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# RMI should get out of business

Do you sometimes have what is called an epiphany regarding a situation that, for one reason or another, you just couldn't get your head around?

It was thus for our economic advisor at the Journal recently who, confronted with providing a rational explanation for the apparent business-level failure of many government-involved enterprises, could not come up with an explanation as to why this was so.

Was it a question of honesty? No. Often enough enterprises went bust (for example, the aluminum can recycling program, all money paid out and received accounted for) with no apparent theft of funds.

Could it have been inexperience of the managerial level of the enterprise? Maybe, but operating any activity on a remote coral atoll such as Majuro is agreed to have challenging barriers that are sometimes overwhelming. And some private sector operations manage to thrive (PII?) despite miserable parallel failure evidenced by government-run entities (AMI?).

The core of the epiphany, then, is that government should get out of business and focus solely on providing support for private business, support in the form of tax credits, subsidizing transportation costs for local importers, providing consultants to reinforce local businesses.

When government involves itself with running enterprises (such as Marshall Islands Resort or National Telecommunications Authority or Air Marshall Islands), such operations usually need subsidy from the government, and that subsidy comes from taxes, taxes paid by private sector enterprises.

Private sector entities suffer loss of revenue by taxation, the same money that is then given to operations run by the government, which are not profitable.

The tax money is then used to compete against private sector growth. For example, government (through MIDB) subsidizes operation of our local bowling alley. Potential private sector investment in a competing bowling operation is put off simply because an investor would not want to compete from a disadvantage. A percentage of his or her revenue would be used to finance a competitor.

The simple "solution" to this dilemma is for government to divest itself of ownership for business enterprises such as AMI or NTA or MEC. Let private sector investors sink or swim, but give them monopoly benefits when necessary, and reasonable low-end taxation.

The result will be beneficial to the government in terms of taxable revenue, lower government payrolls, and more reliable services available to the public.



# The high value of our traditional skills

The news that island weavers earned more than \$7,700 for their finely woven mats at a special sale last week should make everyone stand up and take note.

The jaki-ed exhibition and auction held at Marshall Islands Resort for the sixth year in a row is the brainchild of USP's Dr. Irene Taafaki and Maria Fowler, who together have spearheaded the revival of the nearly lost art of fine mat weaving — Marshall Islanders were once recognized as the best in the Pacific. Because of a combination of the annual auction and a focus on master weavers training younger weavers, new life has been given to this art form.

What is significant is the economic value of cultural skills. The majority of Marshall Islanders born in the last few years grow up with

virtually no island skills and learn little of their own islands. As they go to school, their minds are focused on western learning with, unfortunately, little exposure to Marshallese knowledge and skills.

What we hope is that more people will see the connection between a vibrant culture and economic benefits to the community. In an island nation suffering rampant unemployment, people with traditional skills are able to generate income and develop opportunities.

It would be a tremendous development to see our schools more effectively integrate learning of traditional knowledge, which would have the additional benefit of recognizing those with traditional knowledge. It certainly fits with the announced goal of "Majolizing" the curriculum.

## The Marshall Islands Journal

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