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OFFICIAL RECORD OF THE EIGHT HUNDRED AND NINETY-SIXTH MEETING

Held at Headquarters, New York,
on Wednesday, 18 June 1958, at 2.30 p.m.

President:

Mr. CLAEYS BOUJAERT (Vice-President)

(Belgium)

Examination of conditions in the Trust Territory of Nauru: annual
report of the Administering Authority for the year ended 30 June 1957
[3c] (concluded)

Examination of conditions in the Trust Territory of the Pacific
Islands: annual report of the Administering Authority for the year
ended 30 June 1957 [3d] (continued)

Note:

The Official Record of this meeting, i.e., the summary record,
will appear in provisional mimeographed form under the symbol
T/SR.896 and will be subject to representatives' corrections.
It will appear in final form in a printed volume.

AGENDA ITEM 3c

EXAMINATION OF CONDITIONS IN THE TRUST TERRITORY OF NAURU: ANNUAL REPORT OF THE ADMINISTERING AUTHORITY FOR THE YEAR ENDED 30 JUNE 1957 (T/1374, 1379; T/L.849) (concluded)

At the invitation of the President, Mr. Jones, Special Representative of the Administering Authority for the Trust Territory of Nauru, took a place at the Council table.

General debate (concluded)

Mr. WALKER (Australia): On behalf of the Australian delegation I should like to thank the members of the Council who from time to time have complimented the special representative on his presentation of facts relating to the Territory of Nauru and on his answers to the questions posed by various members of the Council. I should also like to thank the members of the Council for the reference that has been made by many of our colleagues here to the record of progress in the Territory in the year under consideration and to the efforts that are being made by the Australian Administration on behalf of the three Administering Authorities to promote the welfare and development of the people of Nauru.

We have had some discussion in the Council about the whole basis of the economy of Nauru, based as it is on the exploitation of the phosphate resources of the country. We have had what I regard as some rather extravagant suggestions from several colleagues in this matter, but after all, when one considers it in its simplest terms, what we have here is a small island with a small population which, before the arrival of Western Powers at all, was supporting itself in a very primitive way on its restricted territory. The island happens to contain phosphates which are of great value to the agriculture of the world and to all the people of the world who consume and use in various ways the product of the agriculture which is assisted by the use of these phosphatic fertilizers.

The development and exploitation of the resources of this island have been due to the enterprise and investment of the authorities who have controlled the island. Under the period of the mandate, and now of the Trusteeship Agreement, it has been the policy of the Administering Authority to utilize these resources,

to make them available through commerce to agricultural producers and, through them, to the consumers of agricultural products throughout the world, including the countries that purchase agricultural products and the countries that from time to time have benefited from the gifts of agricultural produce to remedy particular shortages or emergencies. In this way the natural resources of the island of Nauru have undoubtedly made a contribution to the welfare of, one might say, even the whole world.

At the same time it has been the profound purpose of the Administering Authority to see to it that the people of Nauru themselves receive a substantial share of the proceeds of this industry and that they are assisted in using these proceeds in ways that would promote their welfare. And, certainly, past Visiting Missions have referred, again and again, to the very high standard of living which the people have been enabled to achieve as a result of this particular undertaking and the very important policies of the Administering Authority.

It is very easy to suggest that things might be managed a little differently in this way or in that, that more should be spent in certain directions than in others, that larger amounts should be devoted to certain purposes, but I have been impressed by the way in which several members of the Council have recognized the achievements of the Administering Authority and the definite progress that has been made in this small part of the earth's surface towards eliminating poverty and disease and -- a much slower process, of course--the elimination of ignorance and the gradual educational and other social development of these people.

These are just a few general remarks; I shall leave it to the special representative, Mr. Jones, to reply in more detail to the particular points made in the course of the debate.

Mr. JONES (Special Representative): Once again I have had the honour of listening to the observations of the several distinguished representatives who have contributed to the general debate on the Trust Territory of Nauru. I am grateful to members of the Council not only for the courteous reference to my own part in the Council's discussions, but also for the constructive comments which many of them have been good enough to make.

In my opening statement, and in the detailed and comprehensive replies I have given to questions addressed to me, I have made every effort to be as explicit as possible so that all members of the Council might be in a position to arrive at a just, objective and informed judgement with respect to the problems of the Trust Territory of Nauru. I have, however, noted that certain of the speeches made in the general debate have not fully reflected the information contained in the annual report, in my opening statement, or in the replies to questions.

No less than any Member State represented on this Council, the Australian Government is fully conscious of the obligations it has assumed under the Charter of the United Nations and the Trusteeship Agreement. My Government is charged with the exercise of full powers of legislation, administration and jurisdiction in and over the Territory of Nauru. These powers it has consistently exercised in the light of the provisions of Article 76 of the Charter.

My Government therefore rejects as unworthy of serious consideration any suggestion that it has abdicated its responsibilities. My Government categorically rejects the allegation that what has been described as "the special phosphate company" is, in fact, the true master of the Territory. Under the Administering Authority, the Administration is in truth the responsible authority in the Territory.

The Administrator is appointed by, and is responsible to, the Government of Australia, which, by virtue of an agreement between the three countries constituting the Joint Administering Authority, has undertaken to administer the Territory. Neither the territorial Administration nor the Government of Australia -- it should be unnecessary for me to observe -- is in any way subordinate to the British Phosphate Commissioners, whose functions have been determined by agreement between the three countries concerned.

(Mr. Jones,
Special Representative)

Among the factors to be borne constantly in mind in any discussion of this Territory are: first, its small area and small population; secondly, the fact that the Nauruans are fully employed and enjoy the amenities and services of a modern welfare state; thirdly, that the ultimate future of the Nauruan community has yet to be decided; and, fourthly, that there exists a Nauruan Local Government Council through which the Nauruan community can express its wishes.

Several distinguished representatives have suggested that the present powers of the Nauruan Local Government Council are restricted and should be enlarged.

The Administering Authority considers that, in its present form, the ordinance providing for the Council corresponds to the degree of political maturity attained by the people. The existing powers of the Council, though not fully exercised by the Council, are similar to the powers exercised by organs of local government in Australia and elsewhere, and, so far as the field of local government is concerned, cannot, in the view of the Administering Authority, be regarded as restricted.

In respect of territorial affairs affecting the Nauruans -- and this means most territorial affairs -- the Council may advise the Administrator in any matter, including the making of new ordinances or regulations and the repeal or amendment of existing ordinances or regulations. While the Administrator is not legally bound to accept the advice of the Council, he would, in practice, only disregard it when he feels fully justified in doing so. The Australian Government can disallow any ordinance of the Administrator. I am, myself, not aware of any instance in which the Administrator has disregarded the formal advice of the Council, or of the disallowance by the Australian Government of any ordinance.

I submit the Council's powers in local government matters could scarcely be extended significantly, and that in respect of territorial matters the role of the Council is not to be underestimated. In short, the Council's present powers are sufficient to enable it to act as an organ of considerable influence, not only in the field of local government but also in the field of territorial affairs.

(Mr. Jones,
Special Representative)

Several representatives have remarked upon the desirability of introducing Nauruan personnel into senior positions in the Administration and into the organization of the British Phosphate Commissioners. I can assure the Council that it is the established policy of the Administration to work towards this end, and that our policies in the educational field have this objective closely and continuously in mind.

Some of the more senior positions occupied by Nauruans include: the position of Administrative and Nauruan Affairs Officer, Superintendent of Nauruan Schools, Senior Assistant Medical Practitioner, Assistant Medical Practitioner, Pathologist, Senior Head Teacher, Head Teacher, Senior Survey Draughtsman, Inspector of Police, and Senior Wireless Operator.

All positions in the Administration are open to Nauruans who have the necessary qualifications and experience. As our training programmes provide Nauruans with further technical knowledge and increase their administrative capacity for responsible posts, more of them will be given appropriate appointments. I should, however, stress that much also will depend on the capacity of the Nauruans to assimilate instruction and on their willingness and ability to shoulder additional responsibilities. It will be realized that there are only twenty-three posts in the Administration not occupied by Nauruans, and that nine of these posts are teaching positions.

It is a matter of regret to the Administration that more Nauruans have not yet attained suitable qualifications for appointment to more senior positions, notwithstanding the exceptional measures undertaken by the Administering Authority to foster among the Nauruan people a desire for the attainment of high educational standards and professional qualifications. It is a matter for regret, but not a matter for surprise. Unlike the Burmans of the nineteenth century, the Nauruans were not heirs of a process of cultural development and a high civilization stemming from antiquity. Today, however, the Nauruans are taking advantage of the facilities made available to them by the Administering Authority. Their well-equipped and well-staffed schools can rightly be envied by countless villages of a corresponding size in many countries, including countries here represented. The time is not, perhaps, far distant when Nauruans now studying

(Mr. Jones,
Special Representative)

will qualify for appointment to senior positions in the Administration and with the British Phosphate Commissioners, and for positions in the Territory generally, and elsewhere.

In this connexion it remains for me to observe that the Administration is actively engaged in realizing the principal hopes expressed by UNESCO in document T/1579. The Education Advisory Committee has, for example, for a considerable time past enabled Nauruans to participate in and influence the formation of educational policy, which embraces vocational training. As I observed earlier, racial considerations do not determine educational policy, and special educational techniques have been adopted expressly for the purpose of enabling groups whose knowledge of English is imperfect to attain proficiency in that language. The kindergarten, the Nauruan school and the European school are all, in principle, multiracial.

UNESCO has observed that for the year 1960-61 it would be necessary to plan for increased resources at the secondary level, either locally or in the form of scholarships for overseas study. The Administration has not only completed its plan but it has, in fact, already constructed a secondary school capable of coping with the expected intake of secondary school students for that year and for subsequent years. I myself have inspected this secondary school and have seen the classrooms and the desks awaiting pupils. Whatever scholarships are needed by Nauruans capable to study abroad will be provided by the Administration.

UNESCO has already noted the energetic efforts being made to deal with the problem of retardation, and has commended the special measures taken to increase the efficiency of Nauruan teachers. Economic incentives are provided for teachers passing a barrier test for competency.

(Mr. Jones, Special Representative)

UNESCO may also be assured that the Administration will, as in the past, continue to assist and encourage Nauruan students to matriculate and undertake full university-level courses. Facilities to this end will continue to be provided.

With reference to the request of several distinguished representatives for more detailed information concerning the organization and operations of the British Phosphate Commissioners, I may once more emphasize that, year after year, this Council has been furnished with the details of the quantity of phosphates produced in Nauru, of their value and destination, and of the general conditions under which workers are employed in the extraction of phosphate.

The Administering Authority has always had clearly in mind the Council's need for information for the effective discharge of its functions. It has supplied more than sufficient information to enable the Council to determine whether the Nauruan people are receiving a reasonable return for the development of the phosphate deposits on their island, having regard to the fact that the Nauruan people had, and have, no use for the phosphates on the island itself and were incapable, from their own resources, of accumulating the capital or developing the skills necessary for the extraction and export of the phosphate.

All the facts necessary for an informed judgement by the Council with respect to this important issue have been freely and repeatedly made available -- details of projects in education, social welfare, public health and housing, details of rentals and royalties, details of employment, including wages and working conditions, details of opportunities for political, social and economic advancement, details of the generous provision made by way of trust funds and grants for the future.

I have been gratified to note the many commendatory observations with respect to the progress made in the fields of education and public health. The Administering Authority attaches the utmost importance to the attainment of the highest possible standards in these fields and to the provision of housing appropriate to the comparatively high standard of living reached by the Nauruans.

In the light of all these facts, it is unnecessary for me to advert to the unsubstantiated and obviously untrue charges made by the distinguished representative of the Soviet Union.

(Mr. Jones, Special Representative)

But there are one or two matters which are worth recalling to the attention of the Council. As indicated in appendix XVII of the annual report, the British Phosphate Commissioners employ in Nauru 103 Nauruans, 132 Europeans, 623 Chinese, and 777 Gilbertese. Of the 524 Nauruans between the ages of 16 and 60 years, 67 are at school in Nauru or Australia, on holidays, in hospital or retired; 68 are working mostly on their own account; 21 are employed by the Nauru Co-operative Society, and 103 -- as I have said -- by the British Phosphate Commissioners; 313 are in the service of the Administration. No Nauruan is unemployed and no additional Nauruans are in fact available for employment by the British Phosphate Commissioners.

Those who have requested even more detailed information than that presented may be reminded that the British Phosphate Commissioners are responsible not only for the development of the phosphate industry on Nauru, but for similar undertakings in other places. Inevitably, much of the general overhead and expenses, as well as the general working arrangements, of the Commissioners are common to their several undertakings and several fields of operation.

Items in their accounts, such as the purchase of shipping and supplies, the maintenance and operation of ships, the expenses of their central and headquarters administration, are common to the activities as a whole of the Commissioners. Without a fantastically complex and largely hypothetical system of costing analyses, it is simply not possible to break down these common costs and attribute them to one or other of the several areas from which the Commissioners obtain phosphate.

Moreover, I think it necessary to observe that no case has been made for the publication of confidential information relating largely to the commercial operations of the Commissioners in states or territories in respect of which this Council can have no jurisdiction or responsibility. Indeed, it is submitted that the publication of such information, in relation to an industrial undertaking in a Trust Territory, could impede the proper development of its economic resources.

It will be recalled that the three Governments constituting the Joint Administering Authority long ago agreed that the most appropriate way to develop the Nauruan phosphate deposits would be by the establishment of an inter-governmental Board of Commissioners, and that the Phosphate Commissioners -- the body so appointed -- would defray, out of the proceeds of the sales of

(Mr. Jones, Special Representative)

phosphates, all the expenses of the territorial administration to the extent that they were not met by local revenues.

The present territorial budgetary procedure under which the Administrator determines the contribution to the Territorial Budget of the British Phosphate Commissioners has been in existence, as the Council is aware, for more than five years. This procedure has not resulted, and cannot result, in the exercise by the Commissioners of any form of control over the Budget of the Administration.

The estimated expenditure for the Territory for the financial year 1957-58 is set out in detail in section C of appendix 4, on pages 59 and 60 of the annual report.

To the best of my recollection, no representative chose to describe as inadequate or insufficient the estimated expenditure under any one of the twenty-two subdivisions of that section of the Budget.

The distinguished representative of India suggested that the ~~territorial~~ revenues should be raised by means of a tax on the export of phosphates and by a share in what he described as the profits from the sale of phosphates. At one time, a tax was imposed on the export of phosphates, but there are, of course, no profits from the sale of the phosphates. The Administering Authority has given full consideration to similar suggestions made earlier in this Council but it is convinced that, for the present time, it can best discharge its obligations under the Charter and the Trusteeship Agreement by impartially and objectively determining the financial requirements of the Territory independently of the quantity of phosphate that may or may not be produced in the course of a given financial year.

In consultation with the special standing committee of the Nauruan Local Government Council, the Administering Authority will continue to give the fullest attention to the future of the Nauruan community.

The Administering Authority is undertaking the most careful research into all possible courses of action that may be open to it, to the Nauruan community as a whole, or to the several schools of thought known to exist in the Nauruan community.

(Mr. Jones, Special Representative)

But the Administering Authority is convinced that there can be no satisfactory solution to the ultimate problem of the future unless the Nauruan people understand all the issues involved and are equipped, by general knowledge and technical and professional training, to take the fullest advantage of the choice that will ultimately confront them. Thus, without any sense of crisis, which may precipitate error or despondency, but with an appropriate sense of urgency, the Administering Authority continues to stimulate among the Nauruans an increasingly lively and responsible interest in what the future holds for them.

In all this, the Administering Authority bears constantly in mind the principles of the Charter, its obligations under the Trusteeship Agreement and, not least of all, its own ideals.

In conclusion, Mr. President, I desire to thank you for the courtesies you have extended to me, and to thank members of the Council for the consideration with which they have heard this statement.

The PRESIDENT (interpretation from French): I thank the special representative for the contribution which he has made to our debate on the Trust Territory of Nauru.

Mr. Jones withdrew.

The PRESIDENT (interpretation from French): This completes the general debate on the Trust Territory of Nauru. We must now appoint a drafting committee to draft the Trusteeship Council's report to the General Assembly. The drafting committee must also draft whatever resolutions the Council may wish to adopt. I suggest that the drafting committee be composed of the following representatives: France, Haiti, Italy and the United Arab Republic. If this membership is satisfactory to the members of the Council, we will consider the matter decided.

AGENDA ITEM 3d

EXAMINATION OF CONDITIONS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS: ANNUAL REPORT OF THE ADMINISTERING AUTHORITY FOR THE YEAR ENDED 30 JUNE 1957

(T/1383; T/L.850)(continued)

At the invitation of the President, Mr. Nucker, special representative of the Administering Authority for the Trust Territory of the Pacific Islands, took a seat at the Council table.


Political advancement (continued)

Answer
Mr. KCCIANCICH (Italy): Most of the ground which I wished to cover with my questions has been covered by previous speakers and by the answers given to them by the special representative. I shall therefore confine myself to one question which relates to the agreements regarding the use of Eniwetok and Bikini atolls.

The agreements, which are reproduced in annex I of the annual report, provide for the establishment of trust funds for the displaced populations. I should like to know what would become of the trust funds if, at some time, the Administering Authority were to leave the atolls and the former inhabitants were to reoccupy them? Would the trust funds revert to the Administering Authority, or would they still be maintained for the inhabitants of Eniwetok and Bikini?

Mr. NUCKER (Special Representative): The funds are the property of the residents now on Kili and Ujelang, formerly from Bikini and Eniwetok. The funds would remain for the benefit of those people.

Mr. KOCIANCICH (Italy): I wish to thank the special representative for his reply. I have no more questions.

Mr. THORP (New Zealand): The questions which I have have already been discussed at some length. I have been interested in the technique which has been adopted in this Trust Territory of grooming individuals for specific jobs in the Administration, or at least of endeavouring to train people to take over specific posts 

As a first question I should like to ask whether there has as yet been any concrete experience of the success of this technique in cases other than those mentioned specifically in the special representative's opening statement. As a second part to that question: Where people need considerable training -- here I have in mind, particularly, the Public Defender and the lawyers' posts -- what incentives and obligations are involved in the acceptance of these scholarships?

Mr. NUCKER (Special Representative): It is a little difficult to mention offhand particular instances beyond those which I have already given in the opening statement. We are just now opening the door to this programme. We have, for instance, in the University of Manila two young men studying agriculture. It is expected that very shortly one of those men will become a District Director of Agriculture. We have, as we have pointed out in the past, given the post of Director of Education in the Marshalls District to a Micronesian. We are contemplating action which will, very shortly, cause the post of Director of Education in Palau to be given to a Micronesian. In fact we have a young man in school now who is working towards that post.

As far as incentives are concerned, the position a Micronesian attains in his community by reason of having a top spot in the Administration gives him considerable prestige. Also, there is a salary benefit which is of interest to the Micronesians. There is the desire, on the part of Micronesians, to achieve recognition for their efforts. They are pleased to be chosen as individuals who can go through school with the thought that when they come back specific posts will be available once they have proven their ability to handle the work.

Mr. THORP (New Zealand): I wish the Administration the greatest success with this programme. The situation is certainly different from some other Territories where there are competitive employments in other spheres, some of which offer greater incentives to trained people. I see, however, that in the peculiar circumstances of this Territory it may well be that these lawyers will have these posts to look forward to and not be led away by others which might be either more profitable or more attractive.

Before I pass on to another question, I should like to know whether I am right in assuming that all the Assistant Public Defenders in the districts are indeed Micronesians and that these people work in districts in the interior and not in Saipan?

Mr. NUCHER (Special Representatives): That is correct. The Micronesian Public Defender and the Public Prosecutor in each district works only in the district where he is filling the post of Prosecutor or Defender, as the case may be.

municipalities
Mr. THORP (New Zealand): To turn to this question of chartering municipalities, perhaps I should explain that I understand that it is the Administration's aim to work out with the municipalities, by some means, a given number in the course of a year, making their own assessment of priorities according to what they know of the demands of the people, their needs and so on. If this is correct, then there is no question for the special representative. However, I would appreciate an explanation of the means by which these charters are negotiated with the leaders or with the representatives in the municipalities. Is there a special Administration team with these qualifications moving around the Territory, or are there a number of such teams, or is it done by local administrators in the various municipalities or region?

Mr. NUCKER (Special Representative): To inaugurate this programme we selected one individual from the American staff and had that individual visit each district to explain to the Micronesian leaders in the district and, whenever possible, to meet with the local congressional body to explain the purposes of a municipal charter and the results we hope to obtain through this chartering operation.

The next step was to place responsibility on each district administrator for the follow up through dissemination of this information. In general this took the form of having the district director of education talk to the various magistrates and leaders and arrange with them for meetings to be held in the local communities.

We had prepared a sample charter which was used for exhibit and information purposes. In many instances, this sample charter was translated into the local languages. In some districts the administrator himself, or his assistant, helped by means of contacts with local magistrates and leaders.

Then, as interest was aroused on the part of the Micronesians, requests began coming in for further information and specific action so that after one municipality had become chartered, the municipality adjoining it then showed more interest and it thus evolved into a snowball action, so to speak, from one district to another.

Mr. THORP (New Zealand): I thank the special representative for that reply. It seems clear that what we have here is not a case in which the Administration responded to pressure for these municipal charters but -- as I think the special representative said in an answer to an earlier question -- a situation in which the Administration felt that these charters should be established. In other words, the charters were a target of Administration policy, established with a view to their administrative possibilities and other factors.

Mr. NUCKER (Special Representative): That is correct.

Mr. THORP (New Zealand): I have no further questions but should merely like to thank the special representative again for his reply.

Mr. SYLVAIN (Haiti)(interpretation from French): I am wondering whether I should thank you, Mr. President, even though I am on the list of speakers, for having given me the floor because, depending upon one's point of view, it is an advantage or a disadvantage of a delegation such as mine -- whose turn to speak comes only after other delegations have put so many varied and relevant questions that they seem to have completely exhausted the subject. I am thinking specifically of the first two delegations which opened the debate yesterday -- the delegations of Guatemala and India.

(Mr. Sylvain, Haiti)

I say this without the slightest intention of minimizing the contribution of other delegations who have helped to elucidate so many points. But it is not only the questions, but the replies to these questions, which count; and these replies of the special representative -- given in the objective and direct manner which is so typical of him, without overlooking the frank and sometimes incisive interventions of the representative of the United States -- have enlightened my delegation on some of the points on which we intended to put questions. There is therefore very little information which we need to ask for.

Even though this may involve duplication, however, I would like to have replies to a few questions in the political field -- and we reserve our right to speak later on the economic and social fields. We would very much like to obtain from the High Commissioner some additional information on certain points.

We have noted with considerable interest the meetings which took place on the district level. We have reason to hope that these meetings will be held yearly and that they will be prepared for with ever-increasing care. The special representative has already supplied, if I am not mistaken, to the representative of the Soviet Union, information on the membership and the mode of appointment of members of the population to these meetings. Could the special representative tell us, since we are speaking of elections, whether there exists any set of rules or electoral law applicable to the whole of the Territory; and furthermore, who are the officials who control these voting operations?

Mr. NUCKER (Special Representative): We are now operating under the Code of the Trust Territory, which Code was prepared in 1950 or 1951 and sets forth the law of the Trust Territory as it now exists and as it controls elections. The Code has been made available for a number of years past to each district, has been translated and is studied by Micronesians in each of the districts. That is, I think, one document which is uniform throughout the districts.

Mr. SYLVAIN (Haiti)(interpretation from French): I thank the special representative for his reply, and am satisfied with it.

(Mr. Sylvain, Haiti)

info on UN
My second question is on the same subject -- and since we are speaking of freedom of information in this Organization, my question will bear on freedom of information. Could the special representative tell us what the media of information are which the Administration has placed at the disposal of the Micronesians; specifically, what is the Administration doing in order to familiarize the population with the aims and purposes of the United Nations and also with the work of the Trusteeship Council?

Mr. NUCKER (Special Representative): In each of our schools throughout the Trust Territory -- our elementary, intermediate and Pacific Islands schools -- considerable time is devoted to educational material concerning the United Nations and, more specifically, the work of the Trusteeship Council. In each of our District Administrator's offices and in the offices of his staff there is a constant flow of material from the United Nations which is in turn distributed to Micronesian members of the staff and individuals who are leaders in their community. There is in Micronesia the one major holiday a year -- United Nations Day -- which is celebrated throughout Micronesia and in some instances celebrated for two or three days in a row. The United Nations Visiting Mission meets with those groups as it goes through the Territory and with these various means of communication from the time the Micronesian enters school through his adult life, I truly believe that there is an awareness of the Trusteeship Council and the United Nations within Micronesia which probably exceeds the awareness in many parts of the world.

Mr. SYLVAIN (Haiti) (interpretation from French): My last question is a corollary of the preceding one.

Even in advanced democracies, the representatives of the people sometimes are, for various reasons, cut off from public opinion, as it were. We would not go so far as to say that these elected representatives sometimes betray their constituents, but the fact is that in some cases they do not express the views of the majority on behalf of which they are supposed to speak. Hence, could the special representative tell me what media of influence the inhabitants have, apart from their official representatives, by which their views may be expressed? How does the Administration keep informed of the development of public opinion?

Mr. NUCKER (Special Representative): Within the District Centres, where the United States staff resides as a rule, there is daily contact with a cross-section of the Micronesian people. This enables us, through the district organization, to keep informed of the known thinking of the Micronesians within a District Centre. The problem of maintaining this relationship becomes somewhat more difficult with regard to the Islands away from the District Centre. In that respect, our technique is to have Americans visit the outer Islands each time a field ship goes there. During those visits, there are meetings with the magistrate, his council and the people on the Islands. We thereby have a direct contact with the people in the outer Islands.

Also -- and I am pleased to be able to report this -- the leaders on the outer Islands are coming to the District Centres more and more frequently and talking with our staff about their specific problems.

Thus, in addition to the meetings of the elected representatives in Guam once a year and to the District congressional meetings in the District once or twice a year, we have a direct contact with the majority of Micronesians throughout the year.

Economic advancement

general

Mr. de CAMARET (France) (interpretation from French): On page 44 of the annual report, we find a very interesting table concerning the revenues for the fiscal years 1956, 1957 and 1958. My first question relates to public finance. Can the special representative tell me why there has been a constant decrease in revenues? In 1956, the figure was \$7,750,153; in 1957, \$7,502,696; and in 1958, \$7,375,000. Of course, it is well known that the revenues are much smaller than the expenditures and that the difference is made up very generously by the Administering Authority. In the past, the United States subsidy has covered five-sixths of the Territory's expenditure. Could the special representative tell us why there has been this constant decrease in revenue and what measures are being taken to stop this decrease, or at least slow it down? So far as I know, most of the Territory's revenue comes from taxes on air and maritime transportation. Does the Administering Authority intend to increase these taxes? Has there been a reduction in air and maritime traffic? What measures does the Administering Authority intend to take to offset this deficit, which seems to be chronic and which must be very costly to the United States?

Mr. NUCKER (Special Representative): That question is somewhat difficult to answer. I think the answer would be obvious if I could find the proper words to express the position.

The table on page 44 of the annual report includes in the figures for revenue the appropriations voted by the United States Congress for the Trust Territory. Those appropriations have amounted to about \$5 million per year. Congress has given us a smaller amount this year: \$4,715,000, I believe, as compared to approximately \$5 million last year. This is a reduction of approximately \$200,000. The reduction was caused by the fact that we needed less money to cover transportation costs and general administration. Hence, the reduction in revenue does not represent a reduction in revenue generated or produced from within the Territory itself. That is the point I am trying to make. The revenue is not totally produced by the Trust Territory, because, as the representative of France himself mentioned, five-sixths of it comes by the direct appropriation route.

(Mr. Mucker, Special Representative)

There have been some slight reductions in locally-produced revenue. The value of scrap from the Territory which has been sold is becoming less as the scrap runs out. Generally, however, the locally-produced revenue this year is almost the same as it has been in each of the past several years. I hope that that answers the question.

Mr. de CAMARET (France) (interpretation from French): I am entirely satisfied with that answer. Indeed, it is very much in line with the information we have had in previous years. I fully realize that the Administration is trying to increase local revenue and to some extent reduce the necessity of having recourse to subsidies from the United States. The figure of \$5 million which the special representative has just quoted is very close to that which we have considered with regard to Somaliland; that is the deficit which we envisage for Somaliland when it becomes independent. All that my delegation hopes is that the local revenue may be increased.

This leads me to my second question in the economic field. This question relates to copra. Can the special representative tell us something about the activities of the Copra Stabilization Board? In particular, what is its membership? In previous years, I understood that there were no Micronesians on the Copra Stabilization Board; in other words, that there were no representatives of the producers on the Board. Has the membership of the Board been changed to include representatives of the producers?

*copra
Stab.
Board*

Last year, if I remember correctly, the assets of the Stabilization Board were \$800,000. I believe that this year the figure is \$845,000. Is that a sufficient amount for the Board to be able to carry out its role and particularly to maintain the present price of copra -- which I believe is \$110 per ton? Can the special representative give us any information on changes which have been made in the membership of the Copra Stabilization Board and can he tell us if the Board's assets are sufficient to justify the very desirable role of the Board?

Mr. NUCKER (Special Representative): This past year, we included a Micronesian for the first time as a member of the Stabilization Fund. The Council will remember that the representative of Burma asked questions concerning the actions taken as a result of our Micronesian delegates' conference. One of the items discussed was the selection of a Micronesian member of the Copra Stabilization Board. That conference recommended that one member be chosen to serve one year from a given district and that, at the end of the year, a member from another district be chosen to serve for the second year. The conference decided that the largest copra-producing area should be the first to send a member to the Copra Stabilization Board meeting. That was the Marshalls District.

The conference further thought that the Marshallese Congress should be the body to pick this member of the Board. That Congress picked a Micronesian, who has attended the past three or four meetings, I think; I have forgotten exactly how many he has attended since he was appointed, but I believe it is at least three.

Next year, the delegate will be from Ponape, the next largest copra-producing area.

The Micronesians seem satisfied with this arrangement. In fact, it was in large measure their suggestion. The member chosen has been active and has, on his own, sent information to Micronesians based on what he learned during the course of the Board meetings.

With respect to the amount of the Fund, we now have approximately \$845,000 in the Fund. This past year, we will have sold -- in round figures -- 14,000 tons of copra. It is my belief that with \$845,000 we can adequately support and stabilize the price of copra for at least a year or two in advance. Evidence of this is that, in four years, the price of copra in the Trust Territory paid to the producer has never been less than \$100 a ton or more than \$110 a ton, and the Fund has fluctuated -- in round figures -- between \$750,000 and \$850,000. I therefore think that we have reached a safe point of operation so far as the size of the Fund is concerned.

Mr. de CAMARET (France) (interpretation from French): Bearing in mind this basic concern that revenue be increased by developing certain types of production, I should like to ask the special representative another question. He said that the trochus market was somewhat uncertain this year and that the buyers were rather reluctant to accept set prices and that there were some difficulties regarding taxation. Can the special representative tell me whether there is a plan to establish a stabilization fund for that type of trade, too? I understand that, notwithstanding the difficulties, the revenues amounted to approximately \$125,000 this year. Is there an intention to establish a stabilization fund for that type of trade, too?

Mr. NUCKER (Special Representative): We have discussed the possibilities of developing a Trochus Stabilization Fund. Each discussion has resulted in a negative decision. Trochus has a terrific spread in market price from year to year, as we have found out in the four years I have been in the Territory. The year before last, trochus was being purchased for approximately \$1,150 a ton. One year later, it dropped to \$750 a ton. The buyers within the districts, the trading companies, have a form of stabilization inherent in their purchasing of the trochus. They will pay, for instance, 20 or 25 per cent a pound to the producer at the time he brings it into the store. When the trochus is sold, the trading company, if the market has been favourable, will pay again to the producer a portion of the price received if it is in excess of the 25 cents originally paid plus a nominal fee for handling and a nominal profit. It will be noticed that, this past year, comparatively very few tons of trochus were marketed. I do not think we can effectively establish a Trochus Stabilization Fund at this time. I think our efforts should be essentially directed to developing trochus sanctuaries, replanting trochus in new areas, and attempting to develop the crop, so that we at least have a regularity of tonnage against which, possibly at a future date, we can supply a stabilization fund and have some degree of assurance of success.

Mr. LALL (India): Before I address my questions to the special representative, may I inquire as to whether I may ask questions in the economic and social fields?

The PRESIDENT (interpretation from French): I think we have no rules but are guided by the practice of the Council in this respect. If any delegation wishes to put questions in both fields, I think it may do so. Until now, however, for the benefit of the special representative, who sometimes needs special documentation on each series of questions, it has been the practice of the Council to subdivide this question into groups. If the special representative has no objections to replying to social questions also at this point, I think the representative of India is welcome to put such questions. It is up to him and the special representative.

Mr. NUCKER (Special Representative): As the representative of China mentioned, I attempted last year to handle questions running the gamut of the operations in the Trust Territory. I have no objection to trying again this year to handle questions in the same manner. However, I believe that our experience last year indicated that, if we confined ourselves to one field at a time, we had a more exhaustive questioning and I had a somewhat easier time in answering.

Mr. LALL (India): I shall be happy to stay within the economic field. Might I first refer to the top of page 45 of the annual report, where, at the end of the chapter on Taxation, we are told:

"The Administering Authority intends to define more clearly the taxing authority of the municipal, district, and territorial levels of government, and it is anticipated that a more equitable programme of taxation, as well as an improved tax administration, will result."

May I ask whether this has been done yet?

Mr. NUCKER (Special Representative): There have been minor actions taken in each district along the lines of clarification of taxation powers within the district. At the present moment I have on my desk in Guam a proposed amendment to our code which is intended, after a little more study, to be sent to the districts and which will become the tax authority for the districts. That code amendment does define the areas of responsibility and authorities with respect to taxation. I think that it will be in full effect by this time next year.

Mr. LALL (India): My next question relates to the loans which are made from the Revolving Fund. I gather that about \$400,000 has been advanced. I would be grateful if the special representative could give us some more specific information about the purposes for which these loans were advanced, and also if he could tell us whether he thinks that the results have justified the grant of the loans.

Mr. NUCKER (Special Representative): The majority of the loans have been made to enable the trading companies to strengthen the inventory of the particular store. In some instances loans have been made to provide for minor expansion or building facilities. In one instance a loan was made to permit the purchasing of a ship for local transportation. It is my opinion that in each instance the loan has served a truly beneficial purpose. An area as widely spread and as far from markets as ours demands that its stores shall carry a higher inventory than is normal in the case of the average store in a

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populated community closer to the source of supply. The shipping aid we have received as the result of the loan to permit one company to get into the shipping business has been extremely helpful. The strengthening of facilities providing better storage areas and better places from which to market goods has been very beneficial.

We also have made loans, for instance, to help finance the prepayment for trochus as it has been harvested and brought to the retail store. We have made a short-term loan, the storekeeper has paid the producer and when he has sold his trochus he has repaid us for the short-term loan. I am very pleased with the success that we have had in this loan programme to date.

Shipping
Mr. LALL (India): That leads to a question on shipping and on communications in general. In view of the obviously very large part that communications must play in the economy of this Territory as a whole, has the Administration thought of a special programme of loans and other forms of assistance to establish a ship-building industry in these islands? I do not mean ocean-going vessels, but the small coastal and inter-island vessels which would so much facilitate traffic in the area.

Mr. NUCKER (Special Representative): We have thought of that. We would have no objection to considering requests for loans for such purposes, but in fact there has not as yet appeared to be a need for loans of that nature. The local shipping generally consists of boats which are made by individuals or groups of individuals, rather than the purchasing of boats by a group of individuals from a firm manufacturing or constructing such boats. There has been no true need for such activity to date.

Banking
Mr. LALL (India): It seems that banking facilities are not widely available in the Territory, and as a result the Administering Authority very wisely was considering a survey of the banking requirements which was to start in July last year. Has that survey been completed and, if so, with what results?

Mr. NUCKER (Special Representative): The survey was completed. The results were negative. We were unable to interest a banking institution in the setting up of banks in any of the districts, with the exception of the Saipan District where there is a branch of the Bank of America now operating.

Mr. IALL (India): I would like to know whether the survey was negative inasmuch as no private bank could be induced to come into the area, and positive in the sense that there was a demand for banks. In other words, I would like to know whether the survey was negative in one respect and positive in the other.

Mr. NUCKER (Special Representative): The representative of India is correct in both respects. There was a positive desire and a demand for banks within the districts. However, bankers I find to be rather realistic in their approach to life, and they could not find sufficient evidence of savings, checking accounts and loan ability within the districts to warrant the establishment of a bank in the districts, so we did not get any new banking institutions.

Mr. IALL (India): Governments do not have to be so realistic as bankers, and has the Administering Authority not considered the possibility of stimulating State co-operative banks in some of these islands?

Mr. NUCKER (Special Representative): Again I thoroughly agree with the representative of India. We do not need to be, nor are we, so realistic, because in practice we are operating minor banking activities within the districts. The question is one of the development of a formalized institution as a banking institution per se. No real hardship is being occasioned by the lack of banks in any of the districts. The Micronesians can, through the post office, buy things from the outside world by using post office money orders. They do go to our district centres, and there they can get a banking service of sorts so that there is not a crying need which would warrant the establishment of a formalized banking institution of the Government, particularly when outside banks can see no reason for having a bank in a given district.

copra

Mr. LALL (India): I should like now to ask a few questions about the copra industry. I find that production now is running roughly at the pre-war level of 12,000 to 13,000 tons annually. I suppose this means that after the difficulties of the war it has returned to its pre-war level, so that some progress has been made. We are told that there is a programme for increasing copra production which has been started under the direction of the Director of Coconut Operations. I would be very grateful for some details about this programme. For example, is it intended within ten years, let us say, to double the output of copra. In other words, is there a plan, and, if so, could we have some details of it?

Mr. NUCKER (Special Representative): Our plan at present consists essentially of handling fundamentals. After we have handled those, then I propose to go into a long-range programme of developing production goals. When I mentioned "fundamentals" I mean this: we are currently engaged in teaching Micronesians to plant only good coconuts -- those coconuts coming from what is known as mother palms -- better-grade coconuts. We are teaching the Micronesians to plant those coconuts properly, spacing them the desired distance, planting them the desired depth, proper mulch, and caring for them. The third fundamental is teaching the Micronesians to properly grade or prepare their copra so that we get and continue to maintain a high-grade of copra. Throughout the Trust Territory there are numerous islands on which the trees have reached a rather advanced age, and unless we carry on these fundamentals of replanting we stand a danger in the next number of years of finding ourselves with islands having trees beyond a reasonable production ability. So that in truth we are now engaged in ensuring that we continue to have good copra production. I think the next step then is to move into the production goal facet of the programme.

Mr. LALL (India): In this case, the statement here on page 46 of the annual report that "A program of increasing copra production has been started ...", that is a little premature, is it not?

Mr. NUCKER (Special Representative): As we get the Micronesians to work with coconuts, we get them to plant the coconuts. They in turn want to get something from this activity. There is a beginning of a programme for increasing coconut production. Also, as we go through the districts and we talk to the Micronesians we continuously point to this ability to get cash through the marketing of copra. My previous answer was directed to the fact that we do not have at the present time a defined thought-out island-by-island production programme; we are engaged in attempting to increase production throughout by reason of the other actions we are taking.

Mr. LALL (India): My next question is also on copra, and I should like to introduce it as follows: so far as one can see from what is at present

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known -- I hope this is not necessarily the case -- the natural resources of these territories are not great; however, copra is available fairly plentifully. Now, it appears that this copra is exported as a raw material. In view of the paucity of the natural resources of this territory, would not the Administering Authority give the most urgent attention to the development of industries based on copra. I will mention four to begin with: soap-making on a large scale and other toilet requisites, margarine, vegetable oils, and coir mats and matting. Those are four industries which could be started and which ought to increase many times over the income from the copra. Considering, as I said, the poor natural resources of this area, may I inquire whether the Administering Authority is giving urgent consideration to the development of industries based on this primary raw material in this territory?

Mr. NUCKER (Special Representative): We are and have been giving consideration to the use of copra to produce a finished material, as suggested. However, to date we have not embarked on any major effort along the lines suggested. We have information as to costs of producing the oils, both edible oils and the margarines. We have developed a course in the past and have thought of the possible use of coconut flour which is also a by-product of the oil manufacture. We have discussed the manufacture of coir mats, and in brief, to date, we have not thought it economically feasible to go into any of these areas of production. We would still have terrific transportation costs within the Trust Territory to get the coconut copra from the outer islands to a point of manufacture. At the present time the economic balance seems to indicate that if we devote our time to the development of copra, and we get larger tonnages -- because 14,000 tons of copra is but very little in the world market -- to depend upon, then we should go more seriously into, and even to the point of subsidization of some form of manufacture of end products from the copra. At the present time I do not think it is the wise thing to do.

Mr. LALL (India): I am grateful to the special representative for that reply, but we do very much hope that the Administering Authority will see fit to give further consideration to the development of industries based on copra, and

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especially if there is a programme of development to utilize the additional cultivation of copra for such industries.

May I ask one more question which relates to the Copra Stabilization Board. We are happy to see that there is a Micronesian on the Board now. I should like to know what is the total composition of the Board?

*Copra
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Board*

Mr. NUCKER (Special Representative): The Board consists of our Controller, our Treasurer of Agriculture, our Director of Contracts and Programmes -- our economics officer as it were -- our Deputy High Commissioner, our Chief Attorney -- the Attorney General -- and the Micronesian -- there are seven members on the Board.

Mr. LALL (India): It sounds to me like a good functional Board. My suggestion would be that good as it is to have one Micronesian on it, that there might be three or four perhaps so as to get a variety of views of producers. I hope that very soon the number of Micronesians can be increased in order to get this variety of views. I trust that the Administering Authority can consider that suggestion. I should like to know whether they could do so?

Mr. NUCKER (Special Representative): We would have no objections in principle to increasing the number of Micronesians on the Board. We have found already that we have received benefits from the Micronesian we now have on the Board. The problem is simply one of transportation. I believe in years to come -- and I do not mean the distant future -- we could increase the number of Micronesians on that Board without too much difficulty from a practical stand point.

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Mr. LALL (India): Another natural resource of this Territory which probably could be developed is fishing. I should like to inquire whether there is a fisheries development plan for the Territory.

Mr. NUCKER (Special Representative): We really became involved just this past year in a fisheries development programme. We now have in our office a Director of Fisheries. We are now engaged in starting the first programme in Palau and look towards the development of a long-range fisheries programme which can be spread to the other districts. I can say yes, we have a programme and we are planning to develop that programme over the years.

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Mr. LALL (India): Among the natural resources of this Territory are tropical fruits like bananas, breadfruit and so on. Is it possible to have refrigerated ships carrying these exotic fruits to distant markets like New York so that more money can be raised for the welfare activities in these islands?

Mr. NUCKER (Special Representative): If we had adequate production of bananas and limes and if we had an adequate method of keeping or preserving breadfruit, pandanus and some of the other items there, we could sell them far short of New York. I think that Guam and Honolulu would be as close as we would ever get to New York. The problem now is that there is not quantity production at any source, any one island, within the Trust Territory which warrants major shipping arrangements for the transportation of bananas and other items. This perforce must come slowly. I think the first market must be within the Trust Territory and then Guam. At the present time, for instance, limes are being shipped from Truk to Guam. Some fish are being shipped from Palau to Guam and fish is being shipped from Ponape to the Marshalls and to Truk within the district. We are slowly developing this, but it will take time.

Mr. LALL (India): I am grateful for that answer. Of course, Guam should be the first market to be inundated with bananas from the Trust Territory.

I have read somewhere in the report -- I cannot find it at the moment -- that bananas grow without any difficulty whatsoever. I wonder whether the

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Administering Authority could not consider encouraging, with all that means, some of the Micronesians to plant banana groves for this banana-hungry market of Guam.

Mr. NUCKER (Special Representative): Bananas are also grown on Guam. We are growing and encouraging the growth of more bananas within the Trust Territory for shipment to areas within the Trust Territory where bananas cannot be grown. Ponape District at the present time grows the best and the most bananas within the Trust Territory and small amounts of bananas from Ponape are shipped by air and occasionally by ship to adjoining districts. It will be an extremely long time before we can hope to compete in any manner with the major fruit companies in the transportation of bananas. That is quite a delicate operation.

Mr. LALL (India): I do not want to go further into the economics of bananas, but the fact is that it does seem to me here that with co-operative growing and encouragement from the Administering Authority there is just a chance that Guam might become a market. However, I shall go on to another question in the economic field.

There is an interesting chapter in this report on policy and planning which can be found on page 48 and the following pages. In this chapter, a list is given of some of the technical experts on the staff of the High Commissioner. It is an impressive and interesting list, and I am very glad to see it. But I see that the High Commissioner has not yet thought fit to appoint or perhaps others have not thought fit to give him a good geologist. Has that been considered -- that there should be a good geologist on the staff of the High Commissioner, not just one but perhaps a geological team?

Geology

Mr. NUCKER (Special Representative): From time to time there is a need for specific geological information. So far, the Trust Territory has been acquiring this information through the use of geologists assigned to it for specific tasks by the United States Geological Survey. There have been numerous studies made with regard to the geological aspects of the Territory. We do not feel that it is necessary to have a full-time geologist on our staff when we have access to this source of information.

Mr. LALL (India): What I am after is this: I am going, of course, on the information contained in this very interesting document. I find that the use which has been made of the United States Geological Survey is mainly in conducting soil studies in certain areas. Soil engineers have provided very valuable information. But in view of the small resources of this area, would it not be a good thing for the Administering Authority to conduct an intensive geological survey to see whether there are resources of various kinds. I am not thinking just of soil issues now. There may be resources in this huge area. In fact, I almost hope that the resources will not be found too quickly once this geological survey is started because I should like to see those resources exploited by the Micronesians and not by outsiders. Would it not be a good plan to have an intensive geological survey of these 2,000 islands?

Mr. NUCKER (Special Representative): In the past, numerous geological surveys have been made. I can appreciate the suggestion because while sitting here I can think of no report I have seen which, geologically speaking, has gathered together information with respect to the entire Territory. I shall be pleased to discuss this recommendation with the Department of the Interior and with my staff to see whether there is available information which would preclude the need for a total survey, or, lacking such information, whether we should have and how we should go about having such a survey.

The meeting was suspended at 4.20 p.m. and resumed at 4.45 p.m.

Mr. KOCLANCICH (Italy): My first question on economic matters deals with the budget of the Territory as it appears on page 175 of the annual report. I think that an outstanding feature of the budget of the Territory on the revenue side is the lack of direct taxation and import duties, which usually account for most or a very substantial part of the revenues of other budgets. I understnad that this is based on the assumption that the introduction of such measures as direct taxation and import duties would place too heavy a burden on the economy of the Territory. What I would like to know, however, is this: Does the Administering Authority base such an assumption, if it is correct at all, on some study of the possible impact of direct taxation and import duties on the level of goods consumption and prices in the Territory?

Mr. NUCKER (Special Representative): We had a thorough survey made by an individual who is considered to be extremely well qualified in such work. The survey was made over one year ago. The individual spent considerable time in each district and thoroughly examined the income level in each district, the nature of the income, the ability of the people to pay different types of taxes. We considered all facets which should be considered in developing a tax programme.

Mr. KOCLANCICH (Italy): That is exactly what I believed that the Administering Authority had done. I would like to ask the special representative for some clarification concerning the revenues of the government of the Territory. Among the sources of revenue listed on page 175 of the annual report, there is an item called "Building and dwelling rental". What kind of buildings are meant by this reference?

Mr. NUCKER (Special Representative): Essentially that income is from the rentals charged the American state-side staff living in the Trust Territory. Included in that item would be some warehouse rentals of buildings

rented to the Micronesian trading companies. In the main, however, it comes from those charges against our own staff for houses in which they live within the Territory.

part Mr. KOCTANCICH (Italy): I have some further questions on taxation, although some of my questions have already been covered by the previous speaker. The statistical appendix on page 180 of the annual report shows that in some municipalities of the Truk district a substantial amount of local revenue is derived from an income tax on the salary of employees. I think this is the only instance of an income tax in the Territory, because I read somewhere else in the annual report that there is no actual income tax in the Territory. However, I understand that this is an income tax.

Mr. NUCKER (Special Representative): This is a local tax on one island in the Truk district and in large measure is a tax in lieu of a head tax. It can be considered, however, as an income tax, but it is not based on any form of income taxation as we know it. If you will notice, they take 2 per cent of the gross salary from every employee.

Mr. KOCIANCICH (Italy): This leads me to my principal question. I wish to refer to the study on local taxation that was conducted and concluded in 1956 by a private agency. I understand that the suggestions contained in that study have been widely discussed in several conferences such as the District Administrators Conference of 1956, the Conference of the Charter Trading Companies of 1957 and again by the Inter-District Micronesian Leaders Conference in 1957. Could the special representative tell us something about the result of these discussions and, in particular, whether there is any agreement about the need of introducing more uniform criteria of local taxation in the Territory and whether there is any coherent body of opinion about the advisability of introducing income taxation in the place of head tax, as is now practiced?

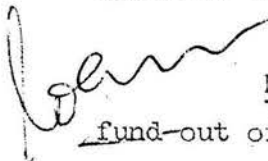
Mr. NUCKER (Special Representative): There is a belief that there is a need for greater uniformity throughout the districts and within the districts with respect to taxation, this to provide that some individuals, for instance, do not by reason of where they live pay one cent a pound on copra and others perhaps half a cent a pound and others a tenth of a cent a pound; I cite this by way of illustration.

There is also a belief that the different levels of taxation should know the areas within which they can tax, in order that there will be no duplication of taxing as is now the practice in several instances.

With respect to the income tax vis-à-vis a head tax, I do not contemplate that the head tax will be necessarily replaced by an income tax. For instance, one of the changes made as a result of the numerous discussions mentioned over the recommendation made by the agency making the survey was that in an income tax within the Trust Territory, we should increase the amount of the deduction allowed before we start a base for paying taxes. Numerous other smaller and lesser

(Mr. Nucker, Special Representative)

refinements were suggested which all pointed towards simplifying our income tax programme". I find it is extremely difficult in an age of complex tax forms to develop a simple tax form which will be fair and equitable across the board. This has had as much to do, as anything has, with the slowness of our approach to installing an income tax.

 Mr. KOCIANCICH (Italy): My last question concerns the revolving loan fund-out of which the Government of the Territory makes loans to private economic enterprises. Part of my question has already been answered by the special representative in answering the representative of India. However, I should like to know something more about the nature and operation of this fund and in particular, in the first place, is the Fund's money made up exclusively of Government money or does it also contain private deposits? Secondly, are the credit facilities available only for long-term or for short-term credits or for both kinds of credits; I mean or long-term investments or short-term investments or both? Finally, what are the rates of interest because the report speaks of a nominal interest rate, which is not very clear to me.

Mr. NUCKER (Special Representative): The loan fund consists solely of Government money. There is no mixture of Government and Micronesian money in that fund. The loan is available both for short-term and long-term loans. An example of a short-term loan would be the trochus loan which may last two or three months during the harvesting and sale of trochus. Long-term -- five years or more -- in terms of construction of buildings, repairing facilities, buying of a ship, etc., the interest rate is 4 per cent.

Mr. KIANG (China): I also intended to ask a few questions in all other fields at the same time, and I thought that would expedite the proceedings of the Council as many of our colleagues, including my friend from the United States, desire this. Since the special representative prefers that we stay in one field at a time,

(Mr. Kiang, China)

I will certainly refrain from asking other questions unless, after the recess, he is now in a mood to answer questions because the questions I have to put are very few. Since the questions which I had in the field of copra have already been exhausted by the representatives who put questions before me, I only have one question left, and that is in the field of fisheries.

I should like to invite the attention of the special representative to a passage in the annual report which appears on page 61. In asking this question, I fully realize what the special representative said on this matter in his opening statement. The report states on page 61:

"The potential of commercial fishing is recognized, but to date no successful proposal or arrangement with interested commercial fishing enterprise has been accomplished."

First of all, I should like to know what "interested commercial fishing enterprise" means. Does it mean the enterprise in the Territory or outside the Territory?

Mr. NUCKER (Special Representative): When we use the term "commercial fishing enterprise", we have in mind a large industry which would catch fish, prepare them and sell them on the world market. In our thinking, this entails the inclusion of outside interests. Hence, the statement that "to date no successful proposal or arrangement with interested commercial fishing enterprise has been accomplished" means that we have not been successful in the negotiations which were taking place over a year ago for the purpose of bringing in a large-scale commercial fishing enterprise, involving outside interests.

Mr. KIANG (China): I think that the reason for my question becomes quite obvious if one reads the sentence involved carefully. In the first place, we had the impression that there was in existence some sort of commercial fishing enterprise in the Territory. If that were not the case, no arrangement could be made with such an enterprise.

Mr. NUCKER (Special Representative): I am glad that that point has been raised. The use of the word "commercial" has indeed created some confusion. We do have in the Territory local commercial fishing activities on a limited scale. Individuals catch fish, bring them in, and sell them to other Micronesians or to the Administration for use in the hospital and school-feeding programmes.

In the paragraph in the report to which the representative of China has referred, we had in mind world-wide or large-scale commercial fishing activities. As I have said, I believe that the use of the word "commercial" has created some confusion. The real distinction is between local fishing and fishing for the purpose of outside sale in large quantities.

Mr. KIANG (China): I hope that if I pursue this question a little further it will not be thought that I am splitting hairs. I am still interested in the statement in the report that "no successful proposal or arrangement with interested commercial fishing enterprise has been accomplished". Of course, if, as the special representative has said, there is no such enterprise, the question of arrangements or proposals does not arise.

(Mr. Kiang. China)

I should like to know whether any proposal in this respect has ever been made. In other words, exactly what is meant by the words "no successful proposal or arrangement" has been made?

Mr. NUCKER (Special Representative): Several years ago, we pursued this question for about a year. We thought that it might be possible at certain points within the Trust Territory to develop freezing facilities alongside the docks which would support large commercial fishing vessels brought into the Trust Territory by United States firms. We thought that there could be deep-sea fishing, that the fish could be brought to these particular points for freezing and preparation for the market, and that from those points the fish could be picked up by freighters for transport to the United States, to be either canned or sold. These proposals did not develop into accomplished facts. To date, no arrangements have been made for such a venture into commercial fishing in the Trust Territory.

Mr. KIANG (China): Of all the Districts in the Trust Territory, is Palau the most suitable for the development of fisheries?

Mr. NUCKER (Special Representative): At the present time, we believe that it is the best District in which to start our local commercial fishing programme. There are four reasons for this. First, as members know, Palau has fewer coconut trees than any of the other Districts because of the infestation of the coconuts by the rhinoceros beetle. In short, Palau needs help in developing an industry more than the other Districts do. Secondly, the waters around Palau are known, as a result of surveys, to have an untold amount of bait fish readily accessible. This ensures a greater degree of success when one goes into the open ocean to fish. Thirdly, again as a result of surveys, it is known that there are successful fishing grounds within a short distance of Palau, so that small boats can get there; adequate bait is available locally, also. Fourthly, the Palauan people themselves have expressed a tremendous interest in developing a local commercial fishing programme.

(Mr. Nucker, Special
Representative)

In my opinion, the Ponape District ranks immediately after Palau so far as the possibilities of developing a local fishing programme are concerned. If our experience in Palau proves successful in any degree, we have every intention of moving next into Ponape.

Mr. KIANG (China): I think it is obvious that I have asked these questions on fisheries because we all understand that the Trust Territory has considerable resources in this respect.

I should now like to ask one or two questions in other fields.

Comment
In the social field, we were given to understand last year that the Administering Authority was ready to take a sample census, starting from the Yap District, and to complete the taking of the Territory-wide census early in the autumn of 1957. I should be grateful if the special representative could tell us something about this particular development. I would imagine that the typhoons hampered the taking of the census.

Mr. NUCKER (Special Representative): We have embarked upon the census-taking programme. We have had our sample testing in Yap. We have moved into each of the Districts. Just before I left Guam, I was advised that the taking of the census was better than 90 per cent complete. A few of the outer Islands remain to be visited. Once the census has been completely taken, we shall have the task of collating and analysing the information. But I think that by 1 July we shall have completed the taking of the census.

Answer
Mr. KIANG (China): My next question is in the educational field; it is a very simple one. We realize that the Micronesians are increasingly taking over both the Administration and the management of education. In view of the expansion of the educational programmes in the various municipalities, we should like to know whether there has been any sign of strain on the financial capacities of the municipalities. In asking this question, I have in mind the Visiting Mission's view which was expressed in its report and of which I think the special representative is fully aware.

Mr. NUCKER (Special Representative): The Micronesian municipalities are not wealthy municipalities based on a dollar economy viewpoint. For this reason, through the technique of a grant-in-aid programme, we have provided the ability for the Micronesians to build additional schools by asking for money and having it granted to pay for materials and supplies, with the Micronesians providing the labour. I think this programme of ours has alleviated the strain with respect to construction of new schools. As regards the other expense of any consequence that the municipality carries -- that is, the payment of the teachers' salaries -- we have had no difficulties during the past year as far as the meeting of those salaries by the municipalities is concerned. The strain, in large measure, was alleviated when the municipalities became organized and accepted the responsibilities and willingly took on this task of paying teachers. In the past, this had not been part of their way of life.

Mr. KIANG (China): There were certain passages in the statement of the special representative in connexion with scholarships which were very interesting and which give rise to one question in my mind. The High Commissioner made reference to a new special type of scholarship programme designed to give professional training in selected fields. He mentioned the two special scholarships for the study of law and the two special scholarships in the field of education. Are there special scholarships in other fields of professional training?

Mr. NUCKER (Special Representative): At the present time, the four scholarships mentioned are the only scholarships under this headquarters scholarship programme. Our intent is to select each year one or two -- not more than three -- students for this special scholarship treatment. Our further intent is to move each year into different areas, so that we do not send all students for educational purposes or all students for the legal profession certificates. We contemplate agriculture we contemplate administration, we contemplate full degrees in the health field. But it is limited to two or three a year, and it will take time to develop.

employment

Mr. URRUTIA APARICIO (Guatemala) (interpretation from Spanish):

Before beginning to ask questions concerning economic and social matters, I shall take the liberty of putting a question on an administrative matter. On page 31 of the report, mention is made of the days of annual leave and sick leave. It is said that Micronesians have the right of 13 days, and so many days for sick leave -- some 26 days in total. Now, is the 13 days yearly leave or not?

Mr. NUCKER (Special Representative): That is correct -- 13 days a year.

revenue

Mr. URRUTIA APARICIO (Guatemala) (interpretation from Spanish):

I noted the reply given by the special representative to the representative of France. He explained the reductions in the income in the Territory. However, in paragraph 22 of the magnificent summary prepared by the Secretary-General, we find certain remarks of this Council to the effect that increased contributions from the Administration will be necessary so as to implement the various economic and social development programmes. How does the special representative bring his reply to the representative of France into conformity with the observations and recommendations issued by this Council in the past?

Mr. NUCKER (Special Representative): I have felt that the requests that the Trust Territory has made of our Congress for appropriations have been sufficiently high to enable us to do the job at hand. There is another way of producing additional income -- that is, by savings in the administration, provided that the level of appropriations does not go down. We have not minimized our substantive programmes in Micronesia -- health, education, agriculture, law and order, and those programmes which are of direct benefit to the Micronesians. We have effected savings in the operation of our shipping, our air service and our administrative programmes. Those savings have gone into the substantive programmes. In closing, I can only repeat the attitude expressed last year: that there is a large area of opinion involved in the question of how much money should be made available to the Trust Territory

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government for the operation of the administration of Micronesia. Some people feel that we always should have more money. There are other individuals who feel that maybe we now have too much money. I cannot certify that the amount we are getting is precisely correct, but at least it reflects our considered judgement at the time we request funds.

Mr. URRUTIA APARICIO (Guatemala) (interpretation from Spanish):

In the last paragraph on page 47 of the annual report, we read that, during the course of last year, the Administering Authority authorized the establishment of two new trading companies. We should like to know whether the stockholders are Micronesians.

Mr. NUCKER (Special Representative): To my knowledge, there is no stockholder in any part of Micronesia, owning stock in a trading company, who is not a Micronesian.

income

Mr. URRUTIA APARICIO (Guatemala)(interpretation from Spanish): During yesterday's meeting more than one representative referred to the income of the islands of the Ujelang and Kili groups in relation to the interest from their respective compensation funds. In his opening statement the special representative told us that the interest on those funds was \$10,000 in the case of Kili and \$4,500 in the case of Ujelang. My delegation would like to know, if possible, the per capita figures in each case and the per capita income deriving from copra.

Mr. NUCKER (Special Representative): I do not have those figures available, but I think that I can construct them. In Kili the interest from the Trust Fund is available to and is given to approximately 200 persons. They receive approximately \$5,000 twice a year, or \$10,000 a year, in interest. The figure in the case of Ujelang is again about 200 persons, and they receive a total of \$4,500 in interest, which gives us \$50 and something less than \$25 respectively per person in the two islands.

The copra income at Kili, I know from first-hand experience in the past, has been between \$8,000 and \$9,000 a year, less than the \$10,000 interest figure. The copra income in Ujelang is approximately \$4,000 a year, to make a good guess.

Scholarship

Mr. URRUTIA APARICIO (Guatemala)(interpretation from Spanish): My next question relates to the new special type of scholarships, and although it has already been put by the representative of China I should like to repeat it in much the same form. We have noted with great pleasure that last year this new programme of special scholarships provided two students in law and two in education. My delegation would very much like to have information on the following points. First, is it possible in the future to send Micronesian scholarship holders to Europe or Latin America? Second, what is the specific objective sought in this new special scholarship programme? Third, are these restricted scholarships -- that is to say, are they granted for a specific amount of money. Also, are they yearly scholarships, and can they be renewed?

Mr. NUCKER (Special Representative): There is no existing rule, regulation or ordinance of any kind which would prevent scholarship students from being sent to schools in Europe or Latin America. In fact, we have sent young Micronesians -- not on the scholarships programme -- to, I believe, Costa Rica to study cacao, and to Noumea, in New Caledonia, to learn something about fishing. Also, we now have a student in the College of Agriculture at Manila, so that there is no reason why they could not be sent, other than the specific needs of the student or the decision at the time.

The specific objective we are striving to attain is to have a student pointed towards a specific type of degree which will enable him, on return to the Territory, to replace an American now holding a specific job. We, in truth, try to prepare that student's programme so that he will be able to move into one of those posts. Since it is a headquarters special scholarship programme with particular views in mind we have not established a precise amount of money for any given scholarship. The needs of the individual being sent to school are the prime consideration. If the individual is married we will see that his family is given a monthly cheque to enable them to continue to live adequately without the benefits of the income of the individual who is at school, while paying all that individual's expenses at school and giving him spending money. We may have to send some students for two years, we may have to send others for four years.

Mr. URRUTIA APARICIO (Guatemala)(interpretation from Spanish): The reply given by the special representative makes me wonder about the specific difference which apparently exists between the new special scholarship programme and the normal scholarship programme. Would the special representative, therefore, be good enough to give us some information with regard to this difference?

Mr. NUCKER (Special Representative): The normal scholarship programme is pointed towards giving a broad base of education to as large a number of individuals as we feel we can send outside the Territory to school. At the present time the normal scholarships, for purposes of delineation, consist of two years at the university in Hawaii. The normal scholarships contemplate four or five years, or the length of time that is necessary at Suva for medical personnel, but they are not pointed towards carrying the student through to a degree. They are pointed towards carrying him through to the point where he has something to offer in Micronesia and can be used profitably from his standpoint within his own community.

Mr. URRUTIA-APARICIO (Guatemala) (interpretation from Spanish): My delegation is satisfied with the reply given by the special representative. I now come to my next question. This question has been touched upon by other representatives and perhaps the special representative in his replies has already given us quite a bit of information about this. However, I will take the liberty of putting this question in a more specific manner. In the report of the Administering Authority as well as in the opening statement of the special representative we were told that the production of trochus had decreased considerably. This decrease in production partially explains the reduction of more than \$200,000 in revenue or in income. Therefore, I would ask the special representative to provide further information with regard to this decrease in production on the one hand, and on the other the alarming drop in the price of each ton? *trochus*

Mr. NUCKER (Special Representative): The decrease in tonnage in a large measure is tied to the decrease in price. I shall discuss the decrease in price first. Trochus shell is used in the manufacture of buttons essentially, and depending upon the stocks on hand by the manufacturer of those buttons as a carry-over from the previous year in large measure depends the price that the buyer is willing to pay for trochus shell. As members of this Council know, plastics are a great competitor particularly in this field. The manufacturer of buttons from trochus must follow in large measure the market. It is quite a complex economic problem. I have tried to understand it several times. The market essentially is in the Far East, not in the United States. We can only offer trochus for sale and try to get the best price possible. It was quite obvious at the beginning of this year -- the year we are discussing -- that we were not going to get a price comparable to the year before for the sale of our trochus. The diving for trochus is fairly hard work. The Micronesians did not want, after having been the recipient of \$1,050 the year before, to do that same amount of work for seven hundred and some dollars a ton this year. And, against the backdrop of a lack of need through an urgent need for dollars in Micronesia, the ability of the Micronesian to eat and live well, whether he gets trochus or not, I would ask that this Council appreciate the fact that the Micronesian thought twice before diving for trochus this year. I was somewhat pleased, not over the lack of income -- please do not misunderstand -- but over the ability this year then

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to sort of rest the trochus beds, to enter into a programme of planting trochus, looking towards the future when we will have, I think, better prices, better income and greater tonnage. I hope that supplies the answer.

Law
Mr. URRUTIA-APARICIO (Guatemala) (interpretation from Spanish): This is a very satisfactory reply. With the greatest interest we have noted that the special representative in his opening statement, and he has repeated this today, said that even if we were to implement or establish the fishing industry, that even so, since fishing seems to be very good in the Territory, and the very geographical location of the island would seem to indicate that there should be a very active fishing industry -- in view of all this I would ask the special representative to give us the approximate amount of import of maritime articles in the Territory and the approximate percentage which the imports represent in total consumption, and the origin of these imports as well as any other additional information which he might feel to be pertinent?

Mr. NUCKER (Special Representative): I have seen those figures but I must admit that I cannot retain them. I should like to check on that information and supply it at a later date. I am satisfied that the information is available.

Law
Mr. URRUTIA-APARICIO (Guatemala) (interpretation from Spanish): On page 54 of the annual report we are told that a handbook has been prepared on land tenure and so forth. We are told that this handbook will serve the administrative and judicial personnel concerned with land matters. In view of the importance of this, could the special representative tell us something more about it? I do not want to be indiscreet, but I should like to know whether the Administering Authority could provide the Council, during the course of the present session, with a sufficient number of copies of this handbook?

Mr. NUCKER (Special Representative): The handbook at present is in the process of final typing from which off-sets -- I do not understand the process of duplication -- but pictures will be taken and the book will be put in final form. In short we do not have them available with us here. I would judge that

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in two or three months, maybe four, they will be ready for distribution. We should be pleased to provide copies of that book. Incidentally, we have had quite a wide interest in the book from other areas in the South Pacific. The book itself will be a collection of information from each of the districts, which will give background information as to the land practices and the flow of title to land in the respective districts. This information in one source, one book, will be of extreme value to our American personnel. That is the purpose of the book.

Building of school

Mr. URRUTIA-APARICIO (Guatemala) (interpretation from Spanish): I come now to my last question. On page 103, the Administration tells us, I believe, that the Federal Government, in order to promote the construction of primary schools, has established a grant-in-aid programme under which it provides one-half of the necessary funds to build these schools. If this indeed is the case, I should like to bring to your attention the following: my Delegation recalls that the special representative in his opening statement told us that in the municipality of Moen in Truk a primary school with eight rooms is being built at a cost of about \$17,000; that the Administering Authority will contribute \$7,000; and that the municipality of Moen will contribute \$10,000. Apparently there is a contradiction between the report and the opening statement of the special representative. I should like to have all available information.

Mr. NUCKER (Special Representative): There would appear to be a contradiction in the fact that \$7,000 does not represent fully one-half of \$17,000. There is no contradiction in fact, however. The school at Moen, when decided upon, followed the same course as the schools in each of the municipalities. A request was made of the Administration for the funds which the municipality desired the Administration to provide for the building of the school. Our rule of thumb is that we, the Administration, will not provide more than 50 per cent of the estimated completed value of that school, which include the labour and the materials which go into the construction. If the municipality after due consideration estimates that the school will cost \$17,000 and asks us for \$7,000, we will give it that \$7,000 rather than insist that it take precisely half of the \$17,000. But the municipality would have difficulty in supporting a request for more than one-half of the estimated total value of the school.

report

In response to the question asked a moment ago about the imports of canned fish into the Trust Territory, I have just been handed this information: on page 186 of this report, the imports and the country of origin of those imports are disclosed. This information indicates that canned fish from the United States imported into the Trust Territory had a value of \$43,939.75; canned fish from Japan imported in the same year had a value of \$83,003.53; and canned fish from other countries had a value of \$2,986.15. The total imports of canned fish of \$129,929.43 represented 3 per cent of all imports into the Territory.

The PRESIDENT (interpretation from French): Tomorrow we will continue the debate on the Trust Territory of the Pacific Islands. Today I should like to draw the attention of the members of the Council to the existence of new requests for verbal hearings concerning the Trust Territory of the Pacific Islands. The first comes from three American citizens -- Mr. Robert W. Gilmore, Mr. Norman Thomas and Mr. Trevor Thomas -- and has been circulated in document T/1384. The second comes from Mr. Dwight Heine, a native of the Marshall Islands, and has been circulated in document T/1385. These documents are before the members of the Council. In accordance with rule 80 of our rules of procedure, it will be up to the Council to decide whether or not it wishes to grant these hearings. I should like the members to give their views tomorrow on these hearings.

oral hearings

The meeting rose at 5.45 p.m.