

Micronesia in Review: Issues and Events, 1 July 1990 to 30 June 1991

Reviews of Marshall Islands and Kiribati are not included in this issue because of unforeseen circumstances.

BELAU

Secretary of Interior Order 3142, the political status question, various foreign investment projects, government reorganization, and investigation of irregularities in the Bureau of Public Safety, were the key issues during the year.

Secretary Lujan issued Order 3142 in October 1990 in response to the 1989 General Accounting Office report that documented serious irregularities in Belau, calls from US Senator J. Bennett Johnson for the Department of Interior to reexamine its policy in Belau, serious questions about a huge new airport construction project, and failure by voters in Belau to change their political status. The order effectively increased Interior's authority to intercede in local decisions, consistent with the trusteeship agreement and existing law. Political leaders in Belau's *Olbiil Era Kelulau* (National Congress) objected strenuously to drafts of the order and interpreted its significant increase in oversight from Washington as a "diminution of progress Belau has made toward true self-government and full implementation of its constitution." After failing to influence Interior bureaucrats regarding the main elements in the draft order, the leaders gained the support of Guam's Senator Carl Gutierrez and Congressman Ron

de Lugo, both of whom labeled the draft order "colonialistic." This pressure resulted in a high level meeting in late September on Guam between leaders of Belau's three branches of government and Assistant Secretary of Interior Stella Guerra. The order was promulgated several weeks later, to the disappointment of a number of Belau's elected leaders. Their actions are now subject to the authority of the Assistant Secretary, whether borrowing money; undertaking capital projects and contracts valued at \$250,000 or more; communicating with other US government agencies, foreign governments, and international organizations (except the UN Trusteeship Council); and enacting both state and national legislation. The order also requires that an Interior representative be stationed in Belau, and provides for environmental protection of Belau's ecologically fragile rock islands and for the preparation of a national development master plan "that is applicable to all of Palau and approved in public law by the government of Palau." Given Belau's keen political rivalries, the very complex, even explosive, land problems in Koror town, and the continuing uncertainty about political status, approval of such a master plan for national development seems unlikely.

Interior's resolve was soon tested by Belau's elected leaders when the *Olbiil Era Kelulau* passed and President Etpison approved a unified national budget law for fiscal year 1991. The law failed

to provide the required funds availability analysis, showing where the government would derive the shortfall between the appropriation of \$28.7 million and Interior's grant of \$15.9 million. In response, Assistant Secretary Guerra suspended portions of the budget law and earmarked Interior's funds for other purposes consistent with her new authority. She also issued a directive ordering the Belau government to cease spending until local revenues were identified to cover such expenditures. The Belau congress leaders first pressured President Etipson through a "friendly" law suit to compel him to implement the budget law, but then agreed to delay the suit while Etipson appealed to Secretary Lujan. The appeal to Washington was unsuccessful and left the Belau congress and executive at loggerheads. One senator called for Etipson to resign, claiming that he had allowed himself to be manipulated by Interior and therefore was unable to uphold the Belau Constitution. The *Olbiil Era Kelulau* next refiled its lawsuit against Etipson for not executing the budget law and called on the court to compel him to file a suit of his own challenging Secretarial Order 3142 as a violation of the trusteeship agreement. On 26 December 1990, Chief Justice Nakamura denied the motion. The *Olbiil Era Kelulau* had no option but to write a revised budget bill and prepare a detailed revenue availability forecast of some \$12.4 million in local revenue needed to balance the budget. The budget law was reluctantly approved by Guerra at year's end.

A strong call for Belau to move away from free association and toward

commonwealth status emerged in May 1991. This had been a key issue in Moses Uludong's 1988 presidential campaign. His brother, Francisco, a successful businessman on Saipan, and *Olbiil Era Kelulau* delegate Surangel Whipps, who is doing well as a retailer in Koror, are leading the commonwealth drive and aim to get this option on the November 1992 general election ballot. Nagged by the commonwealth proposal on the one side, and a suggestion of independence by US Ambassador Wilkinson at the United Nations on the other, a key group of leaders began informal talks toward reviving the Compact of Free Association with staff of the US Congress. The indecisiveness of Belau's major political players on the status issue, and the frustration this creates within the general populace, could lead to dramatic changes in the balance of power after the primary and general elections.

Executive Order 3142 with its control on foreign investment projects may be a blessing in disguise for Belau. A new airport, now estimated to cost \$300 million, and a toxic waste incinerator that its supporters claim will generate \$50 million in revenue, are both planned for Babeldaob. They can, and likely will, be stopped by Washington. The IPSECO power plant debacle, with a debt that has accelerated to more than \$50 million, is a frightening example to responsible parties in Belau and Washington of how foreign investment projects can go badly awry.

Yet a number of foreign investment projects are in various stages of development. For example, United Micronesia Development Associates has formed a partnership with the Mele-

keok Economic Development Authority to lease land for condominium and golf course development. This ambitious project was delayed on the local level when the Belau Supreme Court declared the ninety-nine-year lease unconstitutional. The *Olbiil Era Kelulau* is considering a bill that would allow fifty-year leases of real property to noncitizens. However, some elected leaders are worried that United Micronesia Development Associates, with its influential local connections, could become a dominant force in Belau's politics. Also, Roman Tmetuchl, Belau's richest and most successful businessman, is constructing a three-building hotel on Malakal, the main port area, with Japanese investment capital. He is renovating the sixty-room Grace Hotel in his home state of Airai, where he is also working on a golf course project with Japanese capital.

Projects are planned for golf course and condominium development in Ngilwal, Ngarrard, and Ngatpang states of Babeldaob, as well as parts of Koror town. Unless Belau gains more autonomy through a new political status, all these proposed projects, exciting though they are to local entrepreneurs, fall under the veto authority of the Department of Interior.

President Etipson finally got eight cabinet ministers to help him run his government, but it took a new law to do it. The major change was the expansion of the number of ministries from five to eight. The former ministries of state, justice, and administration remained generally as they had been. The former ministry of social services was divided into three ministries

—of health, of education, and of community and cultural affairs. The previous ministry of national resources was divided into two ministries—of resources and development, and of commerce and trade. These changes brought several surprises—the appointment of two female ministers, and the switch of the vice president's ministerial portfolio from administration to justice. The second change took place without prior consultation, but has allowed Vice President Nakamura to concentrate more on policy matters than on the endless operational details of administration. Nakamura's proactive and systematic approach to problems in his new ministry may even strengthen his chances at the presidency in 1992.

In his work as minister of justice, Vice President Nakamura had a full agenda provided for him by the February 1991 *Report of the Joint Investigative Committee on Police Practices*. The committee, cochaired by Delegate Ignacio Anastacio and Senator Daiziro Nakamura, did not formally begin work until November 1990, when it obtained the services of an experienced independent counsel. The committee determined that Belau's Bureau of Public Safety had serious procedural and ethical problems; instead of enforcing the law, the bureau had become a law unto itself in many respects. The committee discovered major irregularities involving missing evidence; missing firearms; police brutality, misconduct, and cover-up; favoritism and nepotism; inadequate self-policing; irresponsible activity regarding finances and record keeping; and mismanagement of the jail facility. The committee

provided thirteen well-researched recommendations which, if implemented, could improve an extremely bad situation.

DONALD SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The major events of the year 1990-91 included government "job actions," two sessions of "902" talks, changes at the United Nations, and some major developments at the Commonwealth Utility Corporation.

Led by a group of disaffected principals, teachers and administrators declared in May 1991 that they would close down the schools if the director of the public school system was not immediately and unconditionally relieved of her position. The strike took place mainly on Saipan, and resulted in the removal of Ms Elizabeth Rechebei by the board of education. The strikers claimed that she had no qualifications for the job, and was insensitive to the needs of the teachers. Ms Rechebei is a Chamorro with an MA in educational testing, and former director of the Trust Territory Office of Education.

In June a group of government employees took umbrage at delays with a pay-raise bill in the legislature. The Public Servants Compensation Rights Committee was formed by Commonwealth Utilities Corporation Executive Director Ray Guerrero and Director of Personnel Jess Mafnas. The committee rallied many of the civil service employees to lobby strenuously for passage of the house of representatives'

version of the bill. At one time more than three hundred employees held vigils outside the legislature. The chair of the senate committee in charge of the legislation, Paul Manglona, claimed that his life was in danger, and moved the senate deliberations to Tinian. His office had been torched a few weeks earlier by unidentified persons.

Although no strike took place, a compromise bill was passed giving a 14 percent across-the-board raise to all employees. Guerrero and Mafnas announced that their committee would remain in existence to protect the rights of civil service and other employees.

For the first time since 1987 the Commonwealth of the Northern Mariana Islands (CNMI) did not send a delegation to the United Nations Trusteeship Council. This was because on 22 December 1990 the Security Council of the United Nations formally recognized the termination of the Trusteeship Agreement for the Marshall Islands, the Federated States of Micronesia, and the Marianas. Since this removed the last thread of the legal connection with the United Nations, CNMI leaders were strongly advised not to show up. Matters not pertaining to the last remaining trusteeship, Palau, were specifically excluded from the agenda of the Trusteeship Council.

When word reached Saipan that the Security Council was meeting to discuss termination, Governor Guerrero fired off a strongly worded protest to the president of the Security Council and the secretary general of the United Nations. Nevertheless, the council met and voted 14-1 (with Cuba casting the negative vote) to terminate the trusteeship. Delegates noted that Trusteeship

Council Resolution 2183 (LIII) of 28 May 1986 had found that the new governments were fully capable of self-government and no longer needed the tutelage of the United Nations. The Soviet Union voted with the United States on this question and even praised the United States for its development of the Trust Territory.

Casinos were very much in the news again in 1990–91. A casino commission received seven applications from American, Japanese, and Korean interests for the five slots available on Tinian for casino-hotel projects. Each application was accompanied by a US\$200,000 non-refundable fee, supplemented later by an additional US\$100,000. The fee was to fund the background investigation of the applicants. In late May 1991 it was announced that there were problems with all of the applications and that no preliminary selection would be made until further investigation had taken place. In the meantime, land transactions continue to be made on Tinian in anticipation of the casinos.

In a possible harbinger of things to come, a Tinian man was arrested in early June for importing nearly half a million dollars worth of “ice” methamphetamine. A few weeks later a Saipan man was arrested coming from the Philippines with a smaller quantity of the same drug.

Land issues remained important in 1990–91. In late 1990 the issue was whether to lease a large amount of prime agricultural land owned by the government to the Shimizu Corporation for hotel and golf-course development. The lease was granted after much discussion and some very heated

exchanges. However, in late June 1991 it was revealed that the lease conditions Shimizu was operating under with the Marianas Public Land Corporation were not those approved by the legislature. Also in May–June 1991 Niizeki, another Japanese firm, embarked on a golf-course development on Saipan, reputed to involve more than five million dollars for private land purchase. The company was also seeking to lease government land.

A new sewer treatment plant was opened in April 1991 to support Saipan’s rapid development. This will permit the treatment of the two million gallons of raw sewage previously dumped in the Saipan lagoon, but will not be adequate to meet the needs of the hotels presently under construction. Contracts for more power generators were also signed, and legislation was pending to oblige developers to carry a greater share of the costs of new infrastructure.

During the period under review there were two sessions of the “902” talks provided for in the covenant establishing the CNMI. The first session was held in September 1990 in Rota and resulted in some agreement. However, talks broke down in Washington in May when United States spokesman Timothy Glidden informed CNMI group chairman Benjamin T. Manglona that he could not discuss such issues as control over the exclusive economic zone, aid from other countries, and “internal sovereignty.” Glidden suggested that the parties seek a resolution in the courts and Congress, while Manglona preferred to resume the 902 discussions at a later date. Manglona expressed concern

about the impartiality of a federal court discussing federal issues with the CNMI.

More progress was made in "702" talks (authorized by another section of the covenant) concerning federal funding for projects in the commonwealth. However, the two parties had rather different expectations regarding the level of support for the next seven-year cycle. Although Lieutenant Governor Manglona expressed a need for half a billion dollars, Assistant Secretary of Interior Stella Guerra stated that funding would not be appreciably above the US\$27 million allocated for the previous period. Talks were continuing in San Francisco at the end of the review period.

In a speech in Honolulu on 30 May 1991, Assistant Secretary Guerra stated that there was no such thing as partial sovereignty (as described by some CNMI leaders) and that Uncle Sam's purse strings were getting tighter. She gave the strong impression that the federal government would no longer entertain unlimited requests for funding, or sit back and let others unilaterally define political relationships. These "Guerra Maxims" were not received with great enthusiasm in the commonwealth.

SAMUEL F. MCPHETRES

FEDERATED STATES OF MICRONESIA

A new president and a constitutional convention were the two most significant political events in the Federated States of Micronesia (FSM) during the period under review. Both could affect

the future of the young nation significantly.

On 21 May 1991 Bailey Olter, a fifty-nine-year-old Pohnpeian born on the outer island of Mwoakilloa (Mokil), was inaugurated as the new president of the FSM. Jacob Nena, of Kosrae, was the new vice president. Olter is a gregarious, "can-do" businessman with a broad background in politics and finance. He served as vice president of the Senate in the first Congress of Micronesia, and subsequently chaired the Senate Committee on Ways and Means. He was vice chairman of the FSM Commission on Future Political Status and Transition. As chair of the status committee, he played a key role in negotiating the Compact of Free Association with the United States. He chaired the External Affairs Committee in the first and second FSM congresses, and served as FSM vice president from 1983 to 1987.

Olter's chances of winning the presidency in 1987 were dashed when he was barely defeated by Leo Falcam in a three-way race for the Pohnpei at-large seat (the president and vice president are selected by Congress from among the four at-large senators, one from each state). However, Congress passed over Falcam and selected John R. Haglelgam, a thirty-seven-year old outer Islander from Yap state, to be the second president of the FSM.

In March 1991, Olter ran against Falcam again for the at-large seat and the presidency. This time, with only two candidates, the race was clear. Olter won narrowly, polling only 116 votes more than Falcam. He swept the outer islands, as well as Sokehs, Kolonia, off-island polling places, and

absentee voters, while Falcam won big in the ethnic Pohnpeiian communities of Madolenihmw, Kitti, Nett, and his home municipality of U.

President Olter, who is studying hard to be proficient in Japanese and is remodeling his own Nan Madol Hotel with Japanese money, has his political work cut out for him. On 1 October 1991, the beginning of fiscal year 1992, the FSM will face the first decrease in United States funding under the terms of the Compact of Free Association, its major source of income. For each of the first five years of the compact, the United States provided about US\$92 million. This will drop to about US\$86 million for each of the second five years, beginning in fiscal year 1992, and to about US\$76 million for each of the last five years. If present economic trends continue, these falls in revenue will not be offset from domestic sources. Import spending far exceeds export earnings and, according to development bank president Manny Mori, a substantial portion of available loan funds remains uncommitted.

Multi-million-dollar fisheries projects are underway or planned in each of the four states of Chuuk, Kosrae, Pohnpei, and Yap. But critics complain that there is no coherent national fisheries policy, and that the projects are poorly coordinated. They have also raised questions about the feasibility of some of the projects, which involve the purchase of fishing boats and the construction of canneries and fish-processing plants. Construction is under way near the Pohnpei dock for a state-of-the-art fish-processing plant, which is supposed to be completed in February 1992.

The other significant political event with potential long-range implications was the FSM Constitutional Convention of 1990 in Palikir, where the delegates passed 24 amendments, including one that, if it had passed in the 2 July 1991 referendum, would have changed the voting requirements for all other amendments to the FSM Constitution—a document most observers believe has been contributing to the stability of the FSM. The proposed amendment provided that effective 3 November 1990, any amendment could become part of the constitution upon approval by a simple majority in three out of four states. Currently, three-fourths of the voters in three out of four states must approve an amendment, a vote considered very difficult to get and making the constitution difficult to amend. If the proposed amendment had passed, it would have been conceivable that an amendment receiving less than 50 percent of the overall FSM votes could have become part of the constitution.

The voters went to the polls on 2 July to vote for the at-large seats in Kosrae and Pohnpei—made vacant by Olter and Nena's election to the presidency and vice presidency—and to consider the 24 proposed amendments passed by the constitutional convention, plus another 2 passed by Congress. Each of the 26 amendments was on a separate ballot in what was the most complicated referendum the FSM voters had ever faced.

The senate races were easily decided. In Pohnpei, Senator Falcam regained his at-large seat by defeating challenger Pedro Harris by 4775 votes to 3179, or some 60 percent. Kosrae

former Lieutenant Governor Moses Mackwelung resoundingly defeated former Kosrae Chief Justice Harry Skilling, with 1223 votes to Skilling's 386.

The turnout for the complicated referendum was understandably low, and even lower because voters in Chuuk and Yap had no candidates to vote for.

Although Pohnpei and Yap overwhelmingly approved every proposed amendment except the one establishing a chamber of chiefs, Chuuk voters said no to every proposed amendment and Kosrae approved only four with the required 75 percent. These four have become the first amendments to the FSM Constitution. They will:

1. Change "major" crimes to "national" crimes in Article IX, Section 2 (p), which provides that Congress has the power to "define [now] national crimes";
2. Add to Article XI, Section 11 the requirement that the court in rendering a decision, "must consult and apply sources of the Federated States of Micronesia";
3. Prevent an indefinite land use agreement by a "noncitizen, corporation not wholly owned by citizens, or any government," in Article XIII, Section 5;
4. Restrict Congressional power under Article IX, Section 3, by changing the concurrent state-national power to "promote education and health" to expressly delegating to Congress certain powers. These include "setting minimum standards, coordinating state activities relating to foreign assistance, providing training and assistance to the states, and providing support for post-secondary educational programs and projects."

Probably the most interesting of the defeated amendments was one that would have created a chamber of traditional chiefs to advise on and promote custom and tradition as well as promote peace and unity in the FSM.

JOAN KING

GUAM

The general election of November 1990 dominated the year's political events, while Guam's relationship with the United States, development, and indictments against several accused of theft of government land, were also prominent issues during the period under review.

The general election of 1990 saw the reelection of Governor Joseph F. Ada (Republican) to the post of chief executive. He became the first governor to be elected for consecutive terms. In addition, Ada won by the largest margin ever in Guam's electoral history. As usual, voter turnout was high at 86 percent of the electorate. Ada and his running mate, Lieutenant Governor Frank F. Blas, defeated their Democrat opponents Senator Madeleine Z. Bordallo and former Senator Jose "Ping" Duenas. Senator Bordallo was the wife of the late two-time governor of Guam, Ricardo J. Bordallo.

Early in the campaign the candidates tried to separate themselves on leadership style and issues. But as election day approached the contest became fraught with innuendos and attempts to smear opponents. A court case filed in October involved Ada in a paternity suit, and another suggested electoral law infringements. Ada

asserted that the allegations represented the most despicable political ploy he had seen in his twenty years in politics. Another case alleged that Lieutenant Governor Blas had acted improperly on a land transfer action. The courts dismissed two of the three cases as frivolous, and the remaining one was not vigorously pursued. The cases were brought by an associate of an attorney who had previously been indicted in land scam cases. The media also implicated Bordallo's running mate in the theft of public land, an accusation that did not escape the attention of partisan campaign planners.

Ada's campaign was bolstered, no doubt, by the booming economy during his previous term in office. Tax revenues had increased from US\$186 million in fiscal year 1986 to US\$429 million in fiscal year 1990. Ada and the Guam legislature gave the people credit for Guam's economic success, and translated surplus government revenues into a tax rebate of US\$1000 per taxpayer, and a salary increase of US\$5440 for all government employees (20 percent of Guam's wage employment). This action appeared to add credibility to Ada's Catch the Spirit election campaign.

Ada's "history made" inauguration in the first full week of January 1991 was attended by more than forty heads of state and representatives of governments. The governor and his teammate used the occasion to lay out the strong nationalist-regionalist platform they had developed over their first four years in office. Ada reemphasized Guam's growing independence in his state of the territory address in Janu-

ary. He argued that economic dynamism would allow Guam to seize additional political rights and achieve "a status of dignity," despite the limitations others might try to impose.

A Democratic majority of eleven was elected to Guam's twenty-one-member unicameral legislature. The death of one Democratic senator-elect prior to inauguration, however, left open several possibilities for control of the body. By January, dissension within the Republican minority (that had resulted from post-election leadership shifts), motivated three Republicans to support incumbent Democratic Speaker Joe T. San Agustin for the post. A special election in April to fill the vacated legislative seat was secured by 1990 gubernatorial candidate Madeleine Bordallo, who received more votes than her three challengers combined.

As part of Guam's continuing efforts to change its ninety-three-year colonial relationship with the United States, the bipartisan, multibranch Guam Commission on Self-determination met with the Bush administration's interagency task force in July 1990, and again in January, February, and April of 1991. During the discussions, several "qualified agreements" were signed by the commission chair, Governor Ada, and the task force chair, Interior Assistant Secretary Stella Guerra. Qualified agreements were reached on defense and foreign affairs consultations; access to and through United States-held property; transfer of military-held utilities; the political and judicial relationships; immigration control; delegation of presidential authority; and assistance to Guam in establishing

external trade and cultural offices. However, significant issues remained unresolved, and extensive differences were apparent regarding the return of federally held lands in Guam, the applicability of federal law, Guam's independent aviation authority, the exclusive economic zone, and limitations on United States powers of eminent domain.

Throughout the discussions, the Guam commission stood firm on its position of not agreeing to changes in the intent of the electorally endorsed draft Commonwealth Act. Despite the continued urging of Guam's congressional delegate to separate controversial and noncontroversial measures in the Commonwealth Act—a long-time recommendation of US officials—the commission continued to espouse a holistic approach to the status effort. Both parties have indicated that talks should finish by the end of 1991, so that Guam's proposal can be forwarded to the US Congress.

In a letter to the chair of the United Nations Special Committee on Decolonization on 10 August, Governor Ada took exception to a proposal (offered by Norway) to consolidate several of the committee's resolutions regarding the status of non-self-governing territories. In February 1991, the Offshore Governors' Forum (which brings together the governments of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the United States Virgin Islands) adopted a lengthy declaration calling for a continuation of the special committee's unmitigated role in decolonization. In late 1990, the General Assembly adopted its resolution on Guam, with

the United States and Israel casting opposing votes.

Development became a matter of considerable interest in Guam during the period under review, with environmental groups, proponents of planned development, and developers taking each other to task. Growth continued at a rapid rate, with local labor unable to fill all the new jobs created and supplemented by continued migration from the Federated States of Micronesia. The government continued its efforts to obtain federal funds to offset local social and educational costs associated with Micronesian in-migration, funds that ought to have been available since fiscal year 1987. In budget hearings before the House Interior Appropriations Subcommittee in May 1991, Guam's sole funding request was for the so-called Compact Impact funds. Other offers of US financial assistance were politely turned down—a clear signal of Guam's growing financial independence.

Through the grand jury process, Guam's attorney general issued several indictments alleging theft of government land in late 1990, and in January and May of 1991. Employees of the department of land management, an attorney, and several individuals, were charged with acquiring significant amounts of public property.

The government of Guam also embarked on action against US shipping companies, accusing them of overcharging Guam shippers. Although outside the US customs territory, Guam is designated a US port, through which all US goods must be carried on US vessels. In what is destined to become a major case for the

shipping industry, Governor Ada charged that carriers were bilking customers on the Guam route so that they could be competitive with non-American carriers on foreign routes. Ada suggested that US carriers have been charging Guam shippers far above industry standards.—

LELAND BETTIS

NAURU

The island's declining prosperity remained the most significant problem in 1990-91. The government hoped to arrest the slide by creating "a viable post-phosphate economy," and sought membership of the Asian Development Bank to gain access to the bank's information flows, technical assistance, and borrowing facilities.

The economic squeeze was considered serious enough for the government to submit to pressure from Nauruan landowners for a payout from the earnings of the Nauruan Landowners' Royalty Trust. The fund has been built up from royalties since 1927 to provide Nauruans with an income when the phosphate is worked out and was expected to remain untouched until 1995. The value of the fund at 30 June 1989 was more than A\$362 million. The disbursement was A\$20 million, and although all Nauruans are not landowners, most would have shared in it in some way.

In its membership application to the Asian Development Bank, Nauru said the republic faced a period of "enormous economic, financial and sociological challenges." Its once relatively high GNP was declining, while its popu-

lation was increasing; the phosphate deposits that had accounted for the island's prosperity were approaching exhaustion, and the only realistic options for generating future employment for the Nauruan people appeared to lie in the rehabilitation of the island's land and the creation of a fishing industry.

The application said Nauru needed assistance to undertake surveys on land use and resources that might identify other new industries. Further possibilities might follow as a result of the rehabilitation of the land. A survey should indicate what the fishing alternatives were; whether it should be a small industry aimed at supplying only local demand; a larger one that would supply fish to canning plants elsewhere in the Pacific; or a Nauru-based fishing and canning industry. The application noted that Nauru's exclusive economic zone covers an area of 431,000 square kilometers and, according to a 1980 South Pacific Commission survey, skipjack tuna are likely to be very abundant in Nauruan waters.

Papers accompanying Nauru's application showed that the estimated population of the island was 8500, of whom about 5500 were Nauruans. The non-Nauruans were mainly other Pacific Islanders, Chinese, Filipinos, Indians, Australians, and New Zealanders. The population had increased by only 0.1 percent between 1980 and 1988, but this reflected a decline in the non-Nauruan population that was offsetting increases in the Nauruan population. Nauru had a particularly high population density of 381 persons per square kilometer, compared with 58 for small island developing coun-

tries, and 83 for all island developing countries. However, with much of the island worked out or uninhabitable, the population density of the non-phosphate occupied land, mainly around the perimeter of the island, was 1700 persons per square kilometer.

As of 30 June 1990, the total workforce was 3303, of whom 2165 were Nauruans. The government-owned Nauru Phosphate Corporation was the largest employer, with 1393 employees (including 640 Nauruans); the government of Nauru next with 1210 (1013 Nauruans); the Nauru Local Government Council 420 (362 Nauruans); and the private sector 280 (150 Nauruans).

Shipments of phosphate fell from about 1.4 million tonnes in 1987 to around 0.8 million tonnes in the 1990–91 financial year. In the same period there was only a small increase in the price received. All identified phosphate deposits are likely to be exhausted by about 1995, and although there is some scope for the residual mining of phosphate left in crevices and the bases of the coral pinnacles, extraction would be difficult and expensive, and the phosphate of lesser quality.

The republic told the bank that earnings from long-term investments of the Nauru Phosphate Royalties Trust would “very largely” meet government expenditures when the phosphate ran out, but they would not meet the capital cost of rehabilitating mined land, or the cost of identifying and establishing new industries. The only way that Nauruans could continue to live on Nauru was if the mined land was rehabilitated and put to both residential and non-residential use. The applica-

tion said that the government had accepted responsibility for rehabilitating land mined since independence in 1968, although the precise cost was unknown. The financial problems facing the government would be “even worse” if Nauru failed in its current court action seeking compensation from Australia for the rehabilitation of the lands mined before independence, amounting to about one third of the island.

At the end of June 1991, Nauru’s application for Asian Development Bank membership was still being processed, but approval was expected.

Meanwhile, the republic continued to marshal facts in support of its application for rehabilitation damages, which has been lodged with the International Court of Justice at The Hague. Nauru seeks A\$72 million. Australia was required to lodge its counter-memorial by January 1991, but instead it raised preliminary objections to Nauru’s application on a number of counts. One was that the matter had been settled before Nauru’s independence, and that this fact was before the United Nations at the time it terminated the Trusteeship Agreement for Nauru. Australia argued that the termination had settled any claim that Australia was in breach of the agreement, and thus the court lacked jurisdiction to determine the question.

Australia also submitted that Nauru’s application was not a claim against Australia, but against the administering authority of Nauru at the time. The administering authority comprised three partner governments—the United Kingdom, New Zealand, and Australia—yet Nauru had only

brought its claim against Australia. Australia argued that as the question also involved the responsibility of other states, the claim was inadmissible because the others had not consented to the court's jurisdiction. For these and other reasons, Australia sought dismissal of the Nauruan application. The court had not ruled on Australia's objections by the end of the review period.

President Bernard Dowiyogo, who was elected to office in December 1989

following the inability of his predecessor, Kenas Aroi, to accept renomination following a stroke, has remained in office without any of the challenges from the floor of the house that have destabilized Nauruan politics in recent years. Aroi, who was a former finance minister, chairman of the Nauru Phosphate Corporation, and highly regarded for his many solid abilities, died in January 1991 without having recovered his health.

STUART INDER