

As noted in the previous report the provision of public utilities in new housing areas presents the major problem. Installation of the water system in the new section of Chalan Kanoa to the eastward of Texas Road, is well on towards completion. This will add materially to a better living standard in an area now covered by approximately 100 better than average homes.

New and vital factors in the rehabilitation program are the following:

- (a) Unemployment as the result of lay-offs from jobs with the U. S. Government.
- (b) Sharp increases in the cost of living.
- (c) The assumption of financial responsibility for a substantial share of Municipal Administration.
- (d) The levying of taxes.

To meet these new conditions it is expected that many of the people will revert to subsistence farming and fishing. Others will attempt to establish themselves in some kind of business enterprise. Not a few will probably wish to leave Saipan for the jobs on Guam or in the copra industry in the Northern Marianas Islands.

Whatever the adjustments that may be made, it will probably take months to determine how far the rehabilitation program has been set back or enhanced by these new conditions.