, to my knowledge. I don't recall; it's been a long time ago. But I don't think there was a loan fund at that time.
- Willens: And did Congress act favorably on that legislation?

Stewart: Yes, they did. They did provide those funds—very generous. So then they had established an Economic Development Loan Fund Committee, of which I was not a part. My job was to identify investment opportunities, document the market and financial feasibility, and help the potential borrower with his loan application so that he could qualify for an EDLP loan. In those days, we did quite a number of small projects—small hotels, some fishing endeavors, poultry farms, piggeries, various types of handicrafts. But we soon moved into some larger activities in an attempt to generate foreign investment. I made the feasibility study for the coconut oil mill in Palau, which was eventually financed by Jardene Matheson in Hong Kong.

Willens: We're speaking now of late 1970, going into 1971 and 1972?

Stewart: This is in 1971, 1972.

Willens: Did your duties remain essentially the same for a period of several years?

Stewart: Yes. I would be moved around quite a bit. At one time, I became the Director of the 1973 Census and Population for no reason other than the fact that I was a user and an interpreter of statistical data. They thought that because I did that that I would be a person that could handle that census. I then was assigned to the Political Status Committee of the Congress of Micronesia under Carl Heine and Lazarus Salii and was asked to help them prepare a document which would provide them with baseline information on the amount of money that they should request in terms of assistance from the U.S. Congress once their political status changed. This was the baseline, a bare bones level beyond which they should not have gone.

Willens: Would that assignment have come sometime after the 1973 census?

Stewart: Yes, that was right after the 1973 census.

Willens: Okay. Let me pause here for a moment. The Joint Committee of which Lazarus Salii was the Chairman had previously asked for financial support at the level of \$100 million from the U.S. delegation. That amount was substantially more than the U.S. delegation was willing to provide in 1972 and in 1973 and resulted at one point in an impasse in the negotiations. Were you then called in at a subsequent date to re-examine the figures and advise the Joint Committee as to a figure that might be more within the range of acceptability?

Stewart: You know, I can't recall, because I was never all that much interested in their political aspirations. I was more interested in the economy. I could perhaps find that document and check the date. But I remember having a problem with them in the sense that they would not tell me the level of government services that they wanted to provide. They didn't know that themselves. And since they didn't know it, we sat down and talked with a group of people within the government to find a baseline at the very minimum level of government services, and that was the point beyond which they should not fall. And I remember preparing a series of graphs and projecting them, but with the rather wide band. You couldn't be very specific because of the width of the band. You didn't know whether to take it from the top or the bottom or the middle. They liked that very much. It gave them what they thought was some flexibility.

Willens: Well, were their needs or desires any more clearly defined with respect to infrastructure needs, or are you encompassing that in your general reference to billing and services?

Stewart: I don't recall that we got into infrastructure. It was more or less operations.

Willens: I see. Well, let me turn back then to the Northern Mariana Islands in particular and your

evaluation of the economy in this area in the 12 months or so after you arrived in August of 1970. As you know, there had been a Robert Nathan Associates study in 1965 of all the districts of Micronesia. There had been numerous other studies going back for decades. At the time you arrived, did you make any effort to familiarize yourself with the development here in the Northern Marianas and what its potential was?

Stewart: Yes. I tried to make myself aware of the level of development throughout Micronesia and what its potential was, and of course the Northern Marianas was included. Let me tell you that when I arrived on Saipan in August of 1970, there wasn't an economy. The Trust Territory headquarters provided the economic engine for the Northern Marianas in those days. I don't know if you recall, but the airport was a tin shack, unlighted runway. We've got one airplane a day. We had one cargo ship a month.

Willens: The airplane was a service provided by the TTPI?

Stewart: No. By that time, it was Continental. Continental I think started up in 1968.

Willens: There was a Royal Taga Hotel that was part of an arrangement with Ken Jones in connection with the land on Tinian and there were substantial retail operations. Perhaps substantial is an overstatement.

Stewart: Well, in terms of the hotel, there was the 56-room Royal Taga, which was owned by the Jones family, and there was the ten-room Hafa Adai Hotel, owned by J.C. Tenorio. That's all. And to tell you the truth, there didn't appear to be much tourism potential in those days, because at the time the Japanese could only take out the equivalent of \$743, and you couldn't very well build a tourism industry on that.

Willens: Well, was there a tourism industry developing over in Guam notwithstanding that limitation?

Stewart: Even in Guam, it was rather slow. I remember having made a hotel feasibility study for the Hilton Hotel. One of the things that I was working on when I was back in the States was with a management firm out in New York that did hotel feasibility studies. And we did a hotel feasibility study for a potential Hilton Hotel on Guam. And it wasn't feasible. There just wasn't the traffic at that time. Air routes were not connecting with the market, and so forth.

Willens: So let's go back to your overview that when you looked at the economy here in 1970, 1971, you saw very little of an economy outside of the governmental operations of the TTPI, and you were somewhat skeptical as to the potential. Is that a fair characterization?

Stewart: Yes, that's rather fair. I think you must keep in mind that they had placed a man here who was totally unfamiliar with the Japanese market. I had no idea of the size and potential within the Japanese market in those days.

Willens: Did anyone here have more expertise in that area?

Stewart: I'm not sure they did. We all were oriented toward Washington. Our daily thoughts were in that direction. It was very difficult to get to Japan in those days. But there wasn't anything here. You mentioned food stores. There were only three food stores of any size, and you had to visit each one of them daily to complete a shopping list. The Fire Department consisted of a red Jeep with a garden hose. If you wanted to make an overseas call, you had to go to the RCA booth in Susupe and make that call. There were no recreation craft in the lagoon. None at all. We had one black and white television station that came on about 7:00 o'clock and was off about 11:30. One radio station. And this was a very isolated place.

- Willens: This was some eight years after President Kennedy had taken action to move the Trust Territory headquarters from Guam to Saipan to establish Saipan as a provisional headquarters of the TTPI and to remove some of the security clearance requirements that had restricted entry into the Trust Territory. Is it your judgment that there had been relatively little change in that period of time, or are you really unable to comment on that since you weren't here?
- Stewart: I, of course, wasn't here, but I talked frequently with other people, and I get the impression from talking to them that those doldrums, those economic doldrums, had lasted this entire period. This was a long way away from anyplace. And even Guam was isolated and underdeveloped.
- Willens: In the course of your enquiries, would you talk to local businessmen and political leaders and get some sense about what kind of economic development they wanted to see unfold on these islands?
- Stewart: I'm not sure they knew. They talked a great deal about agriculture, wanting to develop agriculture. But I don't remember any great interest in fisheries, nor do I remember them looking toward tourism as a potential base for their economy. I'll tell you a strange little story. There was one gentleman, an elderly gentleman, by the name of Henry Pangelinan. And he would come up and visit me, and he'd talk about different types of things that he wanted to start, projects. And he had heard that the Chinese were interested in making leather belts and wallets out of frogskin. And he goes around and catches all these frogs that are jumping around the island, skins them and freezes them. He had a freezer filled with frogskins that he was going to sell to the Chinese so that they could make belts. It was that kind of thing that one would encounter. I tried to get him interested in catching sharks, flaying them and tanning the sharkskin into leather. There is a firm in New Jersey, Shark Skin Tanning. They pay a lot of money for sharkskin, even to this day.
- Willens: Did Pangelinan ever pursue successfully any of these ventures?
- Stewart: No, he didn't. He didn't have the money, for one thing, and I'm not sure he had the business acumen to do that.
- Willens: How about the people who ran the existing stores? Joeten by this time had the Saipan Shipping Company that had been in existence for more than a decade and had extended into a variety of other economic ventures, as I understand it.
- Stewart: Yes, he did. He had a construction firm, as well, and that stevedoring company. But you know, there were always some problems. It was easy for him. I can remember they bid on the Trust Territory contract to build a school in Kosrae, and they put all their equipment on the barge, and it sunk. And that particular company went bankrupt. That was, I think, Micronesian Construction Company, as I recall.
- Willens: That was one of Joeten's companies?
- Stewart: One of Joeten's companies. But he always would bounce back. He had a very dynamic man to assist him, a man who really has earned a part of Commonwealth history, and that was Joe Screen.
- Willens: Did you know Joe Screen?
- Stewart: Yes, I knew him very well. He was a very good friend of mine.
- Willens: What was your assessment of his ability and his contribution to the Commonwealth?
- Stewart: I thought that he was probably one of the smartest, charismatic businessmen that I have

ever met. People listened to him. He had wide experience in Japan. He had been in Japan during the war. He knew something about their modus operandi, market and so forth. He had worked on an island in American Samoa and had come out here. He had left the government by the time I got here and was with Joeten. But we hooked up and got to be very good friends.

Willens: Was it your sense that Joe Screen had good relationships with Micronesians in general and with the people in the Northern Marianas in particular?

Stewart: Yes. He could be very abrasive at times. He was a no-nonsense man. But people seemed to sense that. He had the ability to laugh at himself. They liked him. I never heard anyone say that they did not like Joe Screen. As a matter of fact, Manny Villagomez, the major competitor of J.C. Tenorio, came to me one evening at a reception and asked me, he said, can you find me a Joe Screen? Because Manny could see that the J.C. Tenorio Company was moving along very rapidly, and he wanted to follow.

Willens: You responded earlier to one of my questions by suggesting that there was considerable uncertainty here in the Northern Marianas of what kind of economic development to pursue. Did the TTPI Administration provide any guidance or direction that would be of assistance in that regard?

Stewart: We felt that the economic development loan fund would provide the seed capital for small businesses which could eventually evolve over time and with experience into larger businesses. We were handicapped in generating any foreign joint venture interest, which would have been in my judgment sometimes better, because the people would bring with them not only the capital, but the know how and the market knowledge. But the U.S. Department of the Interior was exercising what at the time was known as the most favored nation clause within the Trusteeship Agreement. As a matter of fact, there was one high-ranking individual in Washington who said that we don't want any foreign investment here at this time. Let the Micronesians move along and we'll wait for that evolution to occur.

Willens: What was the reason underlying that policy as you understood it? Was it related to the security concerns of the U.S. that were so important during those years?

Stewart: I think it might have been, because if you remember and go back and read the clause, there's something in there that says—I can't quote it exactly—but it's 'no nation or no citizen of a nation that is a member of the United Nations can invest in the Trust Territory of the Pacific Islands without the permission and concurrence of the Administering Authority.' Well, strangely enough, Switzerland and the Peoples Republic of China were not members at that time, so theoretically, they could have invested, or their people could have invested. And as a matter of fact, we had a potential Swiss investor come out and evaluate the area.

Willens: I have not gone back and looked at the provision recently. The policy is referred to as the most favored nation policy, which suggests that you're free to let a country or enterprise invest here so long as that opportunity is extended to all others as well. Is that the way you understood the policy?

Stewart: Yes. If you extended it to one, you had to extend them to all of them. Now that you're refreshing my memory, yes. And I suppose they were afraid of Soviet intrusion into the area.

Willens: So as you understood Interior Department policy, at least up until the change in 1974, it was to limit or exclude foreign investment. And you're suggesting that at least some

officials thought that was in the interest of the Micronesians. Or am I misinterpreting your comment?

Stewart: I don't know whether they thought it was in the interests of the Micronesians or whether it was in the interests of the American military. I just don't know. I do recall a statement being made that if there was to be a mistake made in the development process, let the Micronesians make it. They didn't want us to be too aggressive in generating foreign investment. One other thing. It wasn't until around 1973, through the work of the Saipan Chamber of Commerce, that they convinced the Department of the Interior to rescind this policy and permit investment.

Willens: You think the initiative came, at least in the Northern Marianas, from the people?

Stewart: It came from the Chamber of Commerce. I have the document over here of that meeting, if you want to see it.

Willens: There also were deliberations, of which I'm aware, in Washington under the aegis of something of something called the Under Secretaries Committee, where a study was generated that recommended a change in the policy.

Stewart: I know that these people were most anxious to get busy and get moving with their economy. They were not satisfied with the status quo in those days.

Willens: That's what I'm trying to focus on. Because you suggested in 1970 that there was some uncertainty among the economic leaders and political leaders as to what to do with the economy, and you're suggesting that by 1973, there was a much more determined view toward opening up the economy or, put another way, with dissatisfaction with the current rules.

Stewart: Yes.

Willens: Was there a change in that short period of time?

Stewart: Well, we had two schools of thought here. We had the young Peace Corps people who I believe were in some cases largely alienated against the United States and the United States foreign policies because of Vietnam and the problems with some multi-national corporations that had gone abroad and in their mind taken advantages of various countries. And then we had some Americans, I mentioned one individual, I won't mention his name, but he was definitely opposed against hotels unless they were small, indigenous-owned hotels. He didn't want to see the Micronesian people wind up as busboys and waitresses and maids in the hotels. He was quite vocal about that.

Willens: That was a TTPI official?

Stewart: That was a TTPI official, yes. So we had this tug of war going on between us. At my level, in those days, I could never really understand where these policies and these directions were coming from. They weren't direct written documents that I'm aware of. If they were, I never saw them other than the most favored nation clause. We had people in the Trust Territory government. As Maynard Neese once said, "We had some very good people, and we had some very poor people, and it didn't make any difference at all." That was a quote from him.

Willens: Could you explain?

Stewart: Yes. We'd had some people that would come out here and did absolutely nothing. They would go into the districts and just give up, wouldn't produce anything, you couldn't see where there was any great deal of assistance provided. And then we've had people that

would go the extra mile and were really sincere in trying to help these individuals, one of whom is a man by the name of Charles Sicard who now works for the Peace Corps. He's in Gaithersburg, Maryland if you want to look him up. Charles Sicard.

Willens: What would you say in by 1972 or 1973, were the principal impediments to economic development here? You mentioned the distance and the measure of isolation. You mentioned the prevailing policy then with respect to foreign investment. What would you say were the other impediments or difficulties that had to be overcome in order to rev up this economy?

Stewart: Well, there were no known natural resources on the land other than the beaches and things that would—you could develop a tourist industry. Mineral resources, there were none. There were of course marine resources, but if you look around, the Micronesians for some strange, unfathomable reason, fish for subsistence but don't seem to be interested in commercial fishing, even to this day. We keep talking about the potential for the fishing industry, but it seems that it's the Taiwanese and the Koreans and the Japanese who are doing most of that. I don't see too many Micronesians on these boats. There's a reason for that, I believe. I won't go into it. The extended family system discouraged many of the people. You have a job, your brothers and sisters don't. They can tap you for your financial resources, and you're under an obligation to provide them. Now that was less true in the Marianas than elsewhere, but remember at that time in the Marianas, we had a large population of people from Ponape, Palau, Truk and elsewhere.

Willens: Because they were employed by the Trust Territory headquarters?

Stewart: That's correct, yes. You can get those numbers.

Willens: Now by 1972 and 1973, had people begun to be more optimistic about developing a tourist industry here? It was about this time as I recall that the Saipan Continental plans were afoot, and there were plans that were being developed for what turned into the Saipan Intercontinental for several years later.

Stewart: Yes, but that is a result of the desire to get the route award through Micronesia and ultimately to Japan. And Paul Windsor, who at the time was the Director of Transportation, told the carriers that were going to bid on this route that one of the requirements would be that they must build hotels in each of the then six districts. So I believe it was Continental that came to Paul Windsor with sketches of little traditional huts, actually the type of hotel facility that you and I would like to stay very much in with thatched roof and all that, and Windsor said, oh, no, no, no, we want a substantial structure, nice hotel. So Continental put in the type of hotel that you see in Palau now, the Hotel Nikko and the Truk Continental. They're the same style, originally managed by Travel Lodge out of Australia. Continental also came in here and built this beautiful facility down here on the beach. It's a Hawaiian Waikiki Beach, five-star hotel. And they put that in. Well, PanAm comes along, and also is after the route award, and PanAm starts building the Intercontinental Inn. And they're about halfway through in 1973 when the oil crisis struck; this was in November 1973, as I recall, and had to substantially modify and scale back the hotel—took the balconies off, may have reduced the number of rooms—and called it an inn rather than a hotel. And for many years after that, I am told that the hotel was not making money. In fact, I attended a PADA conference in the Philippines sometime after that, must have been 1977, and they were wringing their hands, very worried about this so-called white elephant they had on their hands. They built a hotel and didn't gain the route.

- Willens: As I understand it, Continental Airlines had a requirement to build something into the district centers as a condition of getting the franchise license to fly within the Trust Territory. I didn't understand that PanAm was required to build anything here, although they might have been encouraged to do it in order to enhance their qualifications to get the Saipan Japan route.
- Stewart: Yes, they weren't required. Of course, you'd have to go back to the Director of Transportation, those records. But it was my understanding that the firm that got the route award would have to put in the hotels. So they started putting in the hotels before the route was awarded.
- Willens: And it is your recollection that the enlarged capacity that resulted from the Saipan Continental Hotel and the Intercontinental was more than was needed for several years.
- Stewart: Yes. As a matter of fact, the first feasibility study I did when I hit the island was a feasibility study for a 150-room hotel which was picked up by Alfreda Craddock and Dave Sablan, and Dave goes out and tries to get the financing for the hotel. His wife at the time was the agent for Pan American Airways and convinced the PanAm people to finance this hotel, the Intercontinental Hotel. And the firm that I mentioned earlier that I worked for in New York came out here and checked the numbers, and I met them at a little beach party down there at Dave's house in Garapan, and we hashed over old times in New York.
- Willens: There came a time when the Japanese investors took some portion of that hotel. Is that not correct?
- Stewart: There were some Japanese later. Yes, the Japanese I believe did buy that hotel later. I know they did, because they brought Alfreda Craddock out, then they—that's right, that started managing that hotel.
- Willens: It was about this time, though, that a district planner named Tom was developing studies projecting different levels of expansion on the island and in late 1973 or early 1974 drew up an alternative scenario that suggested the population on the island, which was about 14,000 plus as evidenced by your 1973 census, might grow to 50,000 or 60,000 over the next decade with an expansion of the tourist industry that might require 4,000 or 5,000 hotel rooms. Were these studies based to any extent on realistic estimates of the demand for tourist capacity here?
- Stewart: I don't remember seeing Tom's studies. I may have seen it. I do remember seeing the Hawaii Engineers and Architects studies which were done. There were a lot of studies. I mean, you could spend your whole career here reading reports in those days. I don't particularly recall that one. Mike Ashman, who was in charge of the tourism section for the Trust Territory, made a study.
- Willens: Was the attitude changing within the Trust Territory headquarters then as to the growing tourist potential in Micronesia generally and in the Northern Marianas in particular?
- Stewart: Yes. I think generally the people at headquarters in the Trust Territory thought that any real development that was going to occur would be within the tourism sector, possibly marine resources fishing.
- Willens: What changed the attitude toward that in the early 1970s?
- Stewart: I'm not sure the attitude was changed here. I can recall going down to the restaurants, the Hafa Adai and elsewhere, and seeing prominent Chamorro businessmen off in a corner surrounded by Japanese. They were talking deals in those days. You saw this every time you went out—a different group of people with the Japanese. They all of a sudden

distanced themselves, it seems, from the TT and started turning toward Japanese investors. That's here on Saipan. In Micronesia, each island was different. Palau, for example, had a rickety hotel called the Royal Palauan. It was just a warehouse. Then the next one was the Continental, which was later purchased by Japan Air Lines, Hotel Nikko Corporation, but the Palau Pacific Resort I understand took them about ten years to work out the land deals in order to put that parcel together. Now in Yap, the Japanese wanted to build a hotel in Yap, shipped all the equipment down in containers, and it was to be the Yap Nature Garden Hotel or something, and all of a sudden the Yapese said oh, no, no, no, we don't want this. And the man either had to sell it there or ship it all back to Japan. That was in Yap.

Willens: To what extent do you think the Japanese interest in Saipan was encouraged or enlarged because of the political status aspirations of the Northern Marianas to become part of the United States? Did that aspect in your judgment have any impact on foreign investors and their interest in the Marianas?

Stewart: Yes. When the flag went up, where it looked like the flag was going up, that instilled a great measure of confidence in the American judicial system that accompanies that flag. They may not be aware of all of the ramifications, but I know they know that it's a fair system. There's no question in my mind. Had it not been for the American flag, you probably wouldn't see the level of investment here that you see. I've worked in developing countries in Africa, and all of these so-called industrialized nations wait for a track record. Whether it's in Africa or Southeast Asia or wherever it is, they're all afraid of the possibility of being nationalized or having their assets confiscated or something by some country that is newly emerged and doesn't have a track record of stability.

Willens: One of the points that the Nathan study made in the middle 1960s after analyzing the potential for development in a variety of areas and many of the obstacles to such development, they suggest that the uncertainty with respect to political status was a very negative factor. And they urged the United States government to help the Micronesians to resolve their future political status in order to eliminate this uncertainty and thereby foster economic development. I gather that's a point that you would sympathize with.

Stewart: You know, it occurred to me early on that the people in Washington wanted to hold Micronesia together for administrative convenience only. They looked at this place from a distance of what, 8,000 miles or so, they're all dark skinned, brown skin, they all have coconut trees, they all fish, they all live on islands, therefore they're all alike. And as I mentioned before, they didn't realize that a Trukese was as different from a Saipanese as a Spaniard is from a German. Even I didn't pick up on it for a long time. We had a Deputy High Commissioner from American Samoa. He knew very well island ways, but he never told us that. We would wonder sometimes why a decision wasn't being made that should, or why a decision was made and it was because this man understood the island way, and those of us from the West didn't.

Willens: Did he share that particular expertise with you?

Stewart: No, he didn't, he didn't share it with me.

Willens: I understood there was some strain between him and the High Commissioner.

Stewart: I think there was at times, but he knew how far he could go. He had worked here. He had been the District Administrator here and in the Marshalls. He had been around, and he knew how to handle the island people. My boss was Eusebio Rechucher. He was the Director of Resources and Development. I later became his deputy. And Eusebio would

sit in meetings and not make hard decisions relative to a loan or something. He would leave it to us to do that. His island modus operandi wouldn't permit him to do it. And he would acquiesce, and we'd have to do it—foreclose on delinquent borrowers.

Willens: Well, how would you characterize this island way? Is it a desire to avoid confrontation, either in public or in private?

Stewart: Back in those days, yes. If you ask me a question, if I'm an islander and you ask me a question and I know that the answer is going to be negative, I don't want to tell you that. I won't answer you. I will delay answering this question if it's going to be negative. And in those days, if you wanted to find out what the answer is, you would have to ask a third party. I'd tell this man over here, and he'd tell you.

Willens: One aspect of this that I personally encountered in working with a group of 15 Micronesians was their desire to reach consensus and the practice of talking on occasion to a point that seemed unnecessary rather than take a vote because they didn't want to have a vote until they were confident that everyone had been heard out and was prepared to agree with a consensus judgment. Is that something you experienced?

Stewart: Yes. But many of the questions that you pose should better be posed to students of this sort of thing, anthropologists. I just had to work within this kind of an environment, feel my way, and learn the hard way what could possibly be done and what couldn't be done.

Willens: Well, tell me about the attitude, if there was one, that the Trust Territory Administration had with respect to the Northern Marianas and the separate status negotiations. You made reference earlier to the fact that Washington at least did want the Trust Territory to stay together as an entity. But there came a time in 1972 when the United States agreed to separate status negotiations with the Northern Marianas. How was that particular decision received here in the TTPI?

Stewart: As I recall, they were very pleased with it. I'd like to remind you that they had been trying to get this recognition for some time, and it wasn't until first, the Congress of Micronesia was burned down somewhere around 1971 or 1972, and that raised some eyebrows, and then the High Commissioner and his wife were on Guam over the holidays and his home was burned. Interestingly enough, the PanAm Building wasn't burned, Coca Cola wasn't burned, the Post Office wasn't burned. But I think at that point the message got across that these people don't want to be lumped in with any future state of Micronesia. They wanted a close relationship with the United States. I just recently interviewed Joeten before he passed away for my book *Saipan in Flames*.

Willens: Was it his recollection that the sense of having services made available to the people here without charge influenced people's thinking here?

Stewart: I think it did, because in those days, the hospital care was free, pharmaceutical products were free, movies were free, largely transportation was provided free.

Willens: In what respect did he think that may have shaped people's attitudes?

Stewart: Well, he used as an example that when he started his store, he bought a Jeep for \$5 and a weapons carrier for \$10. But he later, of course, learned that things were not free. So they had a distorted concept of reality. I can recall distinctly in 1970, my secretary who is now the personnel officer in one of the leading hotels here, came to me one day and said, "Mr. Stewart, what are taxes?" Because we started talking about, you know, depending upon this option that you are going to be considering, you probably are going to have to pay taxes. Well, what are taxes? And they didn't know.

- Willens: I know that the decision to hold separate negotiations was well received among the political leadership of the Northern Marianas. How was it received by the High Commissioner and his staff?
- Stewart: I was not aware that anyone had any feeling of resistance toward that empire-building or anything of that nature. I think they just took it as a normal evolutionary course that was bound to happen. We were all well aware that the United States had gone before the United Nations and said that they were going to develop them socially, politically and economically. Everybody was aware of that obligation, and I think cooperated in every possible way. I am not aware of any attempt to derail it, undermine it in any way. Of course, you have to keep in mind that I was not on the High Commissioner's cabinet, but I was a personal friend, and it was never discussed in any negative way. It was just taken as a matter of course.
- Willens: Did he ever discuss with you his relations with Ambassador Williams?
- Stewart: No. He never did.
- Willens: When you looked at the Trust Territory in the early 1970s in light of the undertaking of the United States in the Trusteeship Agreement, what was your judgment then about the way in which the administering authority had fulfilled its responsibilities?
- Stewart: Well, I think at the time I came on board, the budget for all of the islands was \$60 million. Joe Screen, incidentally, was one of them when he was the Commissioner of Administration that was influential in getting that budget raised I think up to somewhere in the vicinity of \$110 million.
- Willens: Sixty million dollars was many times more than it had been a decade earlier, but did it provide adequate funds for the kind of government services and infrastructure needs that there were in the Trust Territory?
- Stewart: No, it didn't. What it did provide was a payroll. I was always mindful of the possibility that given our puritanical attitudes in the United States, that you just can't hand someone a check. They must work for it. And therefore we will do this with mirrors. We will hire them and they'll sit at a desk, won't be very much to do, but we just can't have them going out sitting under a coconut tree somewhere. They're going to have to sit there eight hours a day and do the typing or push the paper or whatever it was that had to be done in order to justify this pay.
- Willens: You're thinking primarily of people who ended up working on a government payroll?
- Stewart: Yes.
- Willens: Well, what were the principal complaints of the Micronesians, and particularly those in the Marianas, about the Trust Territory Administration in the early 1970s?
- Stewart: Of course, the wage rate was one. There were various wage scales. The Micronesians had one wage scale which was very much lower than what expatriates were paid, so that was some source of dissatisfaction. There was a constant concern over the condition of the infrastructure, which had not been all that bad after the Navy left, but had over the years deteriorated as a result of just the tropics and the typhoons and general lack of maintenance. So there was concern about infrastructure. But where I came in was that they wanted productive enterprises. They wanted a cannery. They wanted the government to finance a cannery. And I had a problem with that, because the government wasn't performing normal government services all that well. How could you expect them to operate a cannery profitably? And that's why I was always a proponent of the joint venture

with the firm to produce the cannery. They had the market. How much money does it cost to advertise a particular brand of Micronesian tuna to compete with Chicken of the Sea or Del Monte or something like that? There was a fortune in advertising, which if you could hook up with some firm that was already in that, you would be far better off.

Willens: Was that a proposal that came from the Northern Marianas or from one of the other districts?

Stewart: It came from the Congress. Usually the Congress of Micronesia would pass a resolution and ask the Trust Territory government to perform a study to evaluate the feasibility of such and such a thing. Two of them that I got involved in were the coconut oil mill in Palau financed by Jardene Matheson out of Hong Kong, as I said, and a tuna fish cannery plant, which we had gone to Van Kamp in San Diego to see if they would be interested in a cannery. They had a facility at that time. But one of the problems was not so much the raw material, the fish, but the water. You needed water not only to make up in the pack, but to clean the equipment after each run, and there was a shortage of potable water.

Willens: What was your assessment of the Congress of Micronesia as a functioning reflection of Micronesia?

Stewart: A very dedicated, sincere group of people that knew their differences among themselves, the Marshallese vis a vis the Palauans and the Marianas, but kept it to themselves.

Willens: There were differences in the deliberations of the Congress in the early 1970s with respect to the separate negotiations, for example, and with respect to revenue sharing and other issues that seemed to generate some considerable divisiveness in the Congress. Were you aware of those disputes at the time?

Stewart: I was aware of some of them. I was aware of a problem between Palau and the Marshalls, which I thought largely was one of personalities, Amata Kabua and Lazarus Salii. I was aware of that.

Willens: The Congress complained from time to time about having very limited powers vis a vis the Trust Territory with respect to disposition of the funds appropriated by Congress and with respect to appointment of district administrators and other high officials. Do you think the Congress of Micronesia as you experienced it in the early 1970s could have assumed more responsibilities?

Stewart: Well, as a personal note, when I got here, we were in the process of what is called decentralization, where the authority was pulled out of the TT headquarters here on Saipan and placed in the districts. And as far as the Congress authority, I know that I was nominated to become the Deputy Director, which was an advice and consent position. My boss was Eusebio Rechucher.

Willens: How do you spell that last name?

Stewart: I can get it for you here. It's like Rechurcher. There's a number of names I want to give you. Neiman Craley, you know where Neiman is? He's one. So I was an industrial economist working for the Chief of Economic Development, and Eusebio reaches way down and says, I want to nominate you for this position. And I said, well, they're never going to confirm me. They got to talking about getting this person out and that person who's not indigenous, what on earth do you think, why would you think they would confirm me? And they put me up, and I was grilled but got through. So on that basis of that personal experience, I have to believe that they were really trying to do the best thing—get rid of dead wood and put some other people in.

- Willens: There are some people who think that the Congress of Micronesia was a force for unity within Micronesia. Did you come to form a view as to whether the six districts or seven, depending upon the time you're talking about, could in fact have stayed together as part of a unified Micronesia? You made reference earlier to the cultural differences between some of the islands being as substantial as between Spain and Germany.
- Stewart: It was a process of evolution. When the Northern Marianas broke away, you could see that this thing was more fragile than anyone thought. And then the problem between Palau and the Marshalls surfaced.
- Willens: Do you remember whether there was a substantive issue involved involving revenues or....
- Stewart: I don't recall whether it was. I suspect that it may have been, given the funds that the Marshalls had as a result of Kwajalein. I want to say one other thing. The Palauans had everybody fooled. They had me fooled. We used to refer to the Palauans as the real go-getters. They could get out there and do the hard work and get it done. Later I came to realize that the Palauans had their own in-house social, cultural difficulties in their own family. You know, clan against clan and this intense competitiveness that they have. They had me fooled, and I think they had a lot of other people fooled. By the way, the Palauans had moved into high positions here up and down the line in the government.
- Willens: I had always heard the Palauans referred to in the same respect as you did in that they were regarded as being the most astute politicians, at least among the Micronesians. What is your judgment now in light of the last 15 years and the recent evolution of the Republic of Palau and the approval of the Compact with the United States? Do you think the Palauans benefitted from the delay in the conflict that characterized the last 15 years?
- Stewart: It certainly has taken them a long time. Of course, as Joe Murphy said, you know, you couldn't get 75 percent of the people to agree on any subject anywhere, so maybe it was locked in from the beginning. Kaleb Udui might possibly have been the one responsible for that. He's passed on now. He was an attorney. You knew Kaleb. Quite frankly, I wonder why the United States is still interested. I mean, the amount of money for 15,000 people over this period of time, when we've got problems at home. You have to wonder why they are still interested in that.
- Willens: Let me put the question more crassly. If the United States had refused to agree to separate status negotiations with the Northern Marianas and dealt only with the Congress of Micronesia committee charged with the responsibility for negotiating the future political status, do you think that a status would have emerged that might have successfully kept all the districts together?
- Stewart: I don't think so. I think that the thing was doomed from the beginning because of their differences, the geography, distance and differences. I think that if the United States had tried to force this on the people of Micronesia, that it would have blown up in our face. They would have gone to the U.N. and maybe the World Court. That would have never worked. There's no great love lost at times between these folks, you know, anyway. Try to put them together. It could have even gotten ugly.
- Willens: I talked yesterday with a defender of Joeten's who says that he thought Joeten was one of the few people here who could relate to Micronesians from all the districts and who did labor under the hope that Micronesia might stay together and profited by so doing. Did that subject come up in your interview with Joeten?

Stewart: No, but I knew Joeten for 23 years, and went to the weddings of all the families and all that. And I saw Joeten change over the years, most recently in the last two or three. He became far more intensely interested in the economic growth and well-being of the local people than I ever knew him to be before. I mean, he was very worried that the young people are not going to have an opportunity to start a business and really exercise control of the island. He was very much concerned about that.

Willens: Was that concern prompted by the infusion of foreign capital expertise?

Stewart: Yes, I think so.

Willens: In the very early days of the Marianas Political Status Commission, of which he was a member for a short time, he urged caution and suggested that perhaps more time and education was needed in the Northern Marianas before the people here would be ready to assume a new political status that would bring with it economic development and competition. Were those thoughts that you heard him express from time to time?

Stewart: No, not really. I met Joeten professionally. He was on the Board of Directors for UMDA, which had the copra contract, and was very pleased to see that a coconut oil mill could be feasible here to process the copra into oil and therefore add value. You could tell he was really interested in that. I also recall where he and his aide, Joe Screen, would try very hard to kind of keep a potential competitor out when Duty Free came in. They had a Duty Free store at the Continental Hotel. Never mind the logo. Joe Screen had come up here and had registered the Duty Free logo. It was the only hotel on the island for years that had a Duty Free store that didn't belong to the Duty Free Company. And finally they sold it to them.

Willens: I have read that the Joeten Enterprises and other local business interests opposed the application for a Duty Free store. Is that your recollection?

Stewart: I don't recall that. I don't remember that. See, one thing that happened. Once the Marianas was split away, we didn't at my level have very much to do with it. I remember Commissioner Canham came aboard. And I had become Chairman of the Economic Development Loan Fund.

Willens: Territory-wide.

Stewart: Territory-wide. We were talking about splitting out the Northern Marianas portion of it, trying to derive a formula. Meanwhile, there were some delinquent loans here in the Northern Marianas that we were trying to collect, and we were going to foreclose on them. And I remember writing Commissioner Canham many times saying, these people are delinquent, can you please send the economic development loan officer out there to collect it, or we'll have to foreclose on it before the funds are transferred to you. But I never got a reply. They held us at arms length, and as far as I know, that was about the only connection that we had from then on.

Willens: When did you leave the TTPI and become affiliated with the Commonwealth?

Stewart: Well, I left here in 1978 and did some work for the State Department in Africa. Then I did some private consulting work in the Bahamas with the Bahamas Development Bank, and some work in Alaska. But every year we would come back. We could go anywhere, but we would come back. So I got to see it evolve. I then returned to Micronesia in 1984, went to Truk for six months, stayed two and a half years.

Willens: Did you say you went to Truk and stayed?

- Stewart: Went for six months and stayed two and a half years. And I got a telephone call from Palau asking me if I wanted to go to Palau, I said sure. So my wife and I moved to Palau. Stayed a year and a half down there. Was told to leave by the Attorney General. That's an interesting story. Came up here and was having lunch at the Nahru Building, and Jess Sablan, Joeten's son-in-law, asked me, said, Bill, we need an economist for about a year. Would you be interested? And I said, sure, I'd be interested. And that was six years ago.
- Willens: So that was 1987?
- Stewart: 1987, right, to the present.
- Willens: And so have you served in your present capacity since that time?
- Stewart: More or less. I was a Co-Director of the 1990 Census here. I always seem to get involved in those things.
- Willens: Once you've done one, I assume you'd do more.
- Stewart: They pretty much leave me alone. I'm not sure they know what to do with an economist.
- Willens: You made the point that you come back here regularly over the years, even though you were working outside the Northern Marianas. And you commented informally the other day that no one could anticipate the kind of economic development that we now see around us. Could you give me your overview as to the factors that contributed to that economic development under the new Commonwealth government?
- Stewart: Yes. First, the American flag, the association with the United States, that instilled confidence in investors, even though they may not have been familiar with it, they know it was a fair judicial system. The opening of the air routes. But more than anything else, the recent development within the last decade, from 1986 to 1990, was the result of the devaluation of the dollar with respect to the yen. That money just flowed in here. At one time, we probably had more millionaires per capita than anyplace in the United States.
- Willens: Was this simply one part of the phenomenon that also was accompanied by the purchase by Japanese of golf clubs and major commercial properties in the United States?
- Stewart: Yes. It was world-wide; they were doing it world-wide. And I became aware rather quickly that the Japanese were not very discriminating buyers as it now turns out. They were paying too much for everything from an ice cream cone down here on hotel row to land. They just didn't seem to have any concept of value for some strange reason. There was one other reason, too, and that one was that the CNMI cast off the former foreign investment law that had its genesis back in the TTPI foreign investment law. If you were a foreign investor, the first thing they wanted to know is, what are you going to do for us other than provide jobs and pay taxes? Are you going to build a library, or are you going to provide us with a park? We want to see your marketing plan. Your company's going to have to be 51 percent owned by a local person. And all that. And that's one of the reasons why development hasn't occurred in the FSM. All that law is still on the books.
- Willens: So is it your recollection that the Congress of Micronesia enacted a foreign investment control act that set up a very stringent set of requirements before foreign investors could in fact develop a project in the Trust Territory?
- Stewart: That's right. They set it up after the most favored nation clause was rescinded. They were xenophobic.

- Willens: Was that supported so far as you know by the political leadership in the Northern Marianas, as well?
- Stewart: Yes, I believe it was in those days.
- Willens: And you would suggest that otherwise, they let it continue until 1983 without change?
- Stewart: Right. And not much happened.
- Willens: And is it your recollection that between 1978 and 1983 there was not any substantial new investment in the Commonwealth?
- Stewart: Yes. Very, very little.
- Willens: While you weren't here, did you know what the precipitating factors were that led to the change in Commonwealth policy?
- Stewart: Yes, I knew. I would come back and talk with people. Remember, I came back every year.
- Willens: Who were the instigating forces behind that desire for change?
- Stewart: Well, the leadership—the Chamber of Commerce and some of the leading businessmen. Joe Screen, for one.
- Willens: Well, did it have anything to do, for example, with the change in political administration? The first administration was a Democratic administration.
- Stewart: I don't think so. But I don't believe that it did. They just were anxious to develop. They were tired of being a backwater at the end of the line. They had started to travel to Japan and elsewhere and saw the potential for tourism industry and investment. And they said, let's get rid of this thing. Let's bring these people in. I don't know if you're interested in this, but while we're talking about foreign investment, I have an opportunity to speak sometimes to Chambers of Commerce and students and what not. And now there is a movement to, or there was a movement to, try to control some of this.
- Willens: You are holding up an interesting chart which makes some major points that I'd like to have on the record. Is it your view that from 1983 to the present, there really has been no comprehensive foreign investment policy?
- Stewart: Yes, that's true, in my judgment.
- Willens: Why don't you go ahead and sort of summarize the main points that are reflected on the chart.
- Stewart: All right. The title of the chart is "The CNMI Has No Comprehensive Foreign Investment Policy." And a decision must be made if such a policy will be restrictive with severe constraints and selective, as was the old foreign investment law, which was onerous, in my opinion. Should it be passive, reacting only to proposals, as with the current situation? We could put together feasibility studies for all kinds of projects, a glass observation elevator up Suicide Cliff, an aerial tram to Mt. Tapotchau, and go out and find the financing for it. But what we do is wait until somebody comes in with a package and react to him rather than try to stimulate this ourselves. Or could we be aggressive, as I've just mentioned, promote and encourage all types of investment? Now our current major investment advantages are: affiliation with the United States, its judicial system laws; the U.S. currency (there's no foreign exchange controls); the comparative advantage of a tropical location; ocean resources; proximity to the Asia Pacific Rim market; CNMI control over minimum wage and immigration; and unrestricted access to the U.S. market

for qualified products under Headnote 3A; and the tax rebate. The tax rebate is a very important investment incentive now, particularly because with the advent of NAFTA, I don't see where there's any reason for anyone to come in here to manufacture a product, garments included, when they can go to Mexico and get the advantages that Mexico is going to offer. So I think we're going to lose the garment industry in a couple of years, and I believe that any possibility we may have had to diversify the economy with another type of manufacturing such as pharmaceutical, sporting goods, toys, so forth, for the American market, is lost. They'll all go to Mexico. Now our current major investment constraints are: a small indigenous population. We ran some numbers through, and depending upon what growth rate you select, 1.8 percent per year or 3.2 percent, which is high, we won't have enough people in the indigenous population to provide the labor for the jobs that existed in 1990, which were 25,900 jobs in our economy in 1990, we won't have enough people to fill those jobs until 2042 or 2080. We are dependent upon exports. There's confusion over Article 12. There's red tape. Difficulties in importing alien labor. We've got CRM, environmental and other permits. No clear government foreign investment policy; uncertainty over continuing existing incentives. Minimum wage is going up, they're talking about maybe moving in and taking control of immigration, and so on.

Willens: Do you think there is a political consensus developing in support of establishing some revised policy?

Stewart: I think perhaps the new governor might be leaning toward that. I want to show you a few other charts here, now that we got them, based on the 1990 population.

Willens: Okay. You have several different charts in front of you. One is entitled "CNMI Population Characteristics."

Stewart: Right. So here's the indigenous population, in 1990 was 17,181. We had a labor pool at that time of employed and unemployed people of 7,476. But only 4,777 were employed. The rest were either still in school, retired people or people who just didn't want to work. Now, if we look at the labor force, which required 25,965 jobs in 1990, and these are people 16 years over and employed, we can see that the indigenous labor force only made up 18.4 percent of the total required people out there working. Filipinos made up 47.7 percent, or 12,379. They were the largest group. Now in terms of ethnicity, we look at the total population of 43,345. The indigenous population of 17,181 makes up 39.6 percent of the population now, the Filipinos, 14,160, make up 32.6 percent, and rest of them were made up of other Micronesians, Koreans, Chinese and other Asians. Now the last bar, the citizenship status, U.S. citizens, 20,082, 46.3 percent of the population. Temporary residents, 21,075, 48.6 percent of the population. And immediate relatives, 5 percent at 2,188. These are things that the average person doesn't normally think about.

Willens: Have there been any projections of growth in population?

Stewart: Yes, we have them.

Willens: Are they based on any assumptions with respect to economic growth?

Stewart: Yes. In fact, I'm working on it right now. Keep in mind that this doesn't account for the average daily tourist population, which today, 1993, is about 4,000 people on the three islands on any given day. So to these numbers, you'd have to add about 4,000. Now look what's happened in the ten-year period in the median value of owner-occupied homes. In 1980, the median value was \$10,400. Ten years later, it had jumped to \$169,000, an increase of 1,525 percent over this ten-year period. Down at the bottom, we see the median annual income for owner households in 1980 was \$13,353. It had jumped to

\$25,960 by 1990, an increase of 94 percent. Rents jumped 207 percent from \$125 per month in 1980 to \$384 a month in 1990.

Willens: And what were the principal factors that accounted for the very substantial increase in the private owner-occupied homes?

Stewart: The wealth that has accrued to the CNMI people as a result of having leased their land, used the money to enter businesses or build rental homes.

Willens: That would affect their total assets or income. But the buyer that we're talking about refers to the value. Is it the value of the house itself, or is it of the household? Does this reflect the value of real estate, or a person's net worth?

Stewart: That's real estate. Here's the question, and I suppose you should make note of it and be somewhat careful. Since there is no real estate tax, there is no need to have property assessed. So the question posed by the census enumerator was, if this house were for sale, what do you think the value would be? And that's the median value. Remember, there are just as many values below \$169,000 as there are above. So that's median.

Willens: And the estimate of value was provided by the owner?

Stewart: Yes, the respondent. The owner. Not the renter. Take a look at this one. We have here now two schools of thought. One school wants to cap it, maybe slow it down, cap it.

Willens: This chart's addressing, for the record here, the issue as to the level of development that the islands can accommodate and the level desired for Saipan, Tinian and Rota.

Stewart: That's right. Now I feel very uncomfortable recommending things to these people. I consider myself a guest. It's their island. The bones of their ancestors are here. And I just, that's just the way I operate. But anyway, I put this out there so that they can see it. It's the basic issue, which is to decide on the level of development and islands can accommodate and the level desired for Saipan, Tinian and Rota. And this decision will influence future land leases, the future quality of life, future business income, future government revenues, and the future population, both resident and non-resident. So the question becomes, who decides the level of development? The people, through a referendum, the government, investors, others? Who are others? And if the development decision is to continue, then we must improve the business and investment climate. If it's to slow down, then leave the laws and regulations as are. Or if you stop it, you have to cap this, and that's going to require a legal base, and I don't know how you could say to a Chamorro, look, we don't want any more hotels here, so therefore you can't lease your land to Joe Matsumoto who wants to build a hotel. Now we get into real issues. I want to come back to that. Here are tourism projections that were made in 1987 by the University of Hawaii School of Tourism. They have since been pulled back considerably. We are now projecting 800,000 visitors a year by the year 2000. However, it's interesting that for 1993, we did in fact achieve that projection, the low projection. We have 530,000 visitors in 1993, about what was projected. So I'm kind of watching that. I don't use this graph all that much. Here's just a little illustration of structures on Saipan. Here's our power transmission system, which large follows roads. Here are the roads. Here's the population distribution. One dot equals 20 people, and it's located in the center of gravity for the population that it represents. One area has lost population, well, actually, two have lost population, but one is most interesting, and that's Chalan Kanoa. And the reason the Chalan Kanoa area has lost population is people are leasing their land, and the structures are being converted to commercial, and they're moving out, moving elsewhere. Our sewer system. There you can

look at the population density, and look at the sewer system, which is not connected. We have three different systems, and they're not connected.

Willens: What is your assessment of the infrastructure on the island now in terms of water and sewerage and roads, electricity? It's been suggested in some areas that the people haven't benefited from the economic development and that the services that the tourists receive are not matched by equivalent services for the local inhabitants. Do you have any thoughts on that?

Stewart: Yes, indeed. I think that I don't agree with that. I think that these people are earning more money, they're better traveled, they're better fed, they're better educated than in 1980. The services that they complain about—the tourist is paying \$130 a day. Now if you're going to charge \$130 a day, you'd better have an air-conditioned room, and not only that, but if I walked down into the dining room, I want to be able to buy a date from Africa or a kumquat from California. I want it there if I'm going to pay that kind of money. So I can tell you from personal experience that we have far, far fewer power outages. I have a 6.5 generator hooked up to the house which cost me a bundle three or four years ago. I never use it. It's a waste of the money now. I never use it. We are on water hours, but I got around that by having a small reservoir so when they cut the water off, I have the water. Anyone can do that. It's just three 55-gallon drums.

Willens: You think the infrastructure really has kept pace?

Stewart: I won't say it's kept pace, but I'll say it's coming along. Our roads are being paved, and as you can see, you see them paved while you're here. I am somewhat concerned about some of the roads. This cross-island road, for example, put down for military expediency. It's not aligned properly. And with high-speed vehicles, you put a surface on the roads, speeds go up. When that happens, accident rate goes up and you'd better be thinking about putting money in the emergency room in the hospital if you don't realign the road. I'm not sure this connection is made yet. We do need a plan. We don't have one. And everybody talks about a plan. But you cannot plan without a legislative mandate. Otherwise, it's going to wind up like all these other documents have over the years.

Willens: Let me just ask you about that. Because the Office of Transitional Planning and Studies that was financed by the federal government and was the subject of considerable negotiation effort during our work with the Marianas Political Status Commission did produce a series of plans, and I've been told that for the most part those plans were not adopted either by the Executive Branch or the Legislative Branch of the first Commonwealth government. Do you have any knowledge as to what the facts are?

Stewart: No, not as the facts, but I can make a comment about that.

Willens: What's your comment?

Stewart: My comment is that if plans have to be implemented, and there are certain tools to implement the plans. And here they are. They must be legislated and enforced by laws, either new or amended. You must have an implementing tool, such as a budget, passed within a reasonable period of time; otherwise, the planning schedule slips. You have to have zoning and building codes, which we now have only in the last couple of years. And you've got to have the public approval. And the thing must be kept revised. And you've got to have a monitoring and review process with measurable goals so that those agencies that are responsible for providing power, water and sewer, or police cars, say we need x-number of police cars by the year 1995, and when it comes, they better have cars, otherwise you've slipped. So you set the goal and then the various action steps necessary to achieve that. We

want 30 kilometers of power line by 1995, additional power line, and then you budget that. And then the executives, the people know whether you've achieved this goal or not. It's a standard accepted planning process everywhere in the world.

Willens: Is that essentially what you would identify as one of the most important present needs of the Commonwealth, that is, to develop a comprehensive development plan in place?

Stewart: I think, yes. That's one thing. That, plus a foreign investment law, plus a program to overcome the adverse publicity that has evolved as a result of Article 12. If I was king, I would say, these are three things we're going to work on right now.

Willens: Okay. That will end our interview. Thank you very much for your help.