

THE HANDICRAFT INDUSTRY  
in the  
TRUST TERRITORY

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Saipan, Mariana Islands  
1934

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## I. INTRODUCTION

The Trust Territory of the Pacific Islands consists of 2,100 islands scattered over a vast area of 3 million square miles. The economic resources of this area--land, ocean, people--have always been meager. Land available for agriculture is neither abundant nor fertile; a large portion is devoted to raising coconut trees for production of the largest cash crop, copra. The ocean provides a potentially rich source of commercial fishing, but lack of technical know-how on the part of the Micronesians has kept fishing on a subsistence level. The 85,000 people inhabiting these islands are spread over such a large area that any major labor intensive project is practically impossible. Although the inhabitants live on a semi-subsistence level, they are relatively healthy, but not quite up to Western standards of sanitation, public health, education, and housing.

One means of livelihood for people with meager income, living on a semi-subsistence level, is handicraft. "Handicraft" may be defined as those items usually having a history of functional utility in the past which people make by hand for a contemporary market. Items may be adopted directly from traditional artifacts or adapted to modern demand. Machinery may be used in one or more stages of the production process, but if the character of the final product has been shaped by hand, it is a "handicraft."

A recent<sup>1</sup> survey<sup>1</sup> of handicraft in the South Pacific conducted by the South Pacific Commission showed that a wealth of skills are still to be found among the South Pacific Islanders, especially in making handicraft which could find markets abroad. The survey emphasized that handicraft can become a useful aspect of an island's economy; but, unless this handicraft has an economic value to those making it, the knowledge and skills necessary for its manufacture will be lost.

Handicraft in Micronesia is a marginal or transitional activity as people tend to leave it when higher paying work becomes available. Income from handicraft, unless it is derived from a mass production industry, cannot compete with wages paid in industry or government. On some islands in Micronesia, subsistence agriculture will continue to be the basis of existence for a long time to come as people will be satisfied to consume the coconuts they grow instead of drying them for copra. In such cases, handicraft becomes the only means to obtain cash.

Any implementation of a large-scale handicraft development program today will likely be hampered since Micronesians lack managerial and technical skills and at the same time are not too convinced they should follow Western ways. Nowhere in the Trust Territory outside of the government are there capital funds available for business enterprises. Different cultural traits and

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1. Angus McBean. Report on Survey of Handicrafts in South Pacific Territories. South Pacific Commission, 1963, p. 2.

mores in each<sup>4</sup> District, even among groups of islands, coupled with geographic isolation, further complicate and perhaps defy any set of solutions that can be applied to the inherent problems underlying handicraft production and marketing.

This report is an historical survey of the development of the handicraft industry in Micronesia to June 1964 and problems found in producing and marketing handicraft.

## II. THE DEVELOPMENT OF THE HANDICRAFT INDUSTRY

### Pre-war development

Handicraft produced in Micronesia prior to American occupation was that used by the islanders in their everyday life. Examples of these artifacts may be found in German and British museums brought back by sea captains.

The Japanese civil administration, which began in 1920, established a Products Museum in Palau in 1929 to exhibit samples of native merchandise. The Museum maintained a collection and exhibition of materials illustrative of native manners and customs, geography, history and cultural history of the islands.

The Japanese encouraged and organized the making of handicraft in order to provide an additional source of income to people in the villages and to preserve this type of native art. Handicraft making in the Marshall Islands and in Palau is perhaps typical.

In the Marshall Islands Japanese organization of handicraft was quite thorough:

"Under Japanese official direction many Marshallese women engaged in the production of handicraft articles during their spare time. The administration customarily placed orders for a stated amount of certain handicrafts to be produced in the atolls within a limited period. The atoll magistrate was responsible for delivery. If the people within his jurisdiction failed to cooperate, threats of jail and whippings were employed by both Japanese and Magistrate to produce the required quota of handicraft. Articles made in the island communities were sold by the Japanese at Jabor or exported to Japan.....

"In each atoll, a Marshallese woman was appointed by the administration to maintain standards of quality and quantity of production in the work of the other women."

"These supervisors visited the islands within their jurisdiction to confer with producers of handicraft, and to teach them better methods or new fashions as desired by the Japanese consumers....Marshallese mat-weaving techniques were considered so superior by the Japanese that two women were sent from the Marshalls to Ponape and Kusaie in order to instruct the women of the eastern Carolines."<sup>1</sup>

In Palau, in conjunction with the agricultural extension program, handicraft was taught in the schools and as part of adult education. Extension agents visited the villages and taught weaving--Panama hats, mats, cigarette cases--and how to utilize polished coconut shell, for example, as ash trays. The Vocational School in Koror taught cabinet making, and some of the more skilled students were able to study woodcarving.

Once a year, a fair, or exhibit, of handicraft was held in Koror. Villagers and school children were required to supply the handicraft to be exhibited. The exhibits were judged and prizes awarded. Then the handicraft was sold at the fair. There were also two or three retail stores in Koror which purchased handicraft from the villages.

The production of the most popular Palauan handicraft of today, the story-board, grew out of a Japanese administration-sponsored project. The forerunner of the story-board is the carved and painted rafter of the clubhouse, the bai, which memorializes a legend or historical occurrence.

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1. Leonard E. Mason. The Economic Organization of the Marshall Islands. U.S.C.C. Economic Survey 1947, p. 131.

"The<sup>4</sup> production of storyboards as such followed on the heels of a Japanese administration project in which a Japanese artist, H. Hijikata, was commissioned to copy the bai rafter stories of a particular bai which was to be duplicated for the Japanese government. H. Hijikata, an excellent folklorist as well as artist, went much farther than the original project and began to train young Palauan men both in the painting of 'portable storyboards' and in Palauan mythology. Before he left Palau shortly before the Second World War, Hijikata had trained over a dozen young men in the art and had encouraged the production of Palauan statuary. ....Apparently some carving in natural wood, as an adjunct to painted boards, was done by Hijikata as well as some of his students."

"Following the war, the Palauan storyboard was rediscovered by Mr. George Taggart, who eventually managed the first Island Trading Company, and the craft moved swiftly into prominence as Palau's major contribution to Pacific art...."<sup>1</sup>

#### War-time handicraft (1944-1945)

As soon as possible after military occupation of Pacific Islands, an attempt was made to restore the islands to a normal degree of economic self-sufficiency. Micronesians were employed for wages by the military government wherever Americans were stationed. Almost immediately this cash income was augmented by sales of handicraft items to members of the military. "The revival of a money economy created a demand for trade goods and military government established trade stores in order to forestall inflation and declared itself the sole buyer of handicraft."<sup>2</sup>

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1. R. K. McKnight. Memo of Oct. 1962.

2. Dorothy E. Richard. U.S. Naval Administration of the Trust Territory of the Pacific Islands. I. The War-time Military Government Period 1942-1945. Washington, D.C. (Hereafter referred to as Naval History.)

In the Marshall Islands, a large amount of handicraft was available--shellwork, model canoes, items woven from pandanus; but soon demand exceeded supply and prices began to soar. Thus, in April 1944, military personnel were prohibited from buying directly from the Marshallese and only ship's stores and ship's service stores were authorized to sell articles of handicraft. Purchase was financed by various methods, including private funds advanced by Naval officers. Officers on monthly inspection trips obtained handicraft from outlying islands. There was no authorization to export handicraft at the time. Besides, handicraft was in too short supply.

In May 1944, prices paid for handicraft were set and standardized according to wages paid and cost of trade goods to Micronesians. Handicraft was sold at cost plus ten percent. By the summer of 1944 the sale of handicraft had made the Marshallese practically self-supporting and realized a substantial profit to the military government. "By the end of 1944 the Marshallese were receiving approximately \$15,000 monthly for their work."<sup>1</sup>

In the fall of 1944, handicraft was exported from the Marshalls for the first time. It was sold at a ship's service store in Hawaii at a high price to avoid underselling Hawaiian or American Samoan goods. The price at which it was purchased from the Marshallese was not raised. Instead of using the profit from these sales to expand the handicraft industry, it was indirectly

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1. Richard. op. cit., p. 267.

returned to the people. It was used, through a local welfare fund, to defray administrative costs and salaries of teachers and doctors.

Handicraft did not play as major a role in the Mariana and Caroline Islands as it did in the Marshalls.

In Saipan, Mariana Islands, handicraft production, mainly employing Japanese civilians, was begun in July 1944. Baskets, mats, purses, dolls, watch straps, model canoes, swagger sticks, cigarette cases, coasters, fans, and shell work were produced. Raw material for manufacture was provided by the military government and workers were paid as the items were sold. The items were sold to ship's stores at cost plus 25 percent; later, they were sold to individuals. Profits were divided among the Saipanese once a year. In November 1944, all handicraft workers were organized into a cooperative in order to produce to the maximum; but, handicraft production began to decrease in 1945 when the demand for the articles fell off and the cooperative was dissolved. As more lucrative businesses were established, handicraft lost its importance.

On Tinian, handicraft production was slow due to a limited supply of pandanus for weaving and the availability of other occupations. Clogs, hats, baskets, table mats, coasters, bags, bracelets, and rings were the principal items made. From December 1944 through August 1945 handicraft sales amounted to \$21,465.

In the Western Carolines, sale of handicraft became important on heavily populated islands. On the small islands where no labor was employed by the military government it was the sole source of income. Grass skirts, bags, baskets, cigarette cases, mats, dolls, model canoes and houses, combs and necklaces were the principal handicraft items. Total sales for handicraft in Kayangel, Angaur, Ulithi and Fais from November 1944 to March 1945 amounted to \$8,081.

During the wartime period, 1944-45, the handicraft program was an integral part of the trade goods program in Micronesia. The policy of the military government was to encourage a balance between wages, handicraft earnings, and price of trade goods.

#### United States Commercial Company (USCC) (1945-1947)

The military government of the Pacific, however, did not want to be in business in the occupied areas and in March 1945 it began to turn over progressively the buying and marketing of handicraft products to a subsidiary of the Reconstruction Finance Corporation, the U.S. Commercial Company. The USCC provided funds for purchasing of handicraft, and Navy personnel did the actual buying until native buyers could be trained. The USCC handled marketing. Pricing was fixed by joint agreement, and a percentage of the profit was turned over to the military government to be used for welfare purposes.

The USCC felt that income from handicraft could be tripled by increasing production, standardizing products, and raising the price to provide a profit. It faced the problem, however, of U.S. customs duties on any handicraft exported to the United States. In 1945 the Bureau of Customs of the U.S. Treasury had ruled that a foreign territory did not lose that status as regards customs duties simply because of occupation by U.S. military forces.

In January 1946 the USCC assumed direction of the handicraft program and trade goods program in the Marianas and Carolines. Handicraft sales continued to be large. From January through December 1946, handicraft sales in Micronesia amounted to \$60,657.20; from January through May 1947, handicraft sales amounted to \$34,048.81.<sup>1</sup>

Nevertheless handicraft production decreased as the number of lucrative jobs available to producers increased. Sales also began to decline as the military began to leave the area.

In order to increase handicraft sales, the USCC continued its program of instruction, grading, and design to improve type and quality. Despite this program, in buying from islands with no other source of income than handicraft, the USCC disregarded its own policy and purchased large stocks of items, later found to be unsaleable.

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1. Richard. Naval History. II. The Postwar Military Government Era 1945-1947, p. 460

Prices paid to handicraft producers were low and adjusted locally because of variation in quality of items. There was a standard markup of 10 percent for retail sales. Five percent of this went to the Naval Working Fund. The other 5 percent went to USCC but barely covered the cost of handling. It was felt that the price of handicraft could not be raised because the Micronesians might lose a source of income and the servicemen could not afford higher prices.

Despite USCC's attempts to revive the handicraft industry, it started to decline as military personnel began to leave the islands, copra making became increasingly more profitable, and the high U.S. tariff discouraged export.

#### Island Trading Company (ITC) (1948-1954)

In 1947, the United States accepted the trusteeship of the islands of Micronesia and delegated responsibility for the civilian administration of the islands on an interim basis to the Secretary of the Navy. At this time, the USCC function was assumed by the Navy, also for an unspecified interim period. In order to carry on the work of the USCC, the Secretary of the Navy approved the formation of the Island Trading Company, a corporation organized under the laws of Guam. This company was explicitly set up as an interim measure until "such time as a change becomes feasible under an organic act provided by Congress or other statutory provision is made for either or both the economic and civil administration of the

Trust Territory."<sup>1</sup> The Island Trading Company of Micronesia (ITC) came into existence on December 8, 1947, when it was granted a charter by the Governor of Guam.

The ITC carried on trading operations for the islanders and became intricately involved in the economic life of the islands in its endeavor to help develop a system of native-owned and operated wholesale and retail stores. It sold trade goods and bought native products throughout the whole Trust Territory in order to stimulate the economy. However, its efforts to improve the handicraft industry were not successful.

"The USCC handicraft which was taken over by ITC in January 1948 had a cost value of \$175,191.46; ITC acquired it for \$26,278.72, the amount owed to the Trust Territory in processing taxes on handicraft, and set up a reserve of \$149,265.79 against it. The total eventual sales of the handicraft gave it an actual cash value of one percent."<sup>2</sup>

This large stock of handicraft turned out to have little value; it was broken and mildewed. The USCC had purchased great quantities of unsaleable items in its attempt to bolster the economy of the islands. ITC solved the problem of the damaged merchandise by purposely destroying most of the damaged items.

Shortly after ITC took over the stock of USCC in 1948, it decided to seek a market for its handicraft in the United States. Since over one-half of its inventory was then in an Oakland, California, warehouse, it hired a U.S. firm to prepare and distribute

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1. Richard. Naval History. III. The Trusteeship Period 1947-1951, p. 662.

2. Ibid., p. 789.

brochures on handicraft to prospective buyers. There were no offers. In May and June, a private attempt to sell Micronesian handicraft in Macy's, San Francisco, failed; retail sales amounted to less than \$2,000. At the same time, ITC stopped purchasing handicraft in the field until it had disposed of all stock taken over from USCC. It was during this period, when ITC stopped buying handicraft, that most Micronesians turned to other occupations such as copra making.

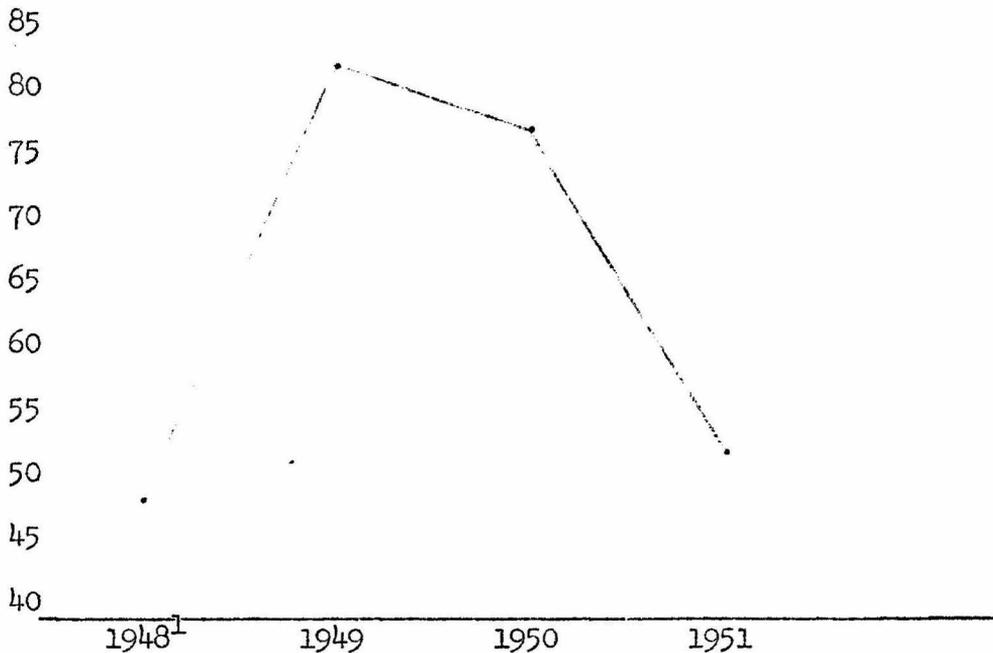
With the foregoing setbacks, ITC made a major decision to conduct handicraft buying and selling on a business-like basis, to make purchases only on firm orders, and to purchase items of standard style and quality and at a price based on market factors. A handicraft specialist was employed from 1948 to 1950 to assist in improving quality and designing new handicraft. Even so, the ITC lost at an average of \$27,000 a year.

The production of handicraft dwindled. U.S. military personnel, who provided a market for handicraft, were steadily leaving the islands. No other market could be established soon enough to absorb the oversupply of souvenirs specifically made to meet their demands and taste. Geographical isolation and transportation problems, coupled with high U.S. customs duties, assisted in the decline of the whole handicraft industry.

Although a month to month graphic picture of the decline of handicraft sales in the Pacific from 1948 to 1951 is not available, gross sales for<sup>1</sup>the four-year period clearly demonstrate the decline.

Handicraft sales in Pacific from 1948 to 1951

(In thousands)



Despite the decline in sales, the ITC continued to place emphasis on the handicraft program, since for some of the islands it constituted the primary, if not the only, source of cash income. The ITC made every effort to improve quality and find markets, even maintaining a warehouse-retail outlet in Guam to sell handicraft. The ITC, however, observed that handicraft skills were being lost because young people were not learning them, implying, to ITC, lack of economic opportunity along those lines.

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1. Includes only sales in Guam and ITC Headquarters.

The problems relative to handicraft were complex and none could be immediately and satisfactorily solved, and by 1950 ITC economists were exploring possibilities of other exportable items.

ITC operations were interrupted somewhat when administrative responsibility for the Trust Territory was transferred from the U.S. Navy to the Secretary of the Interior on July 1, 1951.

The transfer of the Trust Territory Administration from the Navy to the Interior found ITC to be barely breaking even on handicraft. In a letter to the High Commissioner of July 1951, protesting the U.S. customs duties, the President of ITC stated:

"With the exception of small sales in Guam, we must rely on the United States market as an outlet for handicraft, as there are no alternatives open to us. Important sources of income for natives of the Territory are retarded or blocked in their development."

In order to provide some income for Micronesians, the ITC continued to trade and buy handicraft and other native products. At the same time the Trust Territory Administration continued programs to improve design and quality by introducing samples of marketable types of handicraft and by teaching procedures in volume marketing. Under such programs, Palau, in 1951, held its first annual fair to promote interest in handicraft. Despite these attempts, the handicraft industry did not seem to have a very bright future.

In 1952,<sup>1</sup> a survey of economic development of the Trust Territory was not optimistic about the future of the handicraft industry.<sup>1</sup> In Ponape for instance, the survey noted that handicraft was only of importance to the people of populous Kapingamarangi, where coconuts were eaten and cash income from copra was negligible. In Truk, the survey found a low rate of production of very poor quality handicraft. It recommended that the handicraft industry there either be greatly increased or dropped altogether. Palau priced its handicraft too high to be saleable in a competitive market. In the Marshalls:

"...Some benefits can easily be wrested from handicrafts, but given an economy with a limited amount of managerial energies and severely limited amounts of capital, it would be better to look for superior opportunities and to fall back upon handicrafts only if forced to do so by bleak prospects and failures on other fronts. Fundamentally the handicraft industry is handicapped by being tied to the ineluctable fact that even if successful to a remarkable degree, it can provide, as long as handicraft is a function of hand speed, little more than 10¢ per hour as labor income."

In 1953 the ITC operated under a directive from Congress that it would not have succession after December 1953. Coincident with the liquidation of the ITC, native-owned wholesale firms were to be assisted in preparing to take over ITC services. Subsequently, the ITC operation was extended through 1954, in order to better build up the indigenous trade goods program.

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1. Donald J. O'Connor. An Economic Perspective of the Trust Territory of the Pacific Islands. Washington, D.C., 1952, p. 69-70, 80, 90.

In 1954 the ITC participated in the Washington State-International Trade Fair on behalf of the Trust Territory. No more than \$500 in sales resulted, either through failure on the part of the trading companies to push handicraft sales, or lack of enthusiasm on the part of the buyers to place orders after the fair ended. The exhibit cost the ITC over \$3,000 and was one of the last functions it carried out before its dissolution.

Private attempts to sell handicraft (1955-1962)

After the liquidation of the ITC all handicraft business was carried on through the Micronesian trading companies and all inquiries regarding purchase of handicraft were referred to them. Several of these requests came from private retail firms on Guam.

One of these private retail outlets for handicraft was the Micronesian Arts and Crafts Shop (MICRAFT) which opened in September 1954. This shop showed some promise of finding a retail market for Ponapean pandanus floor mats, reputed to be the best available. An agent in Ponape was retained by MICRAFT specifically to purchase mats. The agency relationship became strained and by 1958 it was terminated. MICRAFT then began to place its orders through the Ponape Cooperative. MICRAFT's position at this time was that it could not continue to buy handicraft unless the Trust Territory Government took an active part in handicraft promotion.

Such promotion of handicraft by the Trust Territory Government actually took form at about the same time MICRAFT opened for business. The Trust Territory Government established a special rate of 10¢ per pound air freight, space-available, on all native products which enabled MICRAFT and other retailers to ship goods from the districts at a minimal cost. A letter to the Manager of MICRAFT from the High Commissioner sums up the Government policy and explains its action in the reduction of air freight:

"While it is the desire of the Trust Territory Government to cooperate with your company in every way, our primary responsibility is to the people of Micronesia. However, if by our helping them we also aid your company by increasing the amount of handicraft available for sale, our mutual benefits will be for the best interests of the people of Micronesia."

Available records point to at least two major problems that MICRAFT faced throughout its existence: (1) high duties into the United States; and (2) lack of reliability in the purchase of handicraft.

MICRAFT thought, however, lack of interest on the part of handicraft buyers in Guam caused it to operate at a loss during its two years of existence. Some knowledgeable persons attributed MICRAFT's failure to poor business location and parking facilities.

In June 1957, Palau House, opened by the Manager of the Western Carolines Trading Company of Palau, succeeded MICRAFT in the handling of handicraft in Guam. Most MICRAFT inventory and stock was taken over by Palau House. The location of Palau House on

Marine Drive in Guam was much better. Most of the merchandise it stocked originated from Palau District; attempts to interest other districts to supply handicraft failed. With the lack of assortment or variety of handicraft in its stock, together with poor management control, Palau House was destined to follow its predecessor into failure.

The Trust Territory Government continued to support and encourage the trading companies to deal directly with Guamanian, Hawaiian and U.S. firms in order to develop and expand markets for locally made products. The largest shippers of handicraft were Western Carolines Trading Company in Palau and Carlos Etscheit store in Ponape. Inter-district sale of handicraft was encouraged. The trading companies, however, experienced some difficulty in filling orders since they purchased handicraft from individuals who made handicraft in their spare time. They had no way of enforcing delivery on an order placed with an individual craftsman, and consequently, in some cases could not provide the merchandise that was ordered. The Trust Territory Government invariably notified prospective handicraft buyers about difficulties experienced in the past in trying to develop a sense of responsibility among Micronesians to fulfill their obligations when orders were received for handicraft. To what extent this discouraged would-be buyers of handicraft can not be ascertained. The administration, however, took every opportunity to explore possibilities to promote handicraft.

The most successful promotion of handicraft was the Trust Territory Economic Fair held in Guam in August 1960. This fair came into being as a result of a recommendation made in December 1959 by the Fourth Inter-District Advisory Committee Conference. This Advisory Committee, in studying the problems of economic development, felt it would be worth-while to hold a Territory-wide fair at which products and handicraft of the various districts could be displayed. The purpose of the Economic Fair was several-fold. One important aspect was to enable the importers and merchants of Guam to examine at first hand the products and handicraft of the islands. The Fair, held in conjunction with the Fifth Inter-District Advisory Conference, also gave the delegates an idea of what districts, other than their own, could produce.

Throughout the Trust Territory, the people began preparing handicraft items for this fair as much as a year in advance. In some districts local fairs were held to choose handicraft to be sent to the Fair.

Publicity began weeks prior to the Fair in Guam and utilized newspapers, radio and television advertising. Leading Guamanian officials and businessmen were invited to a preview of the Fair held on August 22. The Fair opened the next day and continued for 3 days.

Approximately 5,000 people visited the Fair to see and to buy such items as Palauan story-boards, Trukese devil masks, Ponapean dance paddles, Marshallese weaving, and Yapese stone money. Over \$3,500 worth of handicraft was sold at the Fair.

Preparation for the Fair generated sizeable interest in handicrafts throughout the districts and in June of 1960, in Palau, woodworkers and handicraft manufacturers met and discussed ways to improve the marketing of their products. These meetings continued throughout 1960-62 with the woodworkers exploring with the District Administration, Palau, the following: (1) establishing minimum standards of quality; (2) assisting all craftsmen in meeting current market demands and estimating future potential; (3) training of apprentices; (4) establishing methods for obtaining high quality seasoned hardwoods; (5) formation of a "Handicraft Guild." (The Guild was granted a charter by the High Commissioner in September 1962.)

In Ponape, the Manager of the Ponape Cooperative became interested in the possibility of developing a small home jewelry industry for the local market. Several types of jewelry and materials suitable for this craft existed, but he felt there were not enough trained craftsmen to produce jewelry for export.

In Yap, the request for handicraft for the Economic Fair received an unexpected response. The Yap Trading Company indicated that it could export, on order, over a dozen of several types of handicraft every three months. A side effect of this renewed interest in handicraft was creation of a Farmer's Market in Colonia, as part of the agricultural extension program. There people would be able to buy vegetables, fish, and other native products, including handicraft. It was hoped that this market would stimulate

the Yapese people to produce more handicraft. The Trust Territory Government granted permission for all other districts to ship handicraft to Yap at no cost.

When the Yapese Farmer's Market opened officially on June 30, 1961, it not only sold vegetables and fish, but also had on display Yapese, Palauan, and Ponapean handicraft. Rather than handicraft, however, the Yapese sold far more in the nature of heirlooms, some of which might have been classed as national treasure.

Individuals from time to time have made voluntary efforts to sell handicraft from the Trust Territory at fairs, bazaars, carnivals, and even from door-to-door, and have returned income from these sales to the handicraft producers.

In November 1960, the N.T.T.U. Women's Club on Saipan offered to exhibit and sell Micronesian handicraft at a fair they planned to hold in February 1961. Handicraft from all the districts was sent to Saipan. The success of the sale is reflected in the profit which the Women's Club returned to the districts.

In Guam, another Club, the Mariana Naval Officers' Wives Club, held a fair in October 1961. Again, all districts sent handicraft. The Officers' Wives Club retained 15% of the price of each item, yet as much as \$633 was distributed to the districts in proportion to the amount of handicraft each had sent.

In July 1961, the Deputy High Commissioner, Jose A. Benitez, sought to open an outlet for handicraft in Guam and personally took steps to establish one. He initiated a door-to-door sale of handicraft. Handicraft sold in this manner from July to October

netted approximately \$400 which was reinvested in buying more handicraft. Benitez concluded:

"This example shows that if somebody is interested in the welfare /sic/ of Micronesian handicraft a small market can be developed. Even if the profit and the amount involved are not attractive at all, it shows that human interest is more than enough to produce a little happiness to people who need it immensely."<sup>1</sup>

Benitez advocated that a permanent outlet for handicraft be established.

The need for a central outlet for Micronesian handicraft had been reiterated in all of the districts. As the Ponape District Administrator commented:

"I do not believe that exports from the Trust Territory, particularly in handicraft will ever amount to anything significant in terms of cash income until Headquarters develops a strong central export division capable of establishing markets for the people of Micronesia and prescribing standards of quality and design which must be met by all producers."<sup>2</sup>

In February 1962, the Trust Territory Business Analyst and the Marketing and Cooperatives Officer explored possibilities of selling handicraft through commercial outlets on Guam. Handicraft producers in the districts were urged to make and send handicraft to the Marketing and Cooperatives Officer who would then sell it to retail stores and other purchasers. A month's trial period showed that there was considerable interest in Guam for handicraft from the Trust Territory. Several retail stores in Guam and some military service stores already were displaying and selling handicraft which had been ordered from the Trust Territory.

1. Memo to High Commissioner October 18, 1961.
2. Memo from Distad, Ponape, to High Commissioner, February 20, 1961.

When both the sale of handicraft and the response of handicraft producers proved encouraging, several staff members at Headquarters urged that the Trust Territory Government establish a subsidized retail outlet on Guam to sell handicraft.

In April 1962, the Headquarters Community Development Officer, Director of Education, Economist, Marketing and Cooperatives Officer, and Business Analyst submitted a joint proposal to the High Commissioner for the establishment of a handicraft and local products marketing outlet in Guam in order to stimulate better production and distribution of Trust Territory commodities.

Under the joint proposal, once the outlet had been established, handicraft producer cooperatives would be established in each district to supply the outlet. The Community Development Officer, the Marketing and Cooperatives Officer and the Business Analyst were to visit local producers in their communities, and, where a local group was found to be ready, it would be organized into a producer cooperative.

It was hoped that as the district producer cooperatives grew and expanded, the outlet in Guam, the Micronesian Products Center, would commensurately develop and expand into a full-fledged marketing cooperative.

The joint proposal, nevertheless, contained in it a unique reservation which was to shape future development of the Micronesian Products Center. It sought the High Commissioner's concurrence as to the approach recommended by the group but requested, however, for the present the High Commissioner "approve only the immediate need

of establishing a wholesale-retail outlet on Guam and that the broader aspects of the program be considered in a more thorough and systematic matter."<sup>1</sup>

### The Micronesian Products Center

The establishment of a wholesale-retail outlet became a reality in May 1962. The newly established outlet on Guam, the Micronesian Products Center, MPC as it came to be called, moved its products into one of the rooms of a building located in the Trust Territory compound some distance from downtown Guam. A manager was employed on a 6-month trial basis.

In the memorandum notifying the districts of the establishment of the MPC in May 1962, the High Commissioner stressed:

"The success of this service will depend to a great extent upon its use by those who are engaged in various productive enterprises in the districts."

Each district was urged to plan a continued flow of handicraft in preparation for the organization of local guilds or producer cooperatives.

The High Commissioner's concern and interest in developing understanding and necessary skills prior to establishing any cooperative may be seen in the following. He wrote:

"When a sufficient number of operating producers are formed and in business, we will study the possibility of establishing MPC as a regular marketing cooperative to serve all local cooperatives in the districts. Until that time comes, it will be necessary to prepare the way by developing a thorough under-

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1. Memo of Community Development Officer to High Commissioner April 27, 1962.

standing of cooperatives and to teach the necessary skills for operating successful businesses."<sup>1</sup>

On June 29, 1962, the High Commissioner emphasized the purpose of the Micronesian Products Center. It was to provide a wholesale-retail outlet for all Micronesian products and to "stimulate better production in the districts by providing a more orderly method of distribution."

On July 2, 1962, twelve days before the actual opening of the MPC, a definite commitment was made by the High Commissioner not to attempt to combine the cooperatives program with that of MPC, as he felt the cooperatives program still to be in need of "much more serious reflection and study."<sup>2</sup> Thus, when MPC opened in July of 1962 as a marketing outlet, organized and coordinated producer cooperatives were not present in the districts to insure a steady source and supply of handicraft.

In the absence of district handicraft guilds and cooperatives, MPC recommended that a committee be formed in each district to grade handicraft for quality and workmanship and purchase it for MPC. To enable the District committees to have funds to purchase handicraft, a revolving fund was set up in each district. Purchases were to be made with cash from the revolving fund, and the handicraft thus bought was to be sent to MPC in Guam which sold the handicraft items and reimbursed the revolving fund.

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1. Memo of May 4, 1962.

2. Memo from Program Officer to Community Development Officer July 2, 1962.;

The establishment of the Micronesian Products Center in Guam and the revolving fund induced handicraft producers to accelerate handicraft production in the hope that a market was becoming readily available. Some districts were so enthusiastic, Palau for example, they produced more handicraft than the MPC could actually handle.

An organized nucleus of handicraft makers in Palau had been holding meetings since 1960 to discuss and explore ways to increase the production and marketing of handicraft. When the Micronesian Products Center was set up in June, this group decided to organize formally into a cooperative and to seek a charter from the High Commissioner. This charter was granted in September 1962 and the 30-odd men, skilled in handicraft and mostly trained by the Japanese, became known as the Palau Handicraft and Woodworkers Guild. The District Anthropologist, who had worked generally with the handicraft producers, continued to work closely with them and although they handled the purchase of handicraft, he advised as to price. He also provided the necessary impetus to craftsmen to develop their skills to re-create Palauan native art and handicraft. Drawing upon his research into tradition, he encouraged the craftsmen to design several new handicraft items and improve upon items already being made, such as carvings and story-boards. To this end he distributed sketches of Palauan handicraft in German museums to the woodcarvers, many of whom had never seen this type of work.

To ensure the purchase of saleable handicraft from Palau, an Evaluating Committee, consisting of three American housewives, was set up in June at the same time the Guild was informally organized. Since housewives were the potential consumers, the Evaluating Committee was considered well qualified to handle the grading of handicraft. The Committee continued to be active until February 1963. This selective method of buying handicraft had the effect of improving quality and at the same time caused the Guild members to make more and more handicraft in hopes it would be purchased by the MPC. The revolving fund was limited by MPC to \$1000, and the Manager had standing orders with the Guild of at least \$2000 per month. Thus the revolving fund was continually exhausted. Since it was used to purchase the standing orders, new items could not be purchased except on a consignment basis.

In response to the idea that wholesale markets would soon be available, the Guild began to stockpile handicraft. In January 1963, the Guild obtained a \$5,000 loan from the Bank of Hawaii of which \$3,000 was to buy handicraft from its members, since the MPC revolving fund was continually exhausted. By February 1963, the Guild had an inventory of \$3,500 worth of handicraft and had exported to the MPC handicraft valued at \$8,234.98.

Since Palau was the largest producer of handicraft for the MPC, most problems emanated from there. In April 1963, after its inventory had reached over \$3,500, the Guild sent over \$2,500 worth of handicraft to the MPC. MPC, being short of stock, accepted the handicraft with the understanding that reimbursement of the revolving

fund would be made as soon as possible. As most of the handicraft was slow moving items this proved to be a long process. In the meantime, there was no money in the revolving fund with which to buy handicraft from the Guild; the Guild in turn did not have cash to buy handicraft from its members.

The Guild then turned to MPC for payment of handicraft shipped to it. At that time, May 1963, MPC owed the Palau Guild \$1,900 and small amounts elsewhere throughout the Territory and was seeking a loan from the Trust Territory Government with which to purchase more handicraft. It was very low on stock, having only a \$5,500 inventory at the time. The Manager was also planning a trip to the United States to explore market possibilities. Thus, MPC replied to the Palau Guild that it was trying to sell the Guild's slow moving merchandise and that it could only handle \$1,000 a month. With such a vague answer at best from the MPC, the Guild decided to sell its products for cash to any buyer. In a letter to MPC it stated that if an arbitrary decision had been made to limit Palauan production to \$1,000 a month, it was not easy to explain to the craftsmen, who felt that there was a market. Thus, the Guild felt that it should explore other markets for handicraft.

One such market was a local firm which in turn sold handicraft to MPC on a consignment basis. One of the other outlets to which the Guild sold handicraft directly was the Micronesian Handicraft Shop (MHS) in the Marshall Islands.

The impetus to make more handicraft caused by the establishment of MPC, caused the formation of the MHS in Kwajalein through

the efforts of the wife of the District Administrator's Representative. The shop served the dual purposes of operating a business for the benefit of the Micronesian Scholarship Fund and providing a place at Kwajalein where Americans could buy souvenirs. The constant changeover of the three thousand-odd Kwajalein population assured the MHS of a lucrative handicraft market. It was estimated in 1962 that market potential averaged five to six thousand prospective buyers per year.

The management of the Micronesian Handicraft Shop was taken over in October 1963 by the Yokwe Yuk Women's Club, which drew its membership from the wives of American personnel working at the Pacific Missile Facility in Kwajalein.

Most of the handicraft sold at the Micronesian Handicraft Shop was made in the Marshall Islands. As the need for variety of handicraft became apparent, MHS started placing its orders through MPC for handicraft from other districts; MPC charged a 15% mark-up on all handicraft sent to MHS. This arrangement worked fairly well until a shipment of handicraft from Palau destined for MHS was diverted to MPC to replenish its stock. As mentioned before, the Palau Guild had stopped shipping goods to MPC on the grounds that MPC could not sell as many items as the Guild would have liked it to do. MHS then decided to order directly from Palau. Palau liked the arrangement since the MHS always sent an initial cash payment with each order to ensure quick delivery.

During its first year of operation, the Micronesian Handicraft Shop grossed \$14,764 with a profit of \$3,709. Approximately \$1,500 of the profit was contributed to the Micronesian Scholarship Fund.

The success of the Micronesian Handicraft Shop may be attributed to the following: (1) Good location in the air terminal on Kwajalein; (2) Available market--5,000-6,000 prospective buyers per year; (3) Efficient management--the manager returned poor quality handicraft and items she did not order; (4) Ensuring delivery--in ordering, the manager sent an initial payment.

The greatest contributing factor to the success of the MHS was the fact that the volunteer manager had worked with the women on Ebeye for over a year prior to opening the MHS advising them what type of articles were in demand, indicating the difference between good and poor quality handicraft, and working out a fair price for the items. The District Administrator of the Marshalls offered the services of Mrs. Mary Lanwi, the Community Groups' Advisor, to help the volunteer manager at Ebeye to get the women to work together as a group and to teach them how to improve their handicraft. Mrs. Lanwi had been instrumental in teaching and organizing the women making handicraft in Majuro.

The Micronesian Handicraft Shop in Kwajalein demonstrates one thing clearly: Micronesian handicraft can be sold in limited volume and at a profit, if the producers are organized and are advised to produce the type of handicraft that will sell.

At the present time, relatively little handicraft is produced in the Mariana, Ponape, Truk, or Yap Districts.

In the Mariana Islands District, a Saipanese woman, Mrs. Assumcion Torres, operates a small handicraft shop at the Airport. The shop sells goods made in Saipan--stuffed coconut crabs, shell handbags and necklaces--and some handicraft from other districts.

In Ponape, most handicraft is handled through the trading companies and through Mrs. Rose Makwelung, the Adult Education Supervisor, who started the Ponape Women's Association in 1955. The Association promotes adult education for women and teaches, among other subjects, weaving and handicraft.

Handicraft sent to the MPC from Ponape, although not plentiful, is of good quality and reasonably priced. The women produce hula skirts, bags, baskets, place mats, fans and hats, and the men produce war clubs, spears, dance paddles, some canoes, canoe bailers, and coconut planters.

In Truk in September 1962 a handicraft cooperative was formed and a Board set up to grade and price handicraft. Handicraft from Truk consists mainly of devil masks, some wood carving and pandanus weaving.

Both Truk and Ponape have requested a craftsman be sent from Palau to teach them woodcarving and other techniques.

In Yap, few handicrafts are produced. There are only a small number of people with either the skills or inclination to manufacture articles of handicraft, and the items produced are the result of laborious hand labor. Efforts of the Yap District Administration to increase production were rewarded and by March 1963 the Micronesian Products Center was receiving small shipments of handicraft from Yap and Ulithi.

With all the vicissitudes and problems attending the procurement and marketing of handicraft, nothing was worse than the natural disasters that struck Guam in November 1962, April 1963, and December 1963. In November 1962, Typhoon Karen, the worst of the three typhoons which struck Guam, effectively disrupted the handicraft market for months to come. In a matter of hours Guam was leveled. Typhoon Karen caused enormous damage and completely disrupted business; the Micronesian Products Center was closed for a month. Although there was not much damage to the MPC, sales ceased as people busied themselves cleaning up the debris.

The 6-month trial period for the MPC ended in November, but because of the typhoon, a complete audit and review was not made until January 1963. The audit disclosed a "profit" of \$2,147.11 prior to the deduction of the Manager's and Assistant's salaries and without considering such hidden costs as rent and utilities which were underwritten by the Trust Territory Government. After deduction of salaries from the "profits," the net loss for this 6-month period of operation amounted to \$656.79, or approximately \$100 per month. The figures at best were inconclusive as the Manager's salary was paid by the Trust Territory, and another 6-month trial period was approved for the MPC. The Staff Economist succinctly stated the policy that had to be determined:

"Operation of the Micronesian Products Center at present involves paying a marketing agency to sell Trust Territory handicraft, even though the Center is owned and operated by the Trust Territory itself. It is considered that it would be more desirable to have this service performed by private interests, but if purchase and resale of Trust

Territory handicraft is considered non-profitable by business interests and the administration considers the function essential to the local economy, then the only remaining determination is the amount to be spent for marketing handicraft and the form of support." <sup>1</sup>

The Trust Territory decided to continue MPC for another 6-months as a subsidy project. The Manager was authorized to make a special trip to Palau, Truk, and the Marshalls to discuss various problems concerning procurement of handicraft. She was also to discuss aspects of developing new markets and wholesale outlets.

After this visit, the Manager of the MPC planned to make a trip to the United States in quest of wholesale handicraft outlets. In May an application for a loan of \$14,000 was submitted to the Trust Territory Government in order to replenish the revolving funds as well as to purchase larger stocks of handicraft. The manager hoped to build up a large inventory in order to fill wholesale orders anticipated from the trip to the States. The loan was refused on the ground that it was not in the best interests of the handicraft program to order large amounts of handicraft on the premise that orders would be forthcoming. The market in the United States had not been canvassed and there was no way to know on which goods handicraft producers should concentrate production.

At the time the Manager left for the United States in June 1963, estimates had been made that the districts could produce about \$6,900 worth of goods per month. This was broken down as follows: Palau, \$4,500; Truk, \$1,000; Ponape, \$700; Marshalls, \$200; Marianas, \$100; Yap-Ulithi, \$100. The Manager had made up

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1. Memo to Program Officer February 15, 1963.

an exhibit to the States from the best stock of the MPC; this left the MPC with little stock and almost no money to purchase more. The inventory at the time, as has been mentioned, was only \$5,500. In July, one month after the Manager left for the States, the Acting Manager of the MPC wrote to Palau that MPC needed certain items "desperately," as the shop was almost out of stock. Special Orders were not being filled by the Palau Guild because there was no money in the revolving fund to pay for them.

Meanwhile, the Manager's trip to the United States was not achieving its purpose. Unexpected expenses were encountered. For example, the Manager had to pay duties on the exhibit brought into the United States.

The comments on the handicraft displayed varied from "beautiful," "unusual," to "I wish they were available here." Unfortunately, the wholesalers made offers unacceptable to the MPC. One such offer was from a distributor in Arizona who noted that:

"After talking at great length with numerous buyers connected with the more exclusive stores they have all expressed much interest in handling Micronesian handicraft--and see good possibilities of its catching on. However, during our discussions they have all stated that prices on Micronesian handicraft are excessively high and thus make it a difficult line to handle as prices are not point-of-origin. As you know, the success of marketing largely depends on what the ultimate consumer can afford and he won't buy if the prices are out of line.

"To break an item down, you can see where the price pyramids:  
1. Manufacturer's price; 2. Micronesian Products Center 40%;  
3. Government duties; 4. Freight, brokerage fees and handling;  
5. Agent's overhead and commission; 6. Retail--which won't handle the merchandise for less than 100% mark-up.

"If you can convince the manufacturers to drop prices and also take less commission for Micronesian Products Center, then we can reasonably assure you of volume sales."

But whatever plans the Manager intended to put into operation on return were lost with her resignation in July 1963. The High Commissioner decided at that time to "revise operational procedures to better meet demands of the Center and district handicraft sources . . . and to make plans for long range operation of the Center" as he felt that the Center should at least be able to meet operating expenses since the Government was subsidizing rent, utilities and other expenses.

The Assistant Manager indicated that she would be interested in taking over the operation if the shop would be allowed to concentrate on retail sales in Guam. It was felt:

"Until pending legislation is passed to ease the import tax burden on handicraft exports to the States, I feel that the hopes of an off-island wholesale market potential are premature at this time. I do, however, feel that local sales represent a sizeable market potential and are most worthy of pursuing." 1

When the new manager took over, MPC's records were in disorder and accounts payable disproportionately high. MPC had outstanding approximately \$4,000 owed to handicraft makers in the Districts and \$700 owed as a result of the Manager's exhibit trip to the United States.

The Trust Territory extended the operation of the MPC for another year and granted it a small loan of \$6,000 to liquidate (1) debts in arrears, (2) the revolving funds in the districts, and (3) debts incurred during the former Manager's trip to the United States.

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1. Letter of July 27, 1963, to High Commissioner.

Soon after the changeover in the management of the MPC, the Trust Territory decided that a better location should be given to MPC within the Trust Territory Compound. The manager, however, felt that the only way to increase sales was to move to downtown Guam. The Staff Economist agreed for the following reason:

"Retail sales cannot be appreciably increased, so long as the salesroom is in the Trust Territory Compound. If the Government is willing to further subsidize the handicraft industry, the opening of a retail store on Guam in a central location will probably show greater results for the money spent than by an equal expenditure in some other form. It will certainly increase the volume of handicraft sales, but it should not be expected to pay the increased overhead. At least, a year's trial will not cost too much more than the cost of renovating, and rebuilding in another part of the Trust Territory Compound, which after all, does not solve the basic problem: too remote to be a desirable retail location." 1.

The MPC opened in downtown Guam on December 13, 1963. The Manager wrote a few days later:

"During our first six days, our sales have amounted to \$1159.99. I am afraid my problem now will be to keep merchandise (the type that moves) in stock." 2

In February 1964, the Manager expressed this concern in a letter to the Palau Guild:

"Please get some fast saleable merchandise to us. Sales are really suffering due to the fact that most everything in the shop is very high priced."

In March, another letter from MPC to the Guild pointed out that it was shipping goods directly to the MHS, but not to the MPC. The Guild was not filling special orders as well. The Guild replied that the goods it was shipping to MHS were those that the MPC had indicated it did not need. In regard to filling special orders, the Cooperative Officer in Palau pointed out:

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1. Memo from Economic Dev. Officer to Program Officer, August 27, 1964.

2. Letter to Staff Economist, Dec. 21, 1963.

"...Even when a producer accepts an order and is urged to finish it as soon as possible, the Guild is not in a position to force its members to meet deadlines or complete work on any particular orders...." 1.

It was at this point that the Administration decided that it again needed to remind the Districts of the functions and purposes of the MPC, in order that they might continue to support it. On March 19, a letter from the High Commissioner was sent to each District Administrator (see Appendix A) pointing out the following:

1. The MPC had moved to a better location in downtown Guam.
2. The Center would not accept unordered items, but would try out new items on a consignment basis.
3. A revolving fund would be established in each District.
4. Able, energetic, local organizations must carry out most of the record keeping, grade and ship merchandise, and pay individuals.

The response to this letter was favorable and the MPC gradually began to receive more handicraft.

But at the same time, as more merchandise began to arrive, the Manager of the MPC also began to receive an indication of the problems to be faced in the months to come. It was discovered that the Palau prisoners who made handicraft had not been paid for items sent on consignment over a year previous. The shop had no record of any money being owed the Palau prisoners.

In a letter to the new manager recognizing the difficulties which the MPC faced, the Trust Territory Government suggested:

"It is believed that establishment of procedures for procurement, inspection and grading, payment, shipment and other details can best be achieved by you making a trip to Palau where you can discuss these matters directly with...the Palau Guild." 2

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1. Memorandum to Manager, MPC, from Cooperative Officer, Palau, March 31, 1964.

2. Letter to Mrs. King from Program Officer, March 13, 1964.

Since the Manager had been acting as an agent for the Annual Palau Fair which was to be held shortly and would feature handicraft, it was decided that a trip to Palau to attend the Fair, purchase handicraft, discuss problems with the Guild, and settle the issue of the money owed the prisoners would be worthwhile.

In order to be able to purchase handicraft for cash at the Fair and to set up revolving funds in the Districts, a \$4,100 loan was requested from the Trust Territory. When the loan was discussed by the Trust Territory Loan Committee, it was the feeling that \$4,100 would not be enough for the purposes set forth and a loan of \$6,300 was granted.

When the Manager reached Palau, she found that the large quantities of handicraft she had anticipated purchasing were not available and was only able to purchase \$243 worth at the Fair. Members of the Handicraft Guild were cooperative, some problems were settled, and another revolving fund set up. The problem of the money owed the prisoners, however, has not been solved to date.

By mid-1964, handicraft production in Palau, the largest supplier of MPC, had dwindled to a mere trickle. Although the other districts do produce handicraft, the failure of the largest producer to fill orders has severely hurt business in the MPC in Guam.

Thus, the move of the MPC to a good location in downtown Guam has not solved the major problem faced by all handicraft buyers since the 1950's; that is, the problem of ensuring a steady flow of high quality saleable merchandise from the districts to the retailer.

## II. PROBLEMS OF THE HANDICRAFT INDUSTRY

In the preceding historical survey of handicraft production and marketing, several problems of the handicraft industry, some universal and some particular to the Trust Territory, were briefly touched upon. Part II of this survey attempts to isolate and discuss these problems, particularly as they apply to the Trust Territory.

There are three interrelated aspects of any handicraft industry: craft guidance, commercial management, and market acceptability.

1. Craft guidance. In order to produce handicraft where workers do not have a thorough knowledge of the civilization in which the article they are making is used, it is necessary to have craft guidance. Instruction as to design, color, and form is necessary to produce a marketable item. Producers must also be prepared to change design, color, or form to meet market demand. This implies, of course, a greater flexibility than most handicraft producers are capable of without assistance and guidance. Proper packaging methods must also be taught to producers in order to ensure non-breakage of handicraft in transit.

2. Commercial management. The individual or group producing handicraft and the buyer of handicraft must work closely together. The buyer must have the prerogative to select, grade, price, or refuse any item offered for sale. With the buyer given freedom to buy handicraft which he knows will sell, the producer ideally will begin to realign his work to satisfy and meet market demand.

3. Market acceptability. Handwork must be centered around the production of merchandise for which there is an existing demand, or to the production of rare or unique articles capable of diverting the money of buyers who will gladly pay more for such handwork.

Since the end of World War II, persuading and encouraging Micronesian handicraft producers to shift over from souvenirs and curios to items of such beauty, usefulness, or a combination of both, so as to make export possible has turned out to be a slow process. Lack of funds on the part of the responsible agency with which to develop a bolder handicraft program coupled with more pressing economic problems in other areas have retarded progress.

#### Government attitudes

The success or failure of the handicraft industry ultimately depends upon the Government's policy regarding the importance and necessity of developing the handicraft industry. In previous Trust Territory administrations when the policy was to maintain a certain aloofness toward this industry on the principle that the private sector of the economy should be encouraged to develop by itself, the handicraft industry inevitably failed to develop into a self-sustaining or profitable field of endeavor. Influenced by this facsimile of a laissez-faire approach, the Government's aid to the handicraft industry took the form of government-sponsored private trading companies: USCC and ITC. As stated in Part I, the USCC was set up as a wartime measure to purchase handicraft and other native products for resale. At the end of the military period USCC

was dissolved and ITC was organized in its stead to carry on trading activities in the Trust Territory until business could be taken over by Micronesian-owned trading companies.

The ITC not only inherited trading activities from USCC but also many problems which caused it to postpone for 6 years the turnover of business activities, including sale of handicraft, to the private trading companies. At the outset, ITC took over a big inventory of almost worthless handicraft from the USCC. To rid itself of this worthless inventory and place its trading activities on a business-like basis, it made the decision to stop purchasing handicraft from the producers until it had disposed of these large stocks of handicraft. At the same time, it reduced field prices and initiated the policy of buying only in response to firm orders placed through the company. A system of grading and purchasing to ensure production of exportable items was instituted. At this point, the Micronesians, who were not apprised of these developments and felt they were being taken advantage of, ceased to produce handicraft. Other problems faced the ITC. After the war, the market for handicraft, military personnel, had left the islands, and the difficulty of finding a new market developed into one of the most pressing of ITC's problems. There were also shortages of raw materials on some islands which limited much further the production of handicraft. Transportation problems and United States customs duties compounded the already complex problems which faced the ITC during its existence.

When the ITC was dissolved in 1954, the Trust Territory government took it for granted that the locally-owned Micronesian trading

companies would assume responsibility for the purchase and sale of handicraft.<sup>4</sup> However, an ITC economist felt the handicraft industry would suffer when the ITC was dissolved. He gave the following reasons:

"Competition in the handicraft market is very keen. Trust Territory items must compete with similar materials from the Orient, Mexico, and other areas where population is much better organized, much greater in volume, and often much cheaper. The uncertainty surrounding the volume of output, delivery time, and uniformity of quality for articles made by the scattered household producers in the Trust Territory impose severe handicaps on the marketing of this merchandise. The prices necessary to induce production in the Trust Territory leave little room for profit to the exporter selling in competition with other areas. Hence, there is no great incentive for exporters in the islands to devote time and capital to this trade.

"Lack of volume output makes it necessary to sell Trust Territory items to small dealers who are not in a position to handle direct imports from remote islands. Uncertainty of delivery time and quality is a further deterrent to such trade. The Island Trading Company was able to cope with these problems by having its own representatives in the islands to supervise production, by financing the inventories, and by selling from stock for immediate delivery in Guam and Honolulu. These operations were only possible as an adjunct to its main business in copra and trade goods, and handicraft alone can never support such a central marketing agency. Although the Island Trading Company is endeavoring to put the Trust Territory trading companies in touch with handicraft dealers to whom the company has been selling, it is expected that little of this trade will survive after the liquidation of ITC." 1.

As the years went by, the Government found these problems becoming more and more evident, and found itself, of necessity, becoming involved in the handicraft industry as it acted as a go-between, in some cases, between private trading companies and potential buyers of handicraft.

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1. Houston, Neil. Commercial Problems in the Trust Territory Following Termination of the Island Trading Company. Stanford Research Institute, Stanford, California, 1954, p. 52.

For the most part, the Government's policy remained the same; namely, to have handicraft sold through the private trading companies, and in January 1960, it compiled a list of business firms in the U. S. which handled handicraft. The list was sent to each of the trading companies to assist them in developing contacts in the States and Hawaii for locally-made handicraft.

When a firm in Hawaii asked for samples of handicraft and jewelry produced in the Trust Territory through the Trust Territory Government in June 1960, the High Commissioner's office urged each District Administrator to send the firm samples of handicraft, but the responses to link this firm as an outlet for handicraft from the Trust Territory were lukewarm. The District Administrator in Yap, for instance, did not even feel that it was practical to develop handicraft in Yap as production and supply were extremely unpredictable. This prompted the High Commissioner to write the District Administrator of Yap: "We are obligated to explore every source of productivity and not write off any potential until it has been exhausted."

The promotion of handicraft sales by establishing closer contact between U. S. firms and Micronesian trading companies suffered from failure of the Micronesian trading companies to maintain contacts through correspondence or to take initiative to explore possibilities of markets in the United States. In July 1960, the High Commissioner requested each District Administrator to inquire from the Micronesian Trading companies why inquiries from the firm in Hawaii interested in handicraft had not been acknowledged. He

suggested that trading companies correspond with the Hawaiian firm and start preparation of brochures on handicraft giving prices and, where possible, supply samples.

It was through experiences such as the above that the Administration realized a successful handicraft industry in the Trust Territory had to be organized, guided, coordinated, and to a great extent directed by the Trust Territory Government.

Administration involvement in handicraft sales by Micronesian trading companies to U. S. firms came at the point when the trading companies found difficulties in filling orders because of erratic rates of handicraft production. For producers of handicraft, the idea of working steadily to produce a specified number of items of a given uniform quality was still foreign. The Government, not convinced this sort of problem was insurmountable as it involved in the final analysis an educational process, continued to encourage trading companies to fill orders and to support the organization of fairs within and without the Trust Territory.

By 1962 the Government was confronted with the problem of to what extent it should support a handicraft industry. In response to requests from the districts and recommendations of key Headquarters staff, the Trust Territory set up a retail outlet for handicraft on Guam, the Micronesian Products Center. Some Government officials, while favorably disposed to the idea of giving "advice and encouragement to cottage industries of all types," did not feel that the Government should "go into the handicraft business."<sup>1</sup> Others felt that setting up a subsidized handicraft outlet on Guam, providing

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1. Letter to District Administrator, Ponape, from High Commissioner, April 1962.

loans, and giving advice to the handicraft producers in the districts did not go far enough. As a basis for such contention they cited, among others, a report published by the South Pacific Commission in 1962 which stated:

"...the general trend in the Pacific is for increased administration interest in fostering the development of the handicrafts industry. More importantly still, in view of the effect of trade competition in the outside world, such countries as the Philippines, Taiwan, and Thailand enjoy very active government support of handicrafts and cottage industries. Co-operatives of handicrafts producers are encouraged, governmental experimental stations are established at which new materials or new methods of improved techniques are tried out for later incorporation in the course of instruction, and a government department undertakes the whole business of publicity and sales promotion. Such facts, coupled with the skill, industry and low wages of the populations of these countries, make the task of the South Pacific Islanders very difficult if they are to be expected to stand in competition unaided."

The task of aiding Micronesian handicraft producers involves, first of all, an isolation of separate and distinct factors which contribute to make it difficult for Micronesians to compete in this trade in the outside world. Some of these are procurement of raw materials, primitive methods of production, lack of skills, quality and quantity of handicraft, lack of credit, attitudes of Micronesians, purchase and price of handicraft, systematic channels of procurement, market, U. S. customs duties and transportation.

#### Raw materials

In the production of handicraft, one basic problem remains - the basic procurement of raw materials from which the article is made. Once the raw materials have been obtained, a long and cumbersome process must be followed in preparing and readying the same, either for

weaving, for plaiting, or for carving. For example, wood must be seasoned, leaves must be sun-dried, and fibers prepared. Depending upon good weather and steady sunshine, preparing pandanus or coconut leaves for mat plaiting takes approximately one to two weeks, or may take as long as one month. This much time is needed to dry the leaves, strip them, and make them pliable. The Ponape Women's Association estimated in 1960 that they could guarantee to produce only 15 mats per month for export in view of short supply of raw pandanus leaves and slow rate of plaiting the mats. At one time, exhaustion of the supply of pandanus leaves forced the Women's Club to look to the outer islands for supply. The only way to get these leaves from the outer islands was on government field trip vessels which make the trip about every two months. The people on the outer islands make mats also but their problem is to get the mats on the field trip vessel for shipment to the District center where they can be sold. Someone once suggested that an inter-district exchange of raw materials may be the solution to scarcity of raw materials suffered by some districts, e.g., a women's group in the Marshalls may offer to exchange pandanus leaves for hibiscus fibers from Ponape.

Getting wood of the right age and size has been quite a problem for the woodcarvers. Different wood needed by woodcarvers can be expensive and if not seasoned properly may crack either under stress and strain upon normal use or under change in climatic conditions. One type of wood from Palau cracks if shipped to a temperate climate. The Micronesian Products Center had a lot of trouble with large carved tables which cracked when placed in an air-conditioned room. MPC found

it necessary to test wood carvings and tables by placing them in an air-conditioned room for a week before putting them up for sale. Sometimes MPC soaked the wood in oil to prevent it from cracking when sent to the United States.

In another case involving preparation of raw materials, Ponape grass skirts had to be fireproofed before being sold to a firm in Hawaii. During this process, the dye in the grass skirt changed color. Since then the producers of grass skirts have had to experiment with various kinds of fireproofing solutions and dyes so as to insure against color change and provide for permanency of color.

#### Primitive methods of production

Aside from the problem of obtaining raw materials, inefficient and primitive methods of producing handicraft are being used.

Most handicraft produced in the Trust Territory is made completely by hand. Handicraft makers can be seen in every district laboriously making handicraft, when a simple machine would speed up the rate of making handicraft by hours. One example of this will suffice. In polishing shell craft, craftsmen use natural abrasives and rub by hand for hours to produce the desired sheen. A small buffer, even if operated by hand, would speed up this process without destroying any of the design.

#### Lack of credit

Besides the problems of obtaining raw materials and the primitive methods of production used, lack of money or credit prevents craftsmen from purchasing needed machinery. This keeps the level of production low and the price of relatively poor quality handicraft high.

In Palau, it takes a woodworker approximately three days to inlay a bowl and, where opportunity presents itself, a woodworker often takes time out to make "fast money" in another line of work and then returns to finish putting in the inlay. Weaving and carving by hand never return as much as the basic wage, unless the article thus made is priced high, but then no one would buy it.

### Skills

Even assuming that the foregoing problems are reduced to a minimal level, so that the craftsmen can launch on large scale production, other problems remain to be resolved. Lack of skills on the part of the producer will tend to keep the cost of production high. To lower the unit cost, handicraft items must be produced more efficiently. This is easier said than done. For example, Palau was producing monkey men five-inches high in quantity. The MPC wanted monkey men only three-inches high, and expected a lower price for them than the price Palau charged for the five-inch monkey men. The craftsmen should have been able to shift into making the three-inch monkey men with a minimum of difficulty, but instead, the time, trouble, and necessary skill in working with a small monkey man appear to have discouraged the craftsmen from making the three-inch monkey men.

In many districts, few craftsmen have a high level of skill. Both Pnnape and Truk at one time requested a woodcarver from Palau to come and teach them woodcarving.

## Quality

Poor quality workmanship is often brought about by haste to produce once the market is found. MPC's willingness to buy handicraft from the Districts, after it had been in existence for only a short time, spurred indiscriminate and rapid production of many types of goods by various skilled and unskilled workers at the expense of quality work. Poorly set inlay would fall out, handbags would have handles that pulled off. The Manager of the Micronesian Handicraft Shop was moved to comment about handicraft quality: "Our Micronesian handicraft producers are going to have to learn that even though their handicraft is desirable and much in demand, people still want quality for their money, as well as ...in most cases...something practical."

A serious attempt to develop quality handicraft based upon native tradition was made in Palau by the District Anthropologist: "It has been our thesis," he wrote, "in developing both new and old products, that where art style contributes to the final product that style should have a firm origin in Palauan traditions."<sup>1</sup>

A booklet on Palauan handicraft was published in 1962. It contains drawings of Palauan artifacts copied from Kramer's anthropological works and presumably available in German museums. The booklet was intended to enable Palauan craftsmen to utilize the traditional style of work and patterns of decoration in their contemporary craft. The District Anthropologist, through the Palau Guild, impressed upon the handicraft makers the importance of developing individual style and character.

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1. Letter to MPC November 27, 1962.

All makers of story-boards were encouraged to sign their work and higher prices were paid to the better artists. The Handicraft Guild even considered setting up a classification system under which handicraft producers were to be classed in terms of their ability and quality of work ranging from an "artist" down to an "apprentice."

### Quantity

Securing a steady supply of good quality, saleable handicraft constitutes another problem constantly faced in the handicraft industry. There are certain items made which are one of a kind. This may be because the article is made by a craftsman on an individual basis and it may be an item which would only appeal to a limited market willing to pay a high price for a unique article.

Types of handicraft which can be readily sold are those which are decorative or of utility value and can be readily produced. In order to ensure steady and quantity production, these items should have a high degree of standardization. They must also be adaptable to change in color and/or design in order to meet market demand.

The problems discussed previously, lack of raw materials and primitive production methods, may be factors responsible for uneven production. Other factors may also influence the rate of production. One of these may be the desire of the producer to make just enough handicraft items to enable him to get cash for a certain item, such as a bicycle. Or, handicraft production may be seasonal. In Ponape, this has been the case, where there is not much interest in cash during the breadfruit and yam seasons.

One solution to this problem in other countries has been the setting up of work centers where people may gather to receive instruction, materials and assistance. In this way, handicraft makers are able to adjust quickly to the demands of the market, and continuity is provided throughout although seasonal interest in handicraft may still vary. In these centers also, design and workmanship are carefully supervised so that the finished product conforms to a standard.

### Attitudes

The attitudes of many handicraft makers have often proved to be a stumbling block for promoters of the handicraft program. The Naval historian found: "...The Micronesians, with their distaste for tedious and routine effort, would work at a fast pace for a few days until sufficient handicraft had been produced and cash acquired to purchase some desired item from the community store. When no incentive remained, the worker lost interest in pursuing his craft." 1.

The District Administrator of Palau pointed out a different problem in April 1962: "Most of the locally trained craftsmen are now employed elsewhere or unemployed....A real job here will be to convince many of these old-timers that there will be a steady market for their craft--not just an occasional flair." 2.

Besides convincing craftsmen to make saleable articles, the buyer of handicraft often finds that he must deal with a person of "artistic temperament." As they are very individualistic, many handicraftsmen

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1, Richard. Naval History III, P. 795.

2. Letter to Program Officer April 19, 1962.

produce handicraft as an art. For them to duplicate an article is practically impossible. Besides this, they are just as likely as not to sell an article to anyone who wants it or admires it, despite the fact that it had already been ordered and paid for by someone else. To ask such an artist to meet a production schedule may, at times, be quite frustrating especially for a buyer such as the MPC which frequently had an outstanding order it had committed itself to fill.

There is no denying that working under a schedule of delivery and outstanding order is a concept foreign to Micronesians. Such a concept must be developed by education. Along with this problem is the importance of "time" in a context of bringing the "supply" to where the "demand" is found in the outside world. There is no obvious lack of awareness of what competition is in the sense known to Western civilization.

To further complicate the problem, mass production techniques of producing one article a hundred times a day bring boredom to Micronesians. After making the same item 10 or 12 times, a worker might decide to add variations or not to continue work on the order. McKnight recounts an event which occurred when a Tobi Islander was making large quantities of monkey men for export. He noted: "A Tobi craftsman will turn out several monkey men following a particular theme....but will suddenly tire of this theme and try a new expression, pose or mood. One well-carved monkeyman even turned up with a U. S. Army billed cap on his grotesque head." <sup>1</sup>.

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1. McKnight, R. K. "Handicraft in the Trust Territory of the Pacific Islands," SPC Bulletin, April 1964.

Social obligations may slow down the progress of making handicraft. In Palau, for example, production may stop for weeks because of obligations of a craftsman to his family during birth, death, or marriage ceremonies.

Sometimes necessity causes production of an item to come to a complete stop. Grass skirts from Yap, for instance, are slowly and laboriously handmade. Natural disasters--such as typhoons--may disrupt normal conditions of the community and delay in unmistakable terms an outstanding order which otherwise would have been filled on time.

### Purchase

The incessant demand by Micronesian handicraft makers to sell their products for cash works hardship on many organized buyers. Since MPC is simply one of many purchasers of handicraft, it must compete with others to get the desired quality handicraft. Because MPC does not have regular buyers in the districts it usually gets leftover items, the best being sold at the district level. The Handicraft Guild in Palau even felt: "there is no virtue in selling through the MPC to Kwajalein if MPC gets cash from Kwajalein and then keeps the Guild members waiting for its money." <sup>1</sup> What is more, when the MPC placed its orders, the Guild insisted that an equal amount of handicraft be purchased from each member. By so doing, the Guild in effect prevented MPC from purchasing large quantities of handicraft it would have been able to sell in Guam. Private purchasers would not have been limited in this manner. The most absurd form of purchasing occurred when the Western Carolines Trading Company purchased handicraft from the Guild, marked it up and sold it to MPC on a consignment basis.

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1. Letter to Manager, MPC, from Palau Guild, June 3, 1963.

The problems involved in purchasing were aptly summed up once by the Cooperatives Officer in Palau in answer to a request for more saleable items by the MPC. He answered:

"The problem of securing 'fast selling' merchandise for shipment to MPC is complicated by several factors. In the first place, we must remember that the members of the Guild are independent craftsmen and are not employees of the Guild. Therefore, they cannot be told or forced to make any particular items if they prefer to make other items, or, in many cases, to make nothing at all. Secondly, you must also be aware that what is a fast selling item in Guam is also a fast selling item here. With certain fixed expenses for their own shop (rent, wages), the Guild cannot afford to send all fast selling items to Guam and leave little or nothing to sell to an increasing number of customers here. Thirdly, the lower-priced items often require more man-hours of work to produce the same dollar income so their production is put off until last if other items are also in demand. Since these smaller items are generally ordered in larger quantities (24, 50, etc.), a long delay is often encountered between placing the order and completion of the order. As has been pointed out before, handicraft production is also often curtailed or stopped completely when steady cash income becomes available to the producer. In the case of handicraft items that are made by only one or two producers, this can mean that such items are simply not available..."<sup>1</sup>

### Pricing

Handicraft pricing in the Trust Territory thus far has not been left to be determined through the free interplay of forces of supply and demand in an open market. Rather, it has been influenced by an attempt to link a source of supply from a basically subsistence economy to a highly commercialized and competitive market in an industrialized society. The prices of handicraft charged by the producer at the district level do not always reflect the cost of producing a unit item plus a fixed margin of profit. Producers often estimate

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1. Memorandum to Manager MPC, March 31, 1964.

or predict what the market will bear before pricing their handicraft items for sale. Thus, when MPC submits an order to a district, the prices of various items may be so high that by the time transportation costs, brokerage fees, rent and other necessary handling expenses have been added, very few buyers can be found to purchase such handicraft. The high price of handicraft almost has driven it out of the competitive market. This is true even with the Trust Territory subsidizing the transportation cost. At ~~one~~ point when the Manager of the MPC was exploring the handicraft market in the States, she found out only if the producers would reduce their prices and only if MPC itself took less than 40% commission could handicraft be sold profitably in the States.

There is no wholesale price for handicraft as such in the districts. There is only the price paid to the craftsman--the value he places on what he can produce and what he needs to exist on. This is not generally true in the case of mass-produced items (such as vases), but even so, the prices of handicraft throughout the districts remain quite high. When wages go up, the cost of living usually rises and the handicraft producer is compelled to raise his prices. And so the price of handicraft continues to rise.

Prices also remain high in the districts because the American personnel stationed there provide a ready market and are willing to pay high prices for handicraft. It is axiomatic that the value of handicraft to someone who knows about it and is closely connected with the culture is usually more than it is to an outsider. This

tends to cause prices in the district centers to be relatively higher than in other areas, as the Palau District Anthropologist pointed out in March 1962:

"Handicraft probably follows a value pattern that is inverted from a marketing point of view. An American living in Palau, coming to know the country and the people, may be willing to spend a great deal of money for objects which are characteristic of the craft of Palau. The same objects, taken, say, to Guam may go up in price, incorporating transportation, packaging, and retail costs, but down in value. Taken to a location where the name Palau is remote, the objects may be even further devaluated."<sup>1</sup>

If the prices of Micronesian handicraft items have been high because of the characteristics of the craft, other contributing and different factors held prices artificially high during the World War II and immediately afterward when USCC continued to keep prices high without taking heed of workmanship or the market. Consequently when the ITC assumed the responsibility to find markets for handicraft it had to lower its field prices in order to be able to find markets. This had an adverse effect on the Micronesians who felt that they were being "robbed." With the idea that they were not economically compelled to go to work, they refused to produce handicraft in sufficient quantities to be sold abroad profitably.

With the continued trend of rising prices of handicraft, in 1962 the Manager of MPC understandably made efforts to find a solution to arrest this trend. She attempted to set equitable prices for handicraft after careful surveys in the districts. However, she found that in order to purchase any handicraft she had to pay high prices. The District Administrator of Palau proposed the following alternative as a possible way to reduce prices:

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1. Memorandum to Program Officer, March 23, 1963.

"It is my recommendation that we pay the worker the full price / for his handicraft at the time of purchase/. If it should be found to be too high, and you are unable to sell the item at the price paid, then you notify us of the change, down, and we will set this up as a debit on the individual's account here, and deduct that from the next item purchased from him. In either event ... I feel that it is essential that the man be paid full price at the time his article is accepted. This is essential for his morale and his confidence in the future of the program."<sup>1</sup>

When Jackman made a survey of cooperatives in 1963, he offered the following comment regarding MPC's pricing approach:

"To offer to buy handicrafts from producers at prices higher than the market can stand, in the hope of encouraging production and then later bringing prices down to economical levels, is to completely misjudge the attitude of the Pacific Islanders towards Western commerce and to effectively kill any possibilities of long-term operations in the industry."

No solution was actually decided upon when in July 1962 the Manager of the MPC paid a visit to Palau. In Palau, the Manager helped the producers to set up levels of prices for different handicrafts based upon factors that were considered important price determinants. At almost the same time and for some unexplainable reason, the Manager undermined such price levels by the purchase of inferior handicraft with the warning that no further purchases of such nature would be made in the future. The Business Analyst felt that such action was ill-advised, since "Our policy is to take inferior products on consignment only--the goal being to eliminate inferior work."<sup>2</sup> Elimination of inferior work, however, cannot be accomplished if basic pricing policy favors making a big margin of profit on an individual handicraft item, as the following MPC letter to MHS seems to imply:

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1. July 25, 1965.
  2. Letter to MPC July 3, 1962.

"We understand you took in \$1200 in four days, and made about \$350 profit. To us it seems you should have made at least \$600 profit. Don't mark things too low or they lose their value."<sup>1</sup>

MPC's policy on prices was at best confusing. On receiving some black coral jewelry from Palau, an Assistant Manager wrote back to Palau that the jewelry was priced too high. In reply, Palau pointed out that the price had been set by the Manager of the MPC after consulting the producer and the President of the Handicraft Guild. Palau expressed willingness to further lower handicraft prices if need be.

Setting prices on items of handicraft, as the MPC Manager found, proved to be a difficult job indeed considering the absence of uniformity of articles produced. For example, a different price had to be set for each piece of woodcarving. Story-boards and model canoes were sold by the inch. But such a pricing system was somewhat unrealistic and even impractical as the labor involved necessarily varied in the number of hours needed to complete one story-board compared with another.

Other related problems in pricing became evident. Control of the price of handicraft in some districts became mandatory in order to avoid any price competition. In order to maintain the price of handicraft in Palau and to encourage the incipient Handicraft Guild, production of handicraft at the Koror Prison under the rehabilitation program had to be strictly controlled.

Production of handicraft in prisons was initiated in 1950 as a rehabilitation measure, but as many highly skilled handicraft makers were in prison serving long term sentences and in turn training fellow inmates to produce quality handicraft, the Guild showed real concern.

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1. Letter of October 6, 1962.

The prisoners were capable of making handicraft much faster and at less expense than most producers outside the prison. The prisoners had the time and the necessary tools and equipment available to come up with quality products. In the case of the bai (community house) they under-priced everyone else in the market.

With developed skill coupled with dependability of production, the prisoners stood to make a real monetary gain that others ~~could~~ outside the prison walls individually or as a group would be hard put to match. Hence, in July 1962, necessary steps were taken by the District Administration to ensure that prison handicraft remained a rehabilitation program. To protect the Guild, all orders to the prisoners for handicraft were to be placed through the Guild.

The prisoners continued to fill many special orders for handicraft as they were more reliable. The prices they were paid were based upon the policy of not competing with the private producers but not overpaying them either. Prices among the members of the Handicraft Guild remained high.

As pointed out earlier, the price of handicraft throughout Micronesia has remained high throughout the years, making export of handicraft into the United States very difficult. Importers of handicraft continually remark that handicraft produced in Micronesia is too highly priced to compete with handicraft from the low income handicraft producing areas.

The price of handicraft will likely remain high in Micronesia, due mainly to the tendency of the producer to view his work product as a creative work of art and accordingly to set his price rather

high in order to recover its value to him. This attitude has not helped the industry much. While the value of a handicraft is certainly enhanced by its art form, this value aspect should not be emphasized to the extent of putting it out of proper perspective and pricing handicraft out of the market.

#### Systematic channel of procurement

In order for the retailer or wholesaler of handicraft to make a profit he must have a systematic channel of procurement. At the same time producers must be subject to some organization and supervision. The retailer or wholesaler must be able to buy handicraft in volume at wholesale prices, and to sell in volume to be able to realize a profit. In addition the purchaser of handicraft must be able to grade, price, or pass over any article offered. There has never been reliability in the Trust Territory because of lack of organized production. Having more than one person buying and selling handicraft has sometimes proved disastrous.

One illustration of confusion arising from more than one source of procurement may be illustrated. In 1959, the Navy invited bids for pandanus mats. When the invitation for bid was sent to Ponape, the Ponape Women's Association took the invitation to be an "order" for mats and started to fill the "order." When the Trust Territory Headquarters realized that the Ponape Women's Association had mistaken an invitation to bid for a firm order it made every effort to sell the mats that were already made.

Another illustration of confusion arising from too many orders again involves Ponape. In 1961 the Special Assistant in the Trust

Territory Headquarters was taking orders for handicraft and sending them to the districts. The Headquarters Public Works Officer, in turn, placed orders to the districts for handicraft; several private organizations placed orders also. Thus at one time, three separate orders for pandanus mats reached the Ponape Women's Association, which became confused since two service exchanges had placed identical orders. One of these orders was through the Special Assistant, the other was from the service organization directly to Ponape. After much lengthy correspondence between the four--two service organizations, Special Assistant, and Ponape Women's Association--the situation was finally resolved.

Another problem was purchasers of handicraft not indicating how many items they needed or changing their mind when the order was half complete.

In April 1962, the Western Carolines Trading Company indicated to the Marketing and Cooperatives Officer, who was handling purchases of handicraft at that time, that in the future a ceiling be set on the number of items needed in order that the Company would be protected against being flooded with unsaleable items.

Such misgivings about overstocking of unsaleable handicraft could very well have been expressed by the handicraft makers. For example, in August 1962, the Manager of the MPC ordered a large number of ilengel, vases, through a craftsman in Palau. This craftsman had made quite a few, since they could be rapidly produced on a lathe. But when the craftsman was just about ready to make delivery

of the ordered handicraft, he received a letter from the MPC canceling the order. Palau's letter to MPC was mildly worded but the tone betrayed a grave concern:

"In other words we left him holding some \$250 worth of ilengel largely because our first reaction was enthusiastic and we were not fast enough to halt production...."

"May we suggest that, if production is going to be an 'on and off' affair, you try to anticipate at least one month in advance what your needs will be. Better still, if you can determine your maximum monthly need for various conventional items, we can probably exercise some control at this end."<sup>1</sup>

Production of handicraft has fluctuated almost erratically depending upon the volume of business done by MPC. A slight indication of items being bought by MPC artificially sends production up and, conversely, if MPC is not selling, production slumps.

### Marketing

In order to sell handicraft, a market must be readily available. Today, finding a market for Micronesian handicraft presents in itself a difficult problem.

Accessibility of handicraft to a market did not always constitute a major problem in Micronesia. A ready market for handicraft was available during the U. S. Naval administration when the service stores provided outlets for buying or selling handicraft and handicraft producers made handicraft to suit the tastes of military personnel. Items or mementos to take home from a post of duty in this area made up the bulk of handicraft sold. With the handicraft industry primarily catering to service people, the form, design, and sale of curios and souvenirs was definitely influenced. Soon after most of the military

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1. Letter to MPC from District Anthropologist, Palau, August 9, 1962.

personnel left the area, however, the necessity of developing new types and designs of handicraft to attract a different market outside the Trust Territory became obvious. As the Naval historian succinctly commented:

"...The types of curios which appealed to military personnel - brilliantly colored fans, grass skirts, shell necklaces, belts, cigarette cases, Trukese love sticks, fans and lava lavas ... are not popular in foreign markets, and therefore an attempt... should be made to channel production to items which ... would be useful and of standard quality...." 1

Attempts to persuade Micronesians to produce saleable articles have continued as have trials of different methods of marketing handicraft. These methods have included: (1) peddling; (2) selling through small stands; (3) selling through an outside agency; (4) selling through exhibits and sales; (5) selling through department stores; (6) selling by mail, and (7) selling in international centers. The attempts to use these different methods often met seemingly insurmountable obstacles or to some extent have proved futile.

Selling through small stands. For example, in 1962, the Trust Territory explored the possibility of securing a concession in the Pan Am and MATS Terminal in Guam to sell handicraft. The authorities in charge of this terminal, upon being approached, indicated permission pointing out that there was not enough traffic to sustain any such business. The Trust Territory dropped the matter and did not pursue it any further.

Selling by mail. After the MPC was set up, the Manager decided that one good way to sell handicraft and to attract buyers in the

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1. Richard, Naval History III, pp. 789.

United States would be to sell by mail. To do this, it was decided that an attractive catalogue and price list would have to be prepared and issued to prospective buyers.

One of the Manager's first projects, then, was to prepare a catalogue. To date, 12 pages of this have been issued (see Appendix B). But as these pages show, the pictures of the items do not have enough contrast and the difficulty in identifying the articles shown becomes a drawback. It is doubtful that this catalogue will increase export sales in handicraft.

Problems of export--customs duties and transportation.

The Trust Territory has exported very little handicraft to the United States since the Navy administered these islands. Although Micronesian articles in many cases are of better quality than those from other handicraft-producing parts of the world, the price demanded for them restricts their sale in large quantities. In addition, stiff competition is provided by handicraft from Japan, China, the Philippines, Samoa, and Hawaii. As the Island Trading Company noted at one point: "These people work for pennies where our citizens play for dimes." <sup>1</sup>

The Micronesian handicraft industry suffers also from overhead costs such as shipping, packing, commissions, and import duties which cut deep into the profit margin. For example a handbag (12 inches long, 5 inches wide, 9 inches deep) that sells in the Marshall Islands for \$8, sells at the MPC in Guam for \$12 and, for over \$40 in the mainland United States. The customs duty of \$6, added to the freight, handling charges, middle man commission, plus about 100% retailer's markup, all contribute to raise the price ultimately paid by the consumer.

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1. Micronesian Monthly, May 1952.

Duties. Without question, the Trust Territory of the Pacific Islands has been looking and will continue to look to the United States as a place to sell most of its handicraft. Since June 15, 1945, however, the United States has been levying duties on handicraft imported from the Trust Territory. This fact is based upon a ruling by the Bureau of Customs, Department of the Treasury, that a foreign territory does not lose its status as such for the purpose of customs laws simply because of its occupation by the military or naval forces of the United States. This being true in the case of the Trust Territory of the Pacific Islands, the ruling was applicable and duties on handicraft from the Trust Territory were imposed. A typical listing of duties imposed ranged from 20% for fibre mats; 30% for fibre bags; 19% for fans; 16-2/3% for woodcarving; 27% for ashtrays; and 42½% for shell jewelry.

By 1947, when these islands became a Trust Territory, the USCC made a request to the Treasury Department to modify this ruling. Still the Treasury Department held fast to its ruling that it did not consider the trusteeship arrangement to bring these islands under the sovereignty of the United States; consequently, the Department felt that unless Congress specifically acted to exempt handicraft coming from the Trust Territory from duties, its ruling would stand.

The United States Congress waited until December 3, 1963 to act. The action of Congress came in the form of H.R. 9320, a bill relating to the dutiable status of certain articles, including articles which contain foreign materials, which come into the United States

from its insular possessions, introduced in the House of Representatives and referred to the Committee on Ways and Means.

On January 31, 1963, H.R. 3198, a bill to promote the economic and social development of the Trust Territory, was introduced in the House of Representatives. The Bill, as reported by the Committee on Interior and Insular Affairs, extended to the Trust Territory the benefits of section 301 of the Tariff Act of 1930, as amended. That section provides that articles may be admitted free of duty into the United States from any of its insular possessions, except Puerto Rico, provided the articles thus admitted free do not contain more than 50% of foreign materials. "Insular possession" was then defined to include the Trust Territory.

H.R. 3198 passed the House on August 5, 1963, and was introduced in the Senate on July 31, 1964, where the section dealing with duty free entry of certain Trust Territory articles, including handicraft, into the United States was deleted. The reason for the deletion was that legislation (H.R. 9320) relating to the dutiable status of certain articles was already pending in the House. The House concurred on the Senate amendment on August 12, 1964, and the amended version of H.R. 3198 cleared Congress and was signed by the President on August 22, 1964, as Public Law 487.

Transportation. Transportation constitutes one of the most important services in the Trust Territory. Its basic function is providing efficient logistic support for a population of 85,000 sparsely scattered over an area of 3 million square miles of water. The shipping system in the Trust Territory, especially service to

the outer islands, has had to depend on Government subsidy to maintain this essentially needed service.

During the U.S. Commercial and Island Trading Companies' operations, the making of handicraft was encouraged in the outer islands. The handicraft was then picked up by field trip officers assigned on regular field trips. At present most handicraft is manufactured in the district centers where production is more organized and export is easier. Lack of transportation to and from the district centers keeps handicraft production in the outlying islands to a minimum. Limited time allotted on each outlying island during field trips necessitates devoting the time available to education, health, and copra purchase at the expense of possible purchases of handicraft.

The climatic conditions in the Trust Territory have a direct bearing on the shipment of handicraft. At one time, articles were being shipped to Guam in sea vans. The idea was to prevent breakage, if possible, and shift the liability and responsibility for safe delivery to a shipping company. The sea vans failed to prevent breakage. Instead the problem of keeping the articles from mildewing presented itself.

The alternatives of shipping handicraft then narrowed into one of sending it by air freight. Native products were granted a special rate of 10¢ a pound on a space available basis. As space was a factor, only a limited amount of handicraft could be shipped by this method. Shipping by air remains, perhaps, the only practical way of getting orders of handicraft to the United States. Some U.S. buyers feel that even with extra charges from shipping by air freight, handicraft shipped this way will still be able to be sold at a profit.

## Summary

The problems facing the handicraft industry in the Trust Territory are many. From the first very basic step of gathering raw materials to the last step, selling the finished article to the consumer, problems are found. Although many different types of marketing arrangements have been tried for Micronesian handicraft, none has been too successful due mainly to lack of a steady supply of saleable handicraft. The present marketing agency of Micronesian handicraft, the MPC, has never been able to obtain enough of the goods which it can readily sell. It is continually overstocked with high-priced, slow-moving items, while the fast moving items are sold almost as soon as they are received from the producer.

The Micronesian Products Center has done fairly well, mainly selling to a Guam market. Attempts to seek markets outside of Guam have failed as they were somewhat premature since the producers have not been well enough organized in quantity even for the limited Guam market.

## CONCLUSION

The preceding report traced the development of the handicraft industry in the Trust Territory. In addition, some of the major problems involved in production and marketing of this industry were presented in some detail and possible cause or causes examined. A series of built-in problems compounded by economic factors beyond the control of the Trust Territory, such as U.S. customs duties, were also discussed. Every attempt has been made to factually report events and occurrences which have influenced the development of the handicraft industry. The remainder of the report is devoted to observations on the future course and development of the handicraft industry in the Trust Territory.

As mentioned previously, the establishment of the Micronesian Products Center as a retail outlet for handicraft did not solve the major problem which has faced all handicraft dealers--obtaining a steady supply of good quality, saleable handicraft from the districts. Lack of significant organization among handicraft producers in the districts, together with failure to coordinate district production of handicraft with MPC demand, caused the Micronesian Products Center to lose money steadily and the handicraft producers to become discouraged. It appears that if organizational defects of handicraft production in the districts were to be corrected, the handicraft industry would stand a better chance of surviving in a competitive market.

Improvements are needed in the following areas: (1) arrangements for obtaining raw materials; (2) organization of production in the districts, including production techniques, and (3) arrangements for a steady flow of good quality, realistically low-priced handicraft from the districts to the Micronesian Products Center. These improvements will provide optimum utilization of resources already on hand without additional capital outlay. Improvements in these areas will also increase productivity and enable the same number of craftsmen to produce more handicraft at a larger profit, although a very small profit margin will actually be realized from each item. With this small profit providing a steady income, handicraft producers will not be tempted to leave handicraft making and seek other sources of income.

Low productivity in the handicraft industry may be mainly attributed to three factors: (1) lack of adequate credit facilities to enable craftsmen to acquire power machinery and raw materials; (2) failure to utilize the MPC as a market outlet as originally envisaged coupled with the inability of the MPC to acquire enough capital with which to make cash purchases of handicraft, and (3) organizational weakness so that small handicraft producers cannot accumulate enough capital to expand individually and fill MPC's orders responsibly. Of these factors causing low productivity, the first two cannot be alleviated without a large capital outlay and technical assistance by the Trust Territory Government. The last

factor, organizational weakness, can be alleviated without a large capital outlay by education and measures to correct organizational deficiencies in the districts.

Producers of the largest handicraft producing districts are loosely organized into cooperative groups. These groups, by definition, fall under the supervision of the Cooperatives Program of the Trust Territory which should undertake the following measures to improve the organization of the productive aspects of the handicraft industry in the districts:

1. Arrangements to obtain raw materials and ensure a steady supply to handicraft producers;
2. Merger of small producing units into larger ones, or at least arrangements so that there could be a greater division of labor and fuller use of tools and equipment;
3. Arrangements to procure more efficient semi-mechanized tools and implements, including, where possible, power machinery;
4. Improvement of accounting and other business techniques;
5. Improvement of packaging and shipping.

With the cooperation of the Manager of the MPC, the Cooperatives Program should undertake the following measures:

1. Set up adequate purchasing arrangements--including provisions for representatives of the cooperative groups to visit areas outside the district centers to obtain and provide raw materials, place orders, grade and purchase items;
2. Provide craft guidance--complete instructions as to design, color and form;
3. Ensure careful duplication of the article, good quality, adaptation of the product to changing demand.

The Micronesian Products Center should undertake the following:

1. Improvement of marketing arrangements to reduce distribution costs;
2. Research to determine market demands.

The Trust Territory Administration, through MPC, should undertake to provide:

1. Adequate credit facilities--to enable handicraft producers to obtain capital for purchase of raw materials and power equipment;
2. Adequate funds for cash purchase of handicraft in the districts.

There is a place for the handicraft industry in the economic development of Micronesia.

"From many points of view handicraft production is and could remain the ideal income industry of Micronesia. It can be engaged in by male and female, young and old, working at home and at tempos adapted to native routines. It utilizes native resources and native skills and serves to develop creative talents and healthy pride. And, it offers opportunities for almost complete native management from manufacture to jobbing experience." <sup>1</sup>

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1. Oliver, Douglas L. Ed., Planning Micronesia's Future. Harvard University Press 1951, p. 52.

APPENDIX A.

TRUST TERRITORY OF THE PACIFIC ISLANDS  
Office of the High Commissioner  
Saipan, Mariana Islands

March 19, 1964

Memorandum

To : All District Administrators  
From : High Commissioner  
Subject : Handicraft Production

At the earnest request of the various districts, the Micronesian Products Center was established on Guam to assist in marketing district products, principally handicraft.

As handicraft items are of interest mainly to tourists and travelers, the location of the Micronesian Products Center office and display room in the Trust Territory Compound depended largely upon advertising to attract customers. Even so, production exceeded sales and in the effort to broaden our market, a selling trip was made to Hawaii and the United States in the effort to establish sales outlets. This venture was not successful. In competition with similar articles produced elsewhere, our goods are high-priced. Also an export market requires quality control, and fulfillment of orders for desired items in amounts specified within a reasonable length of time. This we are not yet prepared to do.

In the endeavor to reach more customers, the Micronesian Products Center recently moved to a very desirable location on Marine Drive in Agana. The display rooms are tastefully laid out, and attract many more visitors and prospective buyers than did the former show room. It is also much more expensive to maintain. The Center is in urgent need of a steady supply of handicraft in order to justify maintaining this very desirable outlet. This does not mean that the Center wants, or will accept, shipments of unordered items. The Center must operate on a business-like basis, which means that it can stock only saleable merchandise. The manager has informed all districts of Micronesian Products Center procurement policy which encourages submission of new articles and original designs for testing the market in regard to price, size, finish, color and other attributes. Only after specifications and prices have been agreed upon are the articles to be shipped to the Center commercially, and then only of merchantable quality, and in quantities ordered.

Micronesian Products Center has borrowed from the Development Loan Fund to establish a revolving fund in each district so that the local handicraft association can pay the producer upon acceptance

of an article that meets standards, and is required to fill an order. This system requires integrity on the part of the local association which in effect represents Micronesian Products Center as well as its members.

During recent months the supply of handicraft to Micronesian Products Center from the districts has dropped off drastically. There is here a source of revenue that although limited should be appreciated, as much of it can be produced by people with no other source of cash income. However, there must be an able, energetic local organization to carry on correspondence, keep records, apportion out orders for work among its members, receive, grade, pack and ship merchandise and pay individuals. The individual craftsman, however numerous, skilled and productive is not able to market his wares through Micronesian Products Center without this assistance.

It is desired to know for future planning purposes, if there are enough people in your district interested in the production of handicraft to help supply the requirement of Micronesian Products Center at its present location.

Will you advise us if there are people in your district who are interested in producing quality handicraft for sale through Micronesian Products Center as outlined above. If you believe that a potential handicraft industry does exist in your district, will you send us your comments in regard to the procedures and action you believe should be taken to initiate and sustain a reliable flow of handicraft to Micronesian Products Center, bearing in mind that such a business must be based upon supplying items specifically ordered as to quantity, quality, price and specifications.

Signed: M. W. Goding  
M. W. Goding

cc:  
Micronesian Products Center

## APPENDIX C. HANDICRAFT PRODUCED IN THE TRUST TERRITORY

Appendix C is devoted to types of handicraft generally available for sale in various districts in the Trust Territory. The range of kinds of handicraft available for sale is as wide as there are different cultures in the Trust Territory.

The sources of materials for this appendix were the following: U.S. Navy Civil Affairs Handbooks; CIMA Reports; Alfred Buehler's The Art of the South Seas; Douglas Fraser's Primitive Art; Micronesian Reporter Vol. 10, 1962; and R.K. McKnight's "Handicraft in the Trust Territory of the Pacific Islands," SPC Bulletin, April 1964.

### Traditional art as a basis for handicraft

The traditional art of Micronesia which has been adopted or adapted today into handicraft consists mainly of carving or painting on wood, statuary, or public buildings.

Figures made from stone and wood are known traditionally only from the Palau Islands and from Nukuoro, Ponape District. Throughout Palau were found carvings on handles of ladles, carved figures in high or flat relief, and paintings and decorations on public buildings.

There is only one other type of woodcarving noted in Micronesia traditionally. This is a wooden mask found in the Mortlock Islands, Truk District. It is supposed to represent a benevolent spirit and may be used to ward off typhoons. This is the only mask known to Micronesia.

The most artistic form of decoration was found in Palau. This is wood inlaid with mother-of-pearl in geometrical designs. This inlay technique was also used for eyes of wood statuary.

The above statuary, decorative carving, and painting is traditionally known to be Micronesian.

### Woodcarving

Today there are many types of woodcarving, some traditional and some modern adaptations, which are sold as handicraft throughout Micronesia. A partial list of the most common follows: from Palau--bowls, jars, ladles, vases, monkey men, story-boards, coffee tables, bai (community house), book ends, salad sets, tikis, walking sticks, various statues of men and women, outrigger canoes. From Ponape: dance paddles, war clubs and spears, coconut grater. From Yap: carved figures of men and women; Ulithi canoes. From Truk: various statues, devil masks, love sticks, war clubs. From the Marshalls: canoes, stick charts.

Some of the most noteworthy of these will be discussed in the following sections.

Palau produces a great volume of woodcarving. It is a high island and wood for carving and building is readily available. Besides, there is evidently a long tradition in carving and decoration. Wooden utensils, bowls and other containers were formerly used in the everyday activities of the household. Bowls most commonly sold as handicraft today come from Peleliu and are either round or made in an oval shape with fish tails at either end. These bowls may be carved or inlaid. Another traditional type of container revived in 1962 is a jar with cover, inlaid with mother-of-pearl.

Mother-of-pearl inlay is used today for decoration in much of the woodcraft from Palau. The technique for the inlay is quite simple and consists of making a hole of a suitable size and carving a piece of pearl shell which will fit if pounded into place. Inlay is used as eyes in monkey men, and as decorations for various articles such as bowls and vases.

The Palauan vase, or ilengel, is one of the mass produced handicraft items as it is turned on a lathe. It is made from dort wood which is very heavy and insect resistant. It is made in various sizes and used as pencil holder, vase, ash tray, or made into table lighters or pepper mills. Traditionally the ilengel was an enormous container for a coconut toddy-like drink.

A long handled ladle was used to dip the toddy from the ilengel. This is another handicraft made in Palau today. A long carved curved handle is attached to a coconut shell half to form the ladle. The handle might be attached to a series of coconut shells, in case one became broken.

When the carved handle of the ladle is straightened out, figuratively, it becomes other articles--swagger sticks or canes.

All the above are traditional types of art which have been adapted to modern use. Perhaps the most famous of all Palauan handicraft which has origin in tradition is the Palauan story-board. The origin of the story-board is given on page 5 . The direct ancestor to the story-board was the carved and painted rafter which characterizes the true Palauan bai (community house). Traditional colors used

to paint the rafters were made from soot, various colored earths (red and yellow), and lime from burned coral rock. Paint was made by mixing these colorings with oil extracted from the Para Nut.

Present-day story-boards are painted with bright colors or deeply carved in natural wood. They are made in a variety of sizes and may be made into coffee tables or chessboards with statuary, carved posts, or even bais for legs.

The Palauan bai carving is a miniature of the long, sloped, A-frame structure which serves several functions in the Palauan community. Besides being sold as miniatures, they are also made into book ends.

Statuary. One other popular type of handicraft is statues from Palau, Yap and Truk. Palauan statues may be replicas of Palauan men and women in traditional dress. One of the most interesting Palauan statues is called Mediichebelau. This is a modern adaptation of a four-sided figure representing members of the family of the god Mediichebelau.

The most popular statue sold as handicraft from the Trust Territory is the Tobi Island monkey man. Monkey men are also known from Ulithi and Ngulu, probably influenced by the same origin as travel was known to have occurred between these locations.

Tobi Island is located in the extreme southwest corner of Micronesia. Apparently before the coming of the Europeans, the people of Tobi constructed wood statues, perhaps resembling monkey-like men, for religious purposes. Exactly when the people of Tobi began to

produce monkey men for trade is difficult to determine. It probably occurred during the German time.

During the Japanese Administration the figures were made in Palau. Today most of the monkey men are made by Tobi Islanders who reside in the district center of Palau.

The monkey man is a naked statue, resembling a monkey, usually carved in a squatting position. Its face is triangular with inlaid eyes.

Statues of men and women are known to be produced by one or two people on Yap. Heavy tatooing is simulated on soft wood to present an interesting carving.

There are several statues produced in Truk: rain god, Aku Aku, East-West Wind idol, These are all modern innovations, probably introduced by Americans. Aku Aku, of course, is an attempt to imitate the statues found on Easter Island. Statuary was not made traditionally in Truk.

Dance paddles, war clubs, love sticks. Wooden dance paddles are found on Palau and Ponape, but only made for sale on the latter. Ponapean dance paddles are carved from wood and painted with highly geometrical designs. Painting is usually an inlaying of white paint on top of a black or brown surface. The edges of the paddle may be decorated with tufts of pandanus fiber. The paddle is usually three feet in length.

War clubs are also produced in Ponape and sometimes Truk. They have sharp barbs extending from a flat blade at regular intervals. The design on the blade, like on the dance paddle, is geometric

and very intricate. The clubs are made in their regular size of four feet and also in a one-foot miniature.

Following the general decorative, highly intricate geometrical patterns are love sticks from the Truk District. These may be in two patterns. The first is a stick about four-feet long and 1/4 inch square. It is painted with black and yellow geometric designs. The second is about 2-1/2 feet long, 3/4 inch wide with carved detail in the wood.

The significance of the love stick, according to McKnight, is as follows:

"Each stick, in the tradition, was the 'calling card' of a particular male and could be used to rouse a sweetheart by pushing the point through the thatch wall by her sleeping mat. The recipient of the stick could then feel the pattern of carving on the stick and identify the suitor. If he proved acceptable, she would draw the stick into the house. If not, she would push it out through the thatch."

Stick chart. Another handicraft which had traditional use is the Marshallese stick chart. The chart is made of many slivers of wood tied together in gridlike form.

"Curved strips indicated the altered direction taken by swells when deflected by an island, their intersection the nodes where these met in a confused sea, one of the most valuable indications of the whereabouts of the voyager. Currents were shown by short straight strips; long strips indicated the direction in which certain islands were to be found. The islands themselves were located by small cowry shells tied to the framework. Such charts, of course, were not made to scale and were little more than mnemonic devices intelligible only to their individual owners."<sup>1</sup>

These charts are reproduced exactly for sale as handicraft.

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1. Golson, J. Ed. Polynesian navigation. Wellington, 1963, p.41.

The Mortlockese mask. The only mask made in Micronesia is the Mortlockese "devil mask." It was originally used to decorate spirit houses or boat houses and also worn in ceremonies which were performed to ward off storms. The masks, as sold today, range in size from 10 inches to 6 feet. They depict either a male or female. Usually the male has a hair ornament, sometimes a moustache. The masks have a slightly rounded head with a pointed chin and are usually painted black and white with some red around the mouth and in the geometric pattern around the border. Some authorities trace the origin of the mask back through Borneo and Indonesia to India.

Outrigger canoes. Several types of outrigger model canoes are made in the Trust Territory. The most popular come from the Marshall Islands and Ulithi and have been adapted to sell to tourists. The Palauan model canoes, according to one authority, are made so faithfully to detail that price is prohibitive to their sale. The craftsmen refuse to alter one detail to make the canoes less expensive and more saleable.

### Ornaments

Besides wood carving and statuary, there are various types of jewelry and ornaments which can be classified as handicraft.

Saipan, Mariana Islands District, produces several items made from cowry shells, such as handbags, necklaces, belts, and earrings.

Palau produces black coral, red coral and several types of shell jewelry. Among the shell jewelry and ornaments are several items made from tortoise shell. These are combs, belts, earrings, necklaces, hair pins, shoeorns and toluk or Palauan women's money.

Palauan women's money is a small oval-shaped tortoise shell tray with fishtail ends, exchanged by women as money during various feasts. It was occasionally used as a food container. It is very popular as a handicraft, but limited by the amount of shell available.

Among other ornaments which are made in the Trust Territory are Yapese men's combs--long spidery affairs with long teeth made of bamboo. They may be 3 inches wide and from 6 inches to 2 feet long. The length of the comb denotes a person's social status.

The Marshallese produce two types of ornaments, the first is a flower corsage, woven out of coconut fiber. The second is a fan. Fans are also made in Ponape and follow the same general design. These fans may have a tortoise shell or fiber center, with feathers or fiber on the outside. The tortoise shell centers of fans are cut from the horny plates of the hawk's bill turtle. After being cut in the desired shape, they are sanded smooth and thin. Holes are then cut in them at intervals for attaching to the fiber framework of the fan.

Ponape, Truk, and the Marshalls weave headbands and belts and decorate them with shells.

#### Coconut grater, stone money, grass skirt

There are three other items which should be considered: the coconut grater, Yapese stone money, and the grass skirt. These all have a traditional functional use and are sold as handicraft.

The coconut grater is one of the most useful handicrafts produced in the Trust Territory. The most popular type is the stool-type grater of Nukuoro and Kapingamarangi in Ponape District.

This grater is usually carved from one piece of breadfruit wood and is large enough to hold an adult. The coconut grater looks like a 4-footed animal with no head, only a neck. The neck is 12 inches wide at the base and diminishes to 2 inches at the top point. At the end of the neck is placed a slab of tridacna (giant clam) shell into which sharp saw-like teeth have been filed. The piece of shell is usually about 2 inches wide and from 4-5 inches long. It is secured to the neck of the grater by means of coconut husk string.

Yapese stone money is great flat-rounded disks of calcite or crystallized carbonate of lime of a light brown color. Some pieces are as large as 12 inches thick and 8 or 9 feet across. The money was quarried in the Palau Islands and brought back to Yap on rafts or canoes in a dangerous sea voyage of over 250 miles. The value of the money is determined by its age and history and not necessarily by size. For example, a small piece about a foot across may be worth \$100, while a piece 5 feet across may be worth only \$20. At the present time, small replicas and sometimes actual money are sold through the MPC.

The grass skirts which are worn today in Yap are made out of ferns, coconut fronds, pandanus and other fibers. They are not sold as handicraft although the ceremonial skirt is. The Yapese ceremonial skirt is made from hibiscus fiber. It is very thick and descends in layers, usually in different colors. The more familiar hula skirt is made in the Marshalls, Ponape and Truk. It is either plain white with the top border colored, or completely colored.

## Mat weaving, basketry and other weaving

Although people on all the islands in the Trust Territory weave mats and make baskets for their everyday use, most mat weaving and basketry for export is done in the low atolls of the Marshalls where there is plenty of pandanus and coconut fiber available.<sup>1</sup>

In Ponape and especially the Marshalls, carefully made baskets are produced from dried pandanus leaves. These leaves are first dried in the sun, then rubbed, beaten and stripped to make them pliable. In Ponape and Kusaie the pandanus is bleached or dyed black, split into fine strips, and woven in intricate geometrical designs. In the Marshalls, the traditional colors for weaving were red, black, and brown. Items which may be adapted from basket weaving are handbags, bread baskets, wastebaskets, placemats, coasters, pillows.

Other fibers besides pandanus may be used for items --coconut fiber or even banana leaves may be used to produce such items as hats, cigarett cases, coasters, and handbags.

The most famous handbag from the Trust Territory is the Kili bag. This is made by the people of Kili Island in the Marshalls who left Bikini Atoll in 1946. The Kili bag is usually square and made from the fiber of the youngest shoots of the coconut tree which are very white. The weave is very tight and almost waterproof. This type of weave was taught to the Kili Islanders by the Ponapeans, who make the same type of weave.

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1. For a detailed description of processing coconut, pandanus and hibiscus fibers in the Marshalls, see Exhibit A. Methods are slightly different in other island groups.

By far the most important product is the mat. It is generally plaited of pandanus or coconut leaflets, although sometimes hibiscus is used. Mat-making is roughly similar throughout all the islands. The types of mats made in the Marshalls are typical: floor mats, sleeping mats, decorated mats.

The best quality are double. One technique for making them is as follows:

"Dried pandanus leaves are beaten to make them soft. They are then hung over a string of hibiscus fiber with their edges overlapping and are sewn together with black dyed hibiscus twine threaded in a needle, ... a folded pandanus leaf is then placed horizontally between the leaves and sewn in position. This process is continued until the mat is of sufficient width. Another section of identical size is made, and the two are sewn together along one edge to form a double mat."<sup>1</sup>

Another article of handicraft which is very popular, but difficult to get is the handwoven Ulithi lava lava. This is woven of pandanus or plantain fiber on a primitive hand loom. The lava lava is usually black and white striped, although a more intricate design may be chosen.

#### Special types of handicraft

There are other articles of handicraft which may be obtained in the Trust Territory, but only on special order. One of these is a model of a typical Palauan house or typical Yapese homestead. Another specially made article is a chessboard and set of chessmen from Palau. The board is made of inlay of light and dark wood.

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1. Civil Affairs Handbook, Eastern Caroline Islands, 1944, p. 133.

Most of the chessmen are dressed in traditional Palauan costumes; the pawn is a monkey man; the castle is a bai. Another special article from Palau is a Sonsorol navigator's jacket made out of tightly woven pandanus. From Ulithi, a model loom, like the one used to weave lava lavas, is sometimes available.

All the handicraft discussed above is made in the Trust Territory and is usually available to buyers. The problems involved in making this handicraft and distributing it, however, sometimes delay receipt of an order for over a year.

Exhibit A. Processes and techniques of production  
of coconut, pandanus and hibiscus fibers.<sup>1</sup>

"a. Coconut leaf. Several young coconut fronds (limij) are cut just before they begin to unfold (neap tide is considered the best time for cutting), and are taken to a central place where a group of women and girls strip the green leaflets from the midribs. Each frond is halved lengthwise by splitting the midrib at the tip and pulling the two sections apart. The worker then starts at the butt end of one section and bends each leaflet out and away from the midrib, along which it has lain in the immature stage. With her teeth the worker bites the tip end of each leaflet in such a way as to part the leaf rib from the two halves of the leaflet, and with a single motion the leafy parts are stripped from the rib. Thus, a pile of tender green leaflets is accumulated, and the frond rib with leaflet midribs still attached is discarded.

"In the next stage, the tough integument of the leaflet must be separated from the softer body, with the aid of a knife and a smooth-sided kerosene tin. The thick end of the leaflet is held in the left hand, tough side down and firmly against the tin, while the knife, in the right hand, is placed at an angle on the fleshy side of the leaf, its edge away from the worker. With a shrill tearing sound, the leaf is pulled back sharply against the knife edge, being transformed into a thin strip which hangs like a wet tissue paper from the thick leaf stub. This filmy material is tossed immediately into a pail of clear water, and the softer body of the leaflet from which it has been separated is discarded.

"When a quantity of stripped leaflets has been amassed, the water in the pail is changed several times, and the leafy batch is dumped into a basin of boiling water to be stirred for perhaps half an hour. Sometimes the juice of limes is added to the water in a further attempt to remove any tendency of the leaflet to stain when dried. After another washing in cold water, each leaflet is slit into two or three pieces with a pin or the edge of one's fingernail. If the leaf is to be dyed, the bleached pieces are transferred from the boiling bath to a bath of American aniline dye.... For 24 hours the strips are suspended from a line...and must be drawn taut from time to time to prevent curling. When properly dried, the pieces of coconut leaf have twisted into tight, string-like fibers.

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1. Mason, Leonard E. The Economic Organization of the Marshall Islanders. U.S.C.C. Economic Survey, 1947.

"The number of processed fibers acquired from a single coconut frond may run as high as 1,000; each frond yields from 200 to 300 separate half leaflets, each of which is further slit into two or three pieces. When several women cooperate, as they usually do, four or five fronds may be processed to provide enough leaf-fibers for several weeks of handicraft production."

"b. Pandanus leaf. In the case of pandanus fiber, the requirements of the handicraft producer are best satisfied by a variety of low-growing pandanus which bears no fruit. The women pick the green leaves, place them back to back (ten at a time), and scrape off the thorny edges with an old coconut husk. The teeth are used in parting the midrib from the leaf at the wide end, and the thorny rib is stripped from the leaf in one motion. The green leaves are laid flat on a mound of heated coral pebbles for a short period before being spread out on the ground for more gradual drying in the sun; they are finally bound into rolls of 10 to 20 leaves preparatory to being softened by pounding with a heavy Tridacna-shell beater. During the pounding process, the rolls of leaves become separate along the line of the removed midrib.

"The pliant leaf, light greenish-brown in color and measuring about two inches by 20 to 30 inches is then slit into various widths as required in the manufacture of different kinds of handicraft. Nature has provided the pandanus leaf with closely spaced, parallel ridges running lengthwise in the leaf; these lines are turned to advantage by the Marshallese as a measure of width...Large floor mats are fashioned from pandanus fibers...  $\frac{3}{8}$ -inch to  $\frac{3}{4}$  inch in width/ sleeping mats are usually plaited with.../strips  $\frac{1}{5}$  -  $\frac{1}{4}$ -inch wide/ and small table mats and finer mats of old /from about  $\frac{1}{32}$ -inch wide strips/.....The outer edges of each leaf, roughened by wear during the drying and pounding processes, are removed by inserting a pin or one's fingernail at one end of the leaf and running it the length of the leaf. The desired width of fiber is achieved in the same manner.

"In the preparation of pandanus leaf for handicraft use, the women work alone, or in pairs -- for sociability. The work proceeds slowly from one stage to another; drying may take place one day, pounding the next, and the dried leaf rolls may be stored for some time until the need for more fiber arises, when the rolls will be opened and the leaves slit to the proper width, depending on the type of handicraft being produced. Pandanus leaf fibers are usually natural or bleached in color, and rarely are dyed."

"c. Hibiscus bark. Lengths of hibiscus wood, four to five feet long are cut in the bush, and the bark stripped off in wide sheets. After being soaked in fresh or salt water, the inner bark can easily be separated and, when dried, is split into many layers

with a knife, thus providing thin, textile-like strips of fiber -- each several inches wide. The light tan color of the fiber at this stage is usually altered, by immersion in a bath of aniline dye. For utilization in plaited handicraft, the Hibicus fiber is slit with a pin or one's fingernail into the required width. Hibiscus fiber is employed as a decorative component in Marshallese handicraft, being worked into the plaited manufactures of coconut and pandanus leaf to enhance the design."

APPENDIX D.<sup>4</sup> RECOMMENDATIONS OF HARRY H. JACKMAN ON OPERATION OF  
THE MPC AND ORGANIZATION OF THE HANDICRAFT PRODUCERS  
IN THE DISTRICTS.

The most recent recommendations on the operation of the handicraft industry in the Trust Territory were made in December 1963 by Mr. Harry H. Jackman. Mr. Jackman, a man of wide experience in the development of cooperatives in the Territory of Papua and New Guinea, was hired by the Trust Territory on a six-month special contract to make a survey and recommendations on the development of credit unions and other cooperatives in the Trust Territory. One aspect of his assignment was to aid in the formation of handicraft producer units, establish standards, explore markets, introduce new production methods, introduce possible new handicraft articles and the like.

Portions of this survey of the operation of the Micronesian Products Center made in September 1963 and portions of his recommendations for organization of handicraft producers in the districts made in December 1963, follow:

"The basic reason for the Center's existence and the Government support of it is the marketing of handicrafts made by Micronesians. Private enterprise at Guam or elsewhere is not willing to organize the industry because of its doubtful profitability and the certainty of high initial costs.

"The fact that initial costs have been high is, however, no indication that the Center could not become a useful marketing agent, carrying out its functions at a minimum cost to producers, that is on a non-profit-making basis.

"Nevertheless, the greater part of these initial costs would have been avoided if proper business methods had been used... It should never have happened that producers,

organizations and groups in the districts sent in items without specific orders for them, nor should the Center have paid prices quite out of keeping with the market. To offer to buy handicrafts from producers at prices higher than the market can stand, in the hope of encouraging production and then later bringing down prices to economical levels, is to completely misjudge the attitude of Pacific Islanders to Western Commerce and to effectively kill any possibilities of long-term operations in the industry....

"More important still, the almost complete failure to organize buying, storage and shipping of handicrafts at district level caused the Center to incur unnecessary expense, producers to lose interest and the whole scheme to fall into disrepute. In case the women's guilds in the Marshall Islands or the Handicrafts and Woodworkers' Guild at Koror are claimed to be organized buyers of handicrafts, I merely point out the continued misunderstandings and bickerings between the Center and the producers, resulting in loss of money to both sides.

"Producers have not been organized to produce exactly to order. They usually make whatever comes into their mind. They sometimes fail to fill specific orders given by the Center. Firm orders of, say, 20 monkey men may remain unfilled because producers are 'tired' of carving monkey men and prefer to make something else....

"The former manager ( of MPC ) claims that the Center's great need is for someone to promote its products, inspire producers and infuse new ideas. The real need right now is sound business management. Wholesale markets in the United States and elsewhere are not required at this stage where producers in the districts are not even organized to supply good quality items in correct quantity at the right time....

"Before attempting wholesaling which includes meeting contracts of quantity, quality, and time, retailing should be expanded so that producers as well as the MPC will gain more much needed experience in the industry...."

Mr. Jackman's recommendation for the basic organizational requirements of a sound handicrafts industry, made in December 1963, are:

"(a) Assisting existing guilds and co-operatives of handicrafts producers to be more efficient. This requires training their secretaries and treasurers, setting up simple financial records, having workable articles of incorporation and by-laws to give the organizations legal standing and to obtain a charter, and providing some advice and assistance in marketing."

"(b) Co-ordinating the activities of the MPC and MHS with producers' organizations in the districts."

"(c) Eventually having producers' organizations acquire and take over the MPC from the Government."

As Mr. Jackman had earlier stated:

"The rehabilitation of the Micronesian Products Center must be accompanied by careful competent organization of producers in the districts and their integration with the Center's activities. It must be made plain to producers that the Center is the nucleus of an industry which is to be placed into their hands as soon as possible and that the Center's success, and with it, that of the whole industry, depends very much on their participation."

MPC Monthly Sales July 1963 - June 1964

<u>1963</u>	<u>Gross</u>	<u>Net</u>
July	\$2,539.22	?
August	?	?
September	1,232.47	\$ 775.65
October	2,664.60	1,843.34
November	1,653.88	1,259.21
December	2,456.09	1,578.62
 <u>1964</u>		
January	1,169.79	804.99
February	2,182.16	1,247.30
March	1,886.65	1,301.61
April	1,679.87	1,032.70
May	2,294.62	1,644.15
June	<u>1,753.10</u>	<u>1,106.68</u>
	\$21,512.45	\$12,594.25

HANDICRAFT EXPORT DURING THE PERIOD 1952-1964  
(in thousands of dollars)

