

1 July 1999 to 30 June 2000

Reviews of Kiribati and Nauru are not included in this issue.

FEDERATED STATES OF MICRONESIA

The period under review ushered in a new administration for the nation as major economic issues were negotiated in the ongoing discussion of sections of the Compact of Free Association. The state of Pohnpei was hit by cholera, making matters unstable for the nation's capital and producing ripple effects at home and abroad. A movement for statehood within the biggest state, Chuuk, and old issues of state versus national control of economic resources, continued.

FSM President Leo A Falcam (Pohnpei) and Vice-President Redley Killion (Chuuk) assumed office early in 1999. In his inaugural address the president outlined a new reform package for the nation, with three major themes. First, the national government must work diligently toward balancing its finances because the compact will no longer be the main source of income. Second, there is a need for the federation to concentrate more on the private sector to stimulate the domestic economy and further integrate the nation into the current global economic structure. Third, Micronesians must realize the importance of maintaining their unique cultural values and identity, as that in itself would place them on the international stage.

To fulfill one of his ambitions before being elected president, Falcam

took the time to meet people in all regions of the country before facing the international stage. Immediately after his inauguration, he traveled widely to different parts of the nation with the aim of reinforcing that his foremost priority is the people. During his meetings, he reminded them to be proud of being Micronesians, as no one can steal that reality away from them. Micronesian people need to strive together to better the nation, both economically and culturally, before they can stand firmly in the international arena. Thus the doctrine of "think globally but act locally" was at the heart of the president's domestic meetings.

Falcam's first political challenge came in October 1999. The Congress proposed certain bills for so-called capital projects, which many saw fell within the interests of the incumbents. The money was for pork-barrel funds to be distributed among the current members of Congress. The president vetoed the bills, citing inappropriate spending, especially at a time when the nation was reevaluating its economic policy. Many of the incumbents saw the president's act as nothing more than a rubber stamp and moved to use Congress's constitutional right to veto Falcam's wishes. This was a political blow to the president and the nation alike. The "might" of Congress continues to hamper the Federated States' future and creates a climate of political mistrust. However, according to many political observers, this act of

Congress did not (and will not) sway positive public opinion toward President Falcam.

On the international scene, the president's first trip was to the People's Republic of China, the first ever by a president of the federation. The purpose was to strengthen the relationship between the two nations. China has been a great friend of the Federated States of Micronesia and has assisted the nation in many ways, including development aid. The trip highlighted the widening of the nation's stance in the world and reflected the president's vision for the future.

The legislative arm of the national government remained intact despite two new figures, Resio Moses and Manny Mori, both of whom have spent many years in government and the banking sectors. Their presence in Congress raises new hopes that they are breaking new ground and paving the way for more new faces in the assembly. The blazing battle within Congress, for now and the foreseeable future, will be between the new members and many of the incumbents concerning the pork-barrel appropriations that have been handicapping the nation for many years. Only time will tell whether any major changes will be attributed to Moses and Mori.

As 1999 came to a close, the State of Pohnpei woke up to a new era when its own change in government took place. Johnny David was victorious in unseating Del Pangelinan to be the new governor, while Jack Yakana replaced Dion Neth as lieutenant governor. Unlike Pangelinan and Neth, who squabbled and worked separately, David and Yakana sought to

form a new political partnership. The main thrust of the new government is to rebuild its image and restore public trust.

The Department of Education responded to that thrust when it initiated new requirements for all secondary teachers to possess at least a bachelor's degree in their respective fields in order to teach in the public high schools. The new requirements prompted many teachers to seek further training. Already there is a steady influx of teachers attending college courses and the workshops offered by both community college campuses in Pohnpei. This will eventually improve the quality of the state's secondary education. The police, along with other departments, also responded to the new government and upgraded the force through more training in the areas of public relations and the administration of criminal justice. Amalgamation of other departments, with new directors, was undertaken to cut spending and promote efficiency in government administration.

Representatives of the United States and the Federated States of Micronesia continued meeting in attempts to renegotiate economic sections of the Compact of Free Association before the current provisions expire in 2001. The United States signaled a hard stance in July, as key congressional figures insisted that the Federated States, along with the Republic of the Marshall Islands, show accountability for the three billion dollars spent under the current compact agreement. The United States has also indicated that it might introduce immigration status as an item for negotiation. The impact of the immigration of large

numbers of FSM citizens to Guam and the Northern Marianas has given rise to financial claims against the federal government by those entities. The Federated States articulated its stance in May 2000, when the two sides met for the second round of talks, requesting an annual assistance package of US\$84 million for twenty years, plus an annual contribution of US\$20 million to a trust fund. The focus on economic issues in the compact renegotiations appears to be loosening up, with issues such as health and fisheries slated for future discussions. In the meantime Guam and the Northern Marianas continue to seek Compact Impact fund assistance from the US government. While Guam's claim was being considered by President Bill Clinton, Governor Pedro P Tenorio complained that his government had sent a bill for US\$28 million to cover the cost of the freely associated states' citizens living in the Northern Marianas and benefiting from the host government's services. Currently, the Commonwealth of the Northern Mariana Islands and the State of Hawai'i are awaiting the outcome of claims submitted to the federal government for Compact Impact funds.

In related news, the Asian Development Bank, which has been assisting the Federated States in its economic reform plans, has been critical of the nation's assessment of the effectiveness of these reforms. In a report issued in November 1999, the bank claimed that although the government downsizing and privatization of some services had worked, there was ambivalent support from the state legislatures for the reform process and fear that it may have lost momentum.

In April a cholera outbreak was the main focus of political, health, and social concerns on the main island of Pohnpei. A task force was formed immediately after the outbreak to monitor the situation. As the statistics rose, the governor declared a state of emergency and moved to close down all schools, *sakau* bars, uncertified restaurants, and food outlets, and put certain areas of the island under quarantine. Social gatherings were banned, and funerals were restricted to only a few hours. According to official statistics, at the beginning of the outbreak 2,641 people were treated for suspected cholera. Since the outbreak, 15 deaths have been attributed to the epidemic, according to a news release. The hospital bore the burden of dealing with the affected population as the disease took its toll. Many people were admitted to hospital as the number of cholera cases increased. A team of health professionals from the US Military Services, the Red Cross, and the United Nations flew in to assist in the eradication of the disease. The Red Cross Society was very active, with teams of volunteers going door-to-door distributing leaflets, lecturing, and assisting those in need of transportation to the hospital.

The impact of the cholera epidemic on the local economy was felt in many sectors. Foreign markets for the tuna industry grew uneasy over the health crisis, and fishing vessels off-loaded their catches at transshipment facilities in other states. Although official numbers for the visitor industry have not yet been released and assessed, popular opinion expects a significant drop in tourism numbers for the State of Pohnpei since April. Locally, the

Pohnpeiian *sakau* market, a thriving business, and local food service businesses suffered tremendous losses. Most services to the outer islands of Pohnpei were cut. The other states of the federation, such as Yap and Chuuk, restricted imports of food and betel nuts from Pohnpei and required all travelers to have health clearance on their arrival. Pohnpei is still trying to shake off the negative impact of the cholera epidemic. The governments of Guam and the Northern Marianas banned the import of food items from Chuuk State, even though no case of cholera had been officially confirmed there. The ban was short-lived, but it took the intervention of high political power and the promise by the state government that it would follow a number of guidelines outlined by the Guam health director before it was lifted.

The statehood movement by the Faichuuk region of Chuuk State is gaining momentum. Since the first administration of the nation, that region has appealed to the national leadership to consider statehood for Faichuuk. A series of public hearings in the voting constituencies is under way in preparation for the much-anticipated constitutional referendum by the people of Faichuuk. The issue is to be included on March national election ballots, as preparations get under way for the next national constitutional convention, to be held in 2001. The Faichuuk movement may be an interesting development to watch.

GONZAGA PUAS AND
JOAKIM PETER

GUAM

No loss of life or serious damage resulted from two earthquakes in early 2000, but the fractures caused by the island's political quakes are all too evident. After nearly fourteen months of tension, the US Supreme Court swept away the uncertainty regarding the reelection of Governor Carl T C Gutierrez and Lieutenant Governor Madeleine Z Bordallo, which was disputed by former governor Joseph Ada and his running mate, former senator Felix Camacho. The Ada-Camacho team claimed that the winning margin in the 1998 election was not "a majority of the votes cast in any election" as required by the Organic Act of Guam, because blank ballots and improperly marked ballots should have been included in determining a majority. This was the narrow opinion of both the US District Court of Guam as well as the Ninth Circuit Court of Appeals.

Gutierrez-Bordallo successfully appealed to the US Supreme Court, which ruled unanimously in their favor in January 2000. The court stated that "any election" must mean, in the context of the entire section of the relevant portion of the Organic Act, an election for governor and lieutenant governor only, rather than the "general election." Therefore, blank ballots and ballots on which candidates cast votes for both gubernatorial teams were not to be included in determining a majority. The court drew a clear distinction between the total number of persons who actually voted for governor and lieutenant governor and the total number who went to the polls. Obviously, Gutier-

rez-Bordallo had won the election and a run-off contest was not required.

This political fracture was not completely closed, since a second suit filed by Ada-Camacho had only recently been settled by the Guam Supreme Court. Among other things the suit alleged that the 1998 gubernatorial election was rife with voter fraud. However, Superior Court Judge Manibusan ruled that there was little evidence of fraud. Guam's Supreme Court unanimously affirmed the Manibusan ruling in July 2000.

Another set of rumblings evolved between the Guam Legislature and Governor Gutierrez over the government's budget. The fifteen-member legislature, dominated by twelve Republican party senators, insisted on very tight spending, whereas the executive complained throughout the period under review that government services to the people were suffering because of insufficient legislative appropriations. This debate came to a head in September 1999 with a near shutdown of government services. Continued debates throughout the first half of 2000 centered on the filling of vacancies for nurses at the Guam Memorial Hospital. This financial tug-of-war between the legislature and the governor involved a fair amount of finger-pointing and lack of trust.

The Guam Legislature responded to a shortfall in operational revenues by passing legislation establishing early retirement incentives for government employees. Senator Mark Forbes' initiative had to go through several revisions to eliminate problems with the language. Initially, the Retirement Board opposed the bill

and even filed suit over some confusing provisions. In late January, Governor Gutierrez expressed skepticism about the arrangement that had been implemented, stating he had to borrow some \$30 million to meet the mandates of the law (*PDN*, 28 Jan 2000, 7). In June, he labeled the arrangement "Forbes' folly."

The Guam Legislature also froze executive branch hiring to contain costs. Personnel costs declined with the departure of a fair number of government employees, but so did employee levels. Throughout the year under review, Governor Gutierrez attempted to persuade the legislature to lift its freeze. In response, the lawmakers maintained that their law granted the governor authority to hire in essential areas such as nursing, teaching, and police work. This contest was finally resolved in a most unlikely way when both the governor and the lieutenant governor were off island. Speaker and Acting Governor Tony Unpingco issued an executive order authorizing the hiring of nurses and teachers (*PDN*, 26 May 2000, 54). Although this was a popular decision, the attorney general claimed that Unpingco's order violated the freeze law.

Governor Gutierrez had to deal with law suits of various sorts during the year. An enthusiastic political opponent in the legislature made allegations that several members of the Gutierrez family had been involved in a drug bust. Governor Gutierrez's wife, Geri, filed a complaint in Guam's Superior Court, and the jury found former Senator Mark Charfauros guilty of libeling and slandering her and her daughter. They were each

awarded \$25,000 in damages. But the jury also ruled Gutierrez had libeled Charfauros. Both parties began appeals.

Two former heads of the Department of Education filed suit against Governor Gutierrez for wrongful dismissal. They had become caught up in a legal battle between the former Board of Education, abolished by law, and Governor Gutierrez regarding who had ultimate authority over the school system. The case was pending at the end of the year. Also, a high school civics teacher filed a complaint in Guam's Superior Court challenging Governor Gutierrez's issuance of an order prohibiting executive branch employees from talking to the legislature about public policy matters. The governor's action, called a "gag order" by the media, generated a storm of criticism. The executive order came on the heels of some perceived rude treatment of the governor by the legislature when the two were discussing the hiring freeze and government reorganization. The tension was calmed somewhat when Speaker Tony Unpingco rescinded the "gag order" during his short stint as acting governor in May (PDN, 25 May 2000, 1).

Another high profile issue for Governor Gutierrez was his two nominations of local attorney F Randall Cunliffe for a seat on Guam's Supreme Court. Cunliffe was first nominated in June 1999 and required confirmation by the Guam Legislature. The legislature's Judiciary Committee, headed by Senator John Salas, carried out a review, but failed to vote on the nomination. Gutierrez nominated Cunliffe a second time in late December. The second review by the Judiciary Com-

mittee involved closed-door hearings, subpoena of court documents, and a level of scrutiny not seen in the review of twelve earlier candidates for judgeships, beginning in 1995. The closed hearings were needed, according to Senator Salas, because of privacy rights and the legal and sensitive nature of grand jury documents that his committee was examining. The May committee report contained more allegation than evidence and was rebutted comprehensively by Cunliffe. In June, the legislature disapproved Cunliffe's nomination by a vote of 9 to 6.

Governor Gutierrez's relations with the US Federal Government also involved a few disputes. These concerned the use of Federal Emergency Management Agency funding for typhoon relief and Department of Defense funding for schools. Consultations on these issues were ongoing during the year. A dispute regarding millions of dollars of claims and counterclaims with respect to water ended when Gutierrez and Admiral Fellin of the navy agreed to drop the proceedings.

In an unanticipated reversal, the US Navy informed the governor that the military's plan to transfer ownership of the 100-acre Ship Repair Facility to Guam was being scrapped in favor of navy retention and reactivation. The Pentagon recently reevaluated its strategic policy vis-à-vis the Pacific, and determined that the Guam assets are needed for increased military operational activity and training. In May, Governor Gutierrez met with navy admirals in Hawai'i concerning the Ship Repair Facility and later established a civilian task force to

work with navy officials to define the near-term future of the facility. While the task force is preparing its plan, the Guam Shipyard, which runs the facility, continues ship repair and training. Currently, the yard has a workforce of 220 (*PDN*, 31 May 2000, 3). Another important result of the direct talks regarding reactivation under the navy of the repair facility was Admiral Fargo's statement that the return of excess military property to Guam will be expedited.

During the year, Governor Gutierrez realized a number of distinct accomplishments. He and his wife celebrated New Year 2000 with President Clinton and some two hundred other guests—rich, famous, and influential—at the Ronald Reagan Building and the White House. While the party ticket was just \$200,000, the governor claimed Guam gained some national attention, having been mentioned twice by Clinton in his new year speech. Gutierrez endured some criticism for spending so lavishly during hard economic times on Guam.

Second, with the financial collapse of the Guam Memorial Health Plan, Governor Gutierrez directed his staff to determine what could be done to assist the thousands of government employees who used it as their health insurer. After weeks of negotiations, Gutierrez signed an agreement transferring all employees formerly with the plan to the Stay Well Health Plan, avoiding a major problem in health coverage for them.

The Gutierrez administration's Vision 2001 development plan called for diversification of Guam's economy. One positive step in this direction has been the apparent expansion of financial services through legislation estab-

lishing regulations for a trust industry. The new law will allow tax rebates to off-island trust corporations. If all goes according to plan, the rebate offer will entice trust companies to place their money in Guam financial institutions with interest on the invested funds going to the government of Guam for its use, expansion of jobs in the finance industry, and a 100 percent tax rebate for the trust firms. Several Guam bankers have their doubts that Guam has the authority to grant 100 percent tax rebates to companies as the law intends (*PDN*, 15 Feb 2000, 5).

The Olympic flame came to Guam from Greece on 22 May to begin a journey across the Pacific to Australia, host of the 2000 Olympic Games. The torch relay of one hundred runners began at Two Lovers Point, an attractive tourist location, and ended eight hours later at the Ricardo J Bordallo Governor's Complex at Adelup. The event was high on symbolism and provided a venue for Chamorro rights activists, who expressed their support by waving the flag of the Aboriginal people of Australia. Governor Gutierrez carried the flame on the last leg of its journey, lighting the "Flame of Glory," and thanking the Australian government for underwriting the cost of the flame's Pacific passage.

The 25th Guam Legislature, up for election in November 2000, passed some important legislation during the period under review. Indicative of fiscal discipline, Public Law 25-49 requires that a funding source be identified for all appropriations. The Sunshine Reform Act of 1999, written by Senator Ben Pangelinan, received maximum public comment during its drafting, particularly from the island's

media. It established a generic list of documents government agencies can withhold to protect personal privacy, and reduced the time that agencies have to respond to requests for information deemed public. Another bill that generated active public comment was the so-called right-to-work bill, sponsored by Senator Simon Sanchez. This legislation was vetoed by Acting Governor Bordallo, but her action was overridden by the legislature by a 10 to 5 vote. This override may hurt the November reelection chances of some of the Republican senators who supported the legislation.

Legislators also wrestled with bills for the important decolonization plebiscite. Their work was set back by the US Supreme Court's Rice versus Cayetano decision, which held that race or ethnic-based voting was unconstitutional. The legislators concluded that Chamorro self-determination via a vote by Chamorros on future political status options (independence or statehood or free association) had to be based on the definition of Chamorro as a political rather than racial group. The legislators chose the term "native inhabitants" used in the 1898 Treaty of Paris by which Spain ceded Guam to the United States, and "inhabitants [and their children] of the island of Guam on April 11, 1899" from the 1950 Organic Act of Guam, as making up a political definition of *Chamorro*. Public Law 25-106 established a Guam Decolonization Registry and Governing Board, which would define a list of eligible voters, and PL 25-148 set 7 November 2000 as the date for the decolonization plebiscite.

Congressman Robert Underwood, who is completing his eighth year in

office, does not have a vote on the House floor but has become adept at introducing key amendments to legislation during mark-up sessions in committee or conference. For example, Underwood was able to get an amendment to the Justice Department's appropriations bill, thereby providing Guam with an additional \$1.2 million annually for police vehicles and equipment, training, and prosecution services. Similarly, for Defense Department legislation covering the US mainland, Underwood entered an amendment to the defense appropriations bill that requires military contractors to hire Guam residents when Guam's unemployment rate—about 14 percent—exceeds the national average, now about 5 percent.

Underwood's work and accomplishments in legislation during the year under review are extensive. When passed, HR 755 will establish a Guam War Claims Review Commission to validate previous decisions, research past records regarding war claims restitution efforts, and receive oral testimony from individuals who personally experienced loss of life or property for which compensation was not made. Earlier Guam war claims compensation legislation failed because the Congressional Budget Office and the Office of Management and Budget concluded the final costs of compensation would be too high for the Congress to pass on to the American taxpayers. Given the research base of HR 755 and the deaths of eligible claimants, that criticism will not likely be relevant or arguable.

Underwood serves on the House Resources Committee, which reported out HR 2462, the Guam Omnibus

Opportunities Act, during the year. This legislation will help Guam in important ways. First, it will provide the Government of Guam the authority under US tax treaties to tax foreign investors at the same (lower) rates as the states. Second, when federal land on Guam is declared excess, the Government of Guam will have the first right of refusal, ahead of all federal agencies. Third, the federal government is required to respond to studies of the impact of compact aid, prepared by Guam or other insular areas, and to document the health and criminal records of all freely associated states citizens who desire to enter Guam. Last, the act would allow US citizens on Guam to carry betel nut for personal consumption to Hawai'i and on to the continental United States. This provision is both practical and symbolic in that Guam is part of the United States but outside its customs zone, making for some bothersome anomalies.

In the areas of health and education, Congressman Underwood realized a number of advances. The federal Health Care Financing Administration agreed to adjust its reimbursement rate for Guam's homebound elderly from 65 percent to 96 percent and increased the cost of living allowance as well. As chairman of the Congressional Asian Pacific Caucus, Underwood got the attention of the College Board to study the college success rates of Pacific Islanders and Southeast Asians. He also encouraged the creation of a Presidential Commission on Asian American and Pacific Islanders, and President Clinton accepted Underwood's nomination of former University of Guam President Dr Wilfred Leon Guerrero, as one of

the fourteen commission members. In a small but very significant step, Underwood persuaded Census 2000 officials to add a new category to the census form, "Guamanian or Chamorro," allowing for a more accurate count in 2000 of people claiming this ethnicity.

In March 2000, Underwood participated in the first meeting of the Interagency Group on Insular Areas. This group was established by President Clinton and is unique in that the island areas have direct access to agency heads, can track issues across several agencies, and will be far more visible to the federal bureaucracy. With this greater visibility, it is envisioned that the insular areas will not be "overlooked, under-seen or over-sighted" (as Underwood has remarked) in the future, when various initiatives are designed and implemented. The March meeting concluded with the identification of fifteen key insular areas issues, ranging from toxic chemical clean-up and participation on federal trade missions, to the return of land.

Guam's quest for an improved political status beyond the 1950 Organic Act, which declared Guam to be an unincorporated territory, received attention from both the United Nations Special Committee on Decolonization and US Senator Frank H Murkowski. Chairman of the influential Senate Energy and Natural Resources Committee, Murkowski was witness to the breakdown of Guam-US negotiations on a commonwealth arrangement for Guam in 1997. With this failure, he offered to provide some draft proposals that might end the impasse between Guam, the Clinton administration, and the

US Congress with respect to positions taken on the draft commonwealth bill.

In June 2000, Murkowski forwarded his twenty-point draft proposal to Clinton, Gutierrez, and Underwood with the caution that although it provided an avenue for renewed discussions, the proposal was separate and distinct from political or constitutional status issues. The key provisions of the Murkowski proposal, which could come as amendments to Guam's Organic Act, are, first, a general policy Guam could use in dealing with federal agencies according to which the agencies "shall recognize and respect local self-government through consultation with the Governor and other elected officials of the Government of Guam and by considering the views and recommendations of such officials in the implementation and enforcement of Federal laws and regulations." Second, special consultations on a change of status would take place by means of a special working group on Future Political Status that would discuss with the governor of Guam "the requirements for and conditions of any proposed Constitutional change in the political status of Guam either under or outside the sovereignty of the United States" (Murkowski 2000). Such consultations would begin with the governor contacting the attorney general of the United States. Third, regular consultations would take place between Guam and federal authorities, namely, the secretaries of Interior, State, and Defense regarding the effect of federal action on Guam. Fourth, congressional review of the application of federal law on Guam could take place via a resolution adopted by the Guam Legislature and certified by

the governor. The US Congress would have four months to consider and take action on the Guam resolution. Although serious in intent, this particular provision is not clear regarding exactly how a federal law or regulation in force is made inapplicable to Guam.

With the collapse of Guam's quest for commonwealth in 1997, a new means for a change in political status emerged via passage of Public Law 23-147, which created the Commission on Decolonization for the Implementation and Exercise of Chamorro Self-Determination. Since that time, there have been annual meetings between the commission and the UN Special Committee on Decolonization, but these have not included federal territorial officials.

In February 2000, Governor Gutierrez, Speaker Unpingco of the Guam Legislature, and Congressman Underwood signed a joint letter to the chairman of the UN Special Committee on Decolonization repeatedly urging that Guam representatives be present at any informal discussions between the special committee and Guam's administering power (the United States) concerning the status and political future of Guam. The three leaders stated that as democratically elected representatives of Guam they "represent the interests of the inhabitants of Guam; a people whose views are paramount in the process of attaining a full measure of self-government pursuant to the Charter and relevant resolutions of the General Assembly" of the United Nations. The Guam leaders also invited the special committee to play "an appropriate role" during the November, 2000 self-determination plebiscite. In separate

correspondence, Governor Gutierrez had invited the special committee to conduct a regional seminar on Guam concerning the processes of decolonization. In response, US Ambassador to the United Nations Betty King opposed such an invitation, indicating that elected officials of territories or states have no authority in matters of foreign affairs.

In a May meeting with the UN Special Committee, Ron Rivera, vice chairman of the Guam Commission on Decolonization, claimed in written remarks that the United States had demonstrated a “posture of non-cooperation with the Special Committee” and with Guam concerning the decolonization process generally, and discussions of the UN-sanctioned self-governing status options in particular. Guam’s commission established three task forces to study the three options—statehood, independence, and free association with the United States—and educate the public about the options in preparation for a plebiscite that would be an expression of self-determination.

The most visible expressions of the task forces’ efforts have been some billboards that have surreptitiously popped up along Guam’s main roads. Even though they advocate one option only, they have stimulated interesting discussion and debate, with slogans such as Wipe Out Cock Fighting: Vote Statehood, or Decolonize Your Mind: Vote Independence. Unlike candidate campaign billboards, the decolonization boards have no identity, although one or two carry a parrot logo. Nearly all the messages advocate independence at the expense of statehood. The free association option has not received any attention from the bill-

board producers, who appear to be a grouping of individuals from the Organization of People for Indigenous Rights, the Chamoru Nation, and the Independence Task Force.

Although the decolonization plebiscite was rescheduled from July to November 2000, the latter date being election day for the fifteen-seat Guam Legislature, village mayors and vice mayors, and Guam’s congressional seat, the vote faces several difficulties. First, the voters will likely be more enthusiastic about and interested in the candidates for office than in the political status options. Second, the plebiscite on the status options will be limited to descendants of people (mainly Chamorros) who lived on Guam as of 11 April 1899, but the registration of such people has not begun.

Although Governor Gutierrez has two years remaining in his second term, he has been active pushing the candidacy of various Democrats such as Cliff Guzman, Ted Nelson, and Rick Unpingco, cabinet members, and political associates. As the governor sees it, the veto-proof hammerlock the Republicans have had on the legislature (12 of 15 seats) must be broken, and the Democratic party will therefore be fielding a full slate of solid candidates.

Another reason Governor Gutierrez has for gathering as much political strength as possible is that he is ineligible for the gubernatorial race in 2002. Gutierrez adeptly combined forces with Madeleine Bordallo, wife of former governor Ricky Bordallo, to defeat the Republicans in 1994 and again in 1998, but this political partnership expires in 2002. The voting public is looking at a number of

Democratic party candidates for the governorship: Geri Gutierrez, wife of the current governor, Congressman Robert Underwood, and Madeleine Bordallo. Guam's election 2000 may be a harbinger of future political alliances and opposition.

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MARSHALL ISLANDS

The Republic of the Marshall Islands' most dramatic political upheaval occurred in November 1999 with the first national election of the post-Amata Kabua era. The governing party, in power since constitutional government began in 1979, was rejected by Marshall Islanders and replaced by the former opposition party. The United Democratic Party, a coalition of former ministers ousted by Imata Kabua in the aftermath of the defeat of gambling legislation in

1998, joined forces with opposition leaders to run on a platform of anti-corruption, transparency, and accountability.

In nearly every way this election broke new ground. Unlike elections of the past, votes were tallied in public and at record speed, and the nation's radio station broadcast results throughout the night. Individuals used the Internet to spread the news instantly across the ocean, on a near hourly basis. Winning a majority of seats, even those of four of six long-term cabinet ministers, the United Democratic Party gained control of the *Nitijela* (parliament).

Most surprising were the defeats of Ministers Tony deBum (Finance), and Phillip Muller (Foreign Affairs and Trade), both four-term officials who in previous elections garnered top numbers of Majuro votes. As the dominant leaders of the nation, particularly since Amata Kabua's death in 1996, their defeat points to the extreme dissatisfaction of Majuro voters, who elected opposition leaders in record numbers, most notably Wilfred Kendall and Witten Philippo. In other seats, even first-time politicians were elected over incumbents, including some of traditional *iroij* (chief) status. John Silk beat Iroij Mamoru Kabua (Ebon Atoll), Abacca Anjain-Maddison won against Minister Johnsay Riklon (Rongelap), and Mike Konelios defeated Lomes McKay (Maloe-lap). Senator Anjain-Maddison is the only woman to currently serve in the *Nitijela*.

In January, the *Nitijela* unanimously elected as its president Kessai Note, a third-term senator and former Speaker from Bikini. The nation's first commoner to serve as president, Note

distinguishes himself by shunning the title His Excellency and driving his own car. Yet, he maintains the respect of his past opponents. During the presidential nomination process, Imata Kabua, in a conciliatory gesture, closed the process after Note's nomination (*MIJ*, 7 Jan 2000, 21). Note's prior position as Speaker was filled by Iroj and Senator Litokwa Tomeing; his ten-member cabinet consists of eight new ministers, including three who are first time senators.

Two significant events prior to the elections provided fuel for United Democratic Party fire. First, the government party had once again boycotted the August 1999 session of the *Nitijela*. United Democratic Party members appeared daily, despite the government party's absence. The politicians' absences angered constituents, particularly public sector employees. When the session ended without the quorum required to pass a national budget for fiscal year 2000, antagonisms only grew. Second, hospital workers organized in protest of political interference in the hiring and firing of hospital administrators and employees (*MIJ*, 3 Sept 1999, 1). In the nation's first strike, the government's initial reactions were to fire hospital leaders and threaten other workers' jobs. In response, health-care workers gathered outside the nation's capital to hold signs and banners calling for the resignation of the health minister and reform of the Public Service Commission.

No news of the strike was broadcast on national radio, but word of it spread rapidly. Ultimately the strikers sought a compromise with the health minister. The strike was unprecedented for the public expression of discontent

and the direct attack on particular government leaders. The absence of serious repercussions for those involved strengthened the resolve of a general public often reluctant to directly express criticism, particularly of powerful government leaders. The strike is an extended example of what began during the gambling legislation debates of 1998 as an organized public outcry against the will of a few dominant individuals (Walsh 1999).

The shift in political power and the focus on accountability has strengthened the trend of greater public acknowledgment of silent but well-known examples of prior political influence. In short, the nation began airing its dirty laundry, even as the first US Government Accounting Office audit of the use of compact funds revealed the fiscal results of that influence. The previous government had maintained the position that US funding is not aid, and thus US oversight of funding provided in a bilateral agreement is an insult to the nation's sovereignty (*MIJ*, 5 Nov 1999, 26).

The new government has attempted to pursue transgressors; for example, the statute of limitations on crimes was extended from three to six years in the January session of the *Nitijela* (*MIJ*, 2 Feb 2000, 9). Further, leaders are keeping their campaign promises. Nearly every government agency contains a newly formed or reformed board of directors and administrator, particularly those agencies with severe fiscal problems, including the Marshall Islands Social Security Administration, Air Marshall Islands, the Marshalls Electric Company, and the Marshall Islands Marine Resources Authority (MIMRA). In many cases

people holding government positions are prohibited from board membership.

The new government has also instituted and enforced a government-vehicle policy, unheard of in past years, that requires government vehicles to be compounded at night and prohibits family members of officials from driving them (*MIJ*, 14 Feb 2000, 1). It is strengthening the relationship with the Asian Development Bank by continuing with the final reduction-in-force recommendation that has reduced the size of government by 30 percent since the mid-nineties. Transportation, fisheries, outer-island development, an independent judiciary, education, and accountability are, to date, the key areas of interest of this new government.

Options for transportation to Hawai'i increased on 2 September when Aloha Airlines began service to Johnston Atoll, Majuro, and Kwajalein. Continental later followed suit, resuming a third weekly flight through Majuro. Additionally, PM&O Shipping Line added an extra trip to the islands, increasing service between Hawai'i and Majuro to every two weeks (*MIJ*, 13 Aug 1999, 1).

Increased attention to inter-atoll transportation by the new government convinced Air Marshall Islands board members to back out of a \$30 million deal for two Dornier planes, made by the previous government, in favor of smaller, more efficient aircraft.

The governments of Japan and Taiwan have committed funds for boat purchases so fish and copra from outer islands can be delivered to Majuro more efficiently. In 1999 copra production was discouraged by the limitation of a single functioning

vessel available for collection. Copra production decreased 38 percent from 1997 to 1999 (*MIJ*, 16 July 1999, 1; 2 Feb 2000, 2).

Fisheries developments have greatly affected the nation in 1999–2000. Eighty percent of the 322 jobs created at the new Majuro PM&O fish loining facility that opened in November 1999 went to women (*MIJ*, 18 Feb 1999, 24; 3 March 2000, 22). The increase in purse seiners (65 percent from Taiwan) using Majuro as a transshipment center contributed \$5 million to MIMRA through fees in addition to adding to the local economy via fuel and provisions purchased on Majuro. Between October 1998 and September 1999, 266 purse seiners had stopped in Majuro lagoon. Residents felt their impact economically and environmentally, with traces of oil beginning to appear on the small islands of the atoll (*MIJ*, 28 Jan 2000, 28; 17 Sept 1999, 1).

Arno Atoll has produced world-class pearls for locally owned Robert Reimers Enterprises. With twenty-eight potential atoll sites the Marshall Islands has excellent potential to expand this great revenue earner, following the example of the Cook Islands, where three atolls produce \$30–40 million in pearls annually (*MIJ*, 17 March 2000, 15).

The Marshall Islands Judiciary has been especially busy, and was commended by President Note for its landmark decision in July–August of 1999, ruling that the previous government's boycott in the *Nitijela* of the fall 1998 vote of no confidence was unconstitutional and illegal. The landmark ruling resulted in a shift in political power, though a bit too late for Chief Justice Dan Cadra, whose contract

was terminated by the previous administration after the court ruling. The Marshall Islands Bar Association responded by noting that “three times in four years a Chief Justice has been removed from office” (*MIJ*, 25 June 1999, 19).

Above all recent court battles looms the upcoming tobacco trial, the nation’s first civil jury trial, set for April 2001. The Marshall Islands Government is suing US tobacco companies for more than \$14 billion. US tobacco firms have employed nearly all Majuro’s lawyers against the national government’s claims. The major interest of the Marshall Islands is in bringing the tobacco case to trial, implicitly acknowledging the nation’s sovereignty.

Educators met on Majuro in June 2000 to discuss the state of education in the country. New Minister of Education Wilfred Kendall brings much experience and many ideas to the task of improving the Marshall Islands education system. Standards for teacher training, professional development, and increased parental involvement are being initiated to strengthen student learning environments. Currently only 28 percent of first graders complete high school (*MIJ*, 16 June 2000, 15). The College of the Marshall Islands noted that 80 percent of incoming students test between second- and fourth-grade levels in English and lower than seventh-grade levels in math (*MIJ*, 17 Dec 1999, 1). The college is a shining example of institutional improvement. February’s review by the Western Association of Schools and Colleges resulted in a three-year accreditation status (*MIJ*, 11 Feb 2000, 1).

The Marshall Islands scholarship

board is implementing a collection plan for those who have not completed their studies; of eight hundred college students funded, two hundred have not completed their degrees (*MIJ*, 17 March 2000, 1). As for other agencies and businesses in the islands, the task of collection remains formidable. Even as agencies have difficulty collecting, banks are having record years. The Bank of the Marshall Islands earned a \$1.2 million profit and the Bank of Hawaii was close behind with \$1.1 million (*MIJ*, 14 April 2000).

A national census found a surprising decrease in the population growth rate, from 4.2 percent in the previous census to approximately 1.2 percent. The total population is 50,840, not the anticipated 55,000 to 60,000. Approximately 43 percent of the population is below the age of fifteen, a significant drop from the 50 percent of the last census. The proportion of the population residing in the urban centers of Majuro and Ebeye has increased to 68 percent, one of the most urbanized in the Pacific (*MIJ*, 17 Dec 1999, 3; 3 March 2000, 1).

These statistics reflect the migration of many Marshall Islanders to the United States and the living conditions of those who remain at home. The number of Marshallese children adopted by American families grew so rapidly in the previous two years that the *Nitijela* imposed a moratorium in the last days of the August 1999 session (*MIJ*, 3 Sept 1999). Bill 159, sponsored by Minister of Foreign Affairs Phillip Muller, attempted to halt the adoptions until appropriate legislation could be designed. However, adoptions have likely increased. The number of mothers traveling to

Hawai'i has accelerated, and children are now born or adopted in Honolulu. There is no current count of the total number of children adopted from Hawai'i. Adoption legislation will be among the first items on the *Nitijela's* agenda for August 2000.

Preliminary compact discussions that began in October 1999 on Kaua'i were nullified by the election of a new government nearly a month later. US Chief Negotiator Allen Stayman said talks are on hold until the Marshall Islands completes an accounting of past funds and a long-term strategic plan. Furthermore, the outcome of the November 2000 US elections could alter the course of the negotiations (*MIJ*, 17 March 2000, 8).

As compact talks continued, Kwajalein's major landowners enlisted the well-known law firm of tobacco litigant Richard "Dickie" Scruggs to seek increased payment for the Land Use Agreement with the United States. Payment for the lease of Kwajalein is less than the recent agreement of \$4,000 per acre for the use of Aur Atoll. Addressing US Secretary of State Madeleine Albright, lawyers sought direct meetings between US negotiators and Kwajalein landowners. Denial of the request pointed to the government-to-government status of the current agreement. Antagonistic relations between Kwajalein landowners and the RMI government complicate discussions with the United States. Not all major Kwajalein landowners concur about challenging the agreement, which is not due to expire until 2016. Further, Minister of Foreign Affairs and Trade Alvin Jacklick is also a minor landowner on Kwajalein and a leader of the United Democratic Party, which ousted for-

mer president and major Kwajalein landowner Imata Kabua.

Kwajalein is a key site for the development of missile defense technology, and two tests during the year under review revealed inconsistent results. The increased US interest in missile defense bodes well for the Marshalls, and for Marshallese workers at the base, who now have an ombudsman to investigate their complaints.

Declassified documents have shed light on the full extent of the US nuclear testing program in the Marshalls, and Bikini, Enewetak, Utirik, and Rongelap are no longer the only atolls recognized as affected. According to some studies, thyroid-dose exposure estimates associated with the Bravo test may be ten to twenty times higher than was previously thought (RMI Online, 18 March 2000). It has also been revealed that thirty-four Rongelapese absent from Rongelap during the Bravo test were "injected with 10 microcuries of chromium 51 and drank water with trace radioactivity" as part of experiments conducted by Brookhaven National Laboratory doctors from 1961 to 1963. These individuals acted as a control group in tests to determine the radiation levels of those downwind of the Bravo tests (*MIJ*, 12 May 2000, 4D).

The Nuclear Claims Tribunal awarded two landmark claims in the period under review. First, the family of a Bikini boy who died of cancer at age eleven was the first to be awarded a full claim for his illness (*MIJ*, 20 Aug 1999, 1). Second, despite its inability to fund the award, the tribunal awarded the people of Enewetak \$341 million, claimed for restoration,

hardship, and loss of land use (*MIJ*, 21 April 1999, 1). The current compensation package under the compact is consistently shown to be inadequate to address both health and land loss claims.

In other foreign affairs, the republic's Korean consul, "Mr Big" Mo Haeng Yong, was arrested for swindling \$88 million from followers of his doomsday cult (*MIJ*, 4 Feb 2000, 1). Yong had planned a \$6 million resort on Mili that was never constructed.

Marshall Islands relations with Taiwan were enhanced by the acceptance of Taiwanese funds that had been put on six-month hold after the elections while the new government investigated rumored Taiwanese campaign involvements. A supplementary budget of \$27.9 million (two-thirds from Taiwan) was passed in the first special session of the *Nitijela* in June 2000 (*MIJ*, 23 June 2000).

In sum, the year has witnessed a turn of the tides in the politics of the Marshall Islands. A new government that promotes accountability, transparency, and fiscal responsibility has taken charge. Young, educated students are returning to work in the government and a youthful hopefulness and optimism is in the air, as long-term opposition leaders and new public servants step into office. Fisheries, tuna transshipment, pearls, and a top-performing maritime registry are generating revenues. Previously marginalized outer-island communities are receiving attention and resources. Citizens are being approached for their ideas, asked about their needs, and having them addressed.

While Imata Kabua and Tom Kijiner (6th term senator) are the sole survivors of the past cast of major players, their allies still represent a threat to the new government. President Note has prohibited his cabinet from traveling during the *Nitijela* session, perhaps because of the precarious majority his party maintains; the potential for a backlash vote of no confidence is carefully measured (*MIJ*, 11 Feb 2000, 24). The fact that this possibility even exists, and that both parties are in the position of struggling to earn or maintain a majority, marks the development of a true parliamentary system.

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NORTHERN MARIANA ISLANDS

The garment industry continued to receive heavy criticism and negative actions in the course of the year under review. As noted in last year's report, class-action lawsuits targeting retail outlets inside the United States were filed against the garment industry in Saipan, Washington DC, and San Francisco. The Saipan lawsuit was filed on behalf of some 22 anonymous garment workers. In July an attempt was made in state and federal court to throw out the case because the work-

ers were not identified. Their lawyers claimed that identifying plaintiffs would subject them to harassment and possibly serious danger, both on Saipan and in their countries of origin. Judge Munson found that the fairness doctrine required the defendants to know who the plaintiffs are, and ruled against the garment workers. Their lawyers appealed the case to the Ninth Circuit Court, which overturned Judge Munson's decision.

As a result of the class-action suit, many garment retailers agreed to an out-of-court settlement, which included money to pay for monitoring the garment factories where they buy their products, attorney fees, and compensation for the workers. A \$1.5 million fund was established by the retailers for this purpose. The decision was not welcomed by the Saipan Garment Manufacturers Association, which wanted to go to trial to prove the charges were false. In order to compromise with federal enforcement agencies, however, the association made an arrangement with the Occupational Safety and Health Administration and other federal agencies to provide workshops and other educational activities in the factories.

In February 2000 Speaker Ben Fitial introduced legislation to raise the ceiling on the number of contract workers and garment factories allowed in the commonwealth. Known as the Omnibus Labor Reform Act, it contained many other provisions to lift restrictions on private enterprise. However, by July 2000 this bill had not been passed. The Saipan Garment Manufacturers Association, the Chamber of Commerce, and the hotel association formed a group

known as the Western Pacific Economic Council to keep lobbyist Preston Gates working in Washington to prevent a federal takeover of immigration and minimum wage in the commonwealth.

Efforts to bring the Northern Marianas into the federal immigration and wage system continued. The US Senate adopted by unanimous consent Bill 1052, which provided for a ten-year gradual implementation of the Immigration and Naturalization Service and federal minimum wage laws. However, the bill languished in the House Committee on Natural Resources, whose chairman, Representative Don Young, has adamantly opposed attempts to federalize these issues. It is not expected to come to a vote before the November 2000 elections.

In a related series of events of major significance Representative Young's committee received information that the director of the Office of Insular Affairs (OIA) and a few of his staff members were engaged in possibly illegal activities. Young's committee subpoenaed the hard drives of all the computers in that office. Public Information Officer David North was found to have been feeding the Democratic national committee with negative information about Republican candidates who were opposing the administration's position on federalization. North had been using his office computer and working time to carry on this campaign. The *Saipan Tribune* newspaper suggested that the OIA campaign involved deliberately issuing negative information about the living conditions and treatment of the garment workers on Saipan. As soon as subpoenas were issued for

the computers, North resigned. As the story was breaking, OIA Director Alan Stayman transferred to the State Department as chief negotiator for talks with the Republic of the Marshall Islands and the Federated States of Micronesia concerning the renewal of the compacts of free association with the United States. A hearing was held by Young's committee, but an official report has not been released.

In local elections, former governor Froilan Tenorio fielded a slate of candidates for the legislature under the banner of the new Reform Party. To nearly everyone's surprise, Ramon Guerrero defeated all candidates for the single seat in the Senate open for Saipan. He did this without the support of either of the traditional parties. He also garnered the largest number of votes of any single candidate in the commonwealth. Using his newfound political strength, Guerrero asked the public auditor to audit how members of the legislature spent their \$30,000 discretionary funds. The commonwealth budget officer has refused to fund or to reimburse legislators for some of their expenditures. In return, some members of the legislature asked the public auditor to reopen the case against Guerrero relating to the audit report that showed he had dispensed some thousands of dollars illegally when he was the director of the Utilities Corporation.

Only one of three legislative initiatives to amend the constitution passed. This would limit future voting on issues relating to public land to persons of Northern Marianas descent. However, it is highly questionable whether it will stand up in the courts in light of the Rice versus

Cayetano decision in the US Supreme Court.

Although the Democrats won the election and a majority in the House of Representatives and held a caucus to select their next Speaker, Republican Benigno Fitial was elected to the position instead. Fitial had resigned the top management position in Tan Holdings, owned by garment factory magnate Willy Tan, to run for the House of Representatives. He lobbied several Democrats, especially those from Tinian and Rota, and with the "moral support" of two staffers from Congressman Tom Delay's office in Washington DC won the office. Fitial was able to convince enough Democrats to vote for him on the promise of greater support for the Tinian and Rota budgets, and with the idea that only he had the connections with Congressman Young's committee in Washington to maintain the defensive position against a federal takeover of minimum wage and immigration. The new Speaker then commenced to take very strong hold of the House of Representatives and to challenge anyone who differed with his position. He led a large delegation to Washington and introduced legislation on the first day to repeal all laws on the books that were perceived as anti-garment and anti-private sector. He appointed only his supporters to committee chairmanships. He has also taken a very vocal position against the current Washington representative, Juan Babauta Babauta, who is considered one of the front runners in a large field of candidates for governor in the 2001 election.

There is much concern in the commonwealth about the outcome of the

2000 federal elections. If George W. Bush wins the presidency and Republicans retain control of the House of Representatives, the general consensus is that the status quo will be retained as far as minimum wage and immigration control are concerned. However, if the Democrats become the majority in the House and Al Gore wins the presidency, most observers believe that the current administrative position on federalization of minimum wage and immigration will be implemented. If there is a change in the House it is assumed that Representative Young, chairman of the Natural Resources Committee, will be replaced by a Democrat and Tom Delay of Texas, presently the majority whip, will no longer be in a position to block legislation affecting the commonwealth.

The results of the census, which got underway on 1 April 2000, will have far-reaching effects on the relationship between the commonwealth and the federal government. Although no one is quite sure how many people there are in the Northern Marianas, the latest CNMI Department of Commerce figures suggested a population of around 79,000, the vast majority of whom are contract workers, many of them illegal. However, the governor's office disputes that number, citing instead the 1995 figure of 66,000. The higher figure is frequently used by federal officials to demonstrate how out of control immigration is in the commonwealth. The lower figure preferred by the local administration is used to show that everything is under control. The census results should put this dispute to rest.

In April, one of the most ambitious

recreations of traditional voyaging took place under the overall supervision of Master Navigator Mao Pailug. Three canoes assembled on Satawal and three more on Pulusuk (Chuuk State). They met at a central islet and some sixty people, including one woman, made the long voyage to Saipan. Although two of the canoes developed leaks and had to stop at Rota for forty-eight hours, they all participated in a masterfully choreographed sail-in at Tanapag village harbor, where they enjoyed a day of Carolinian dancing and a welcome feast.

The Commonwealth Utilities Corporation has been trying to get a decision on a new generator for Saipan, at an estimated cost of \$80 million. When the Board of Directors began reviewing the bids, Representative Delay wrote to the corporation threatening to withdraw his opposition to federalization if he felt the review was not conducted fairly. He was supported by Representative Helen Chernowith, who also wrote the directors. Enron, a Texas company, was finally selected. That selection is being challenged by the unsuccessful bidders and examined by the commonwealth's attorney general. In the meantime negotiations are under way with Enron to revise their bid to meet new specifications.

The probate hearings on the fortune of Larry Hillblom, whose plane disappeared at sea in 1995, finally came to a close in the year under review. Each of the children claiming paternity received some \$40 million in final payments, as well as certain properties. The University of California received some \$60 million, and the lawyers most of everything else.

There is still some infighting going on over the distribution of the funds and the management of the children's assets. But Judge Castro closed the books on the overall case, and most of the lawyers have packed their bags and returned to their homes. In a controversial decision, the judge also distributed some of the assets to people who had made significant contributions to the conduct of the proceedings. A law allowing the courts to retain the interest on trust funds under their care for their own use was challenged in federal court and found to be unconstitutional. The Superior Court lost some \$800,000 in interest accrued from the Hillblom trust.

SAMUEL F MCPHETRES

PALAU

President Nakamura, in his eighth and last year in office, was particularly busy in foreign relations during the period under review. After some considerable waiting—at least four years—he established formal diplomatic relations with the Republic of China (Taiwan) and received its first ambassador to Palau, Clark Chen. In May, the president led a large delegation sponsored by Taiwan to the inauguration of the newly elected Chen Shui-bian and Annette Lu as Taiwan's president and vice president, respectively. Coming on the heels of the new diplomatic recognition was a grant to Palau of \$10 million, with references to another \$90 million "in the pipeline" (*Tia Belau*, 16–22 April 2000, 14). Nakamura also chaired both the Palau meeting of the South Pacific Forum and the Pacific Islands Leaders Meet-

ing summit in Japan and performed superbly at both as chair.

In mid 2000, Nakamura traveled to Japan to attend the funeral of former prime minister Keizo Obuchi. It was Obuchi's government that provided Palau with some \$33 million for a new Koror-Babeldaob bridge and a coral reef research center now under construction. Nakamura continued to cultivate the generosity of the Japanese in recent requests for aid to construct a new air terminal building; a national capital facility in Melekeok State, located in central east-coast Babeldaob; a coral reef road for Koror town, which now confronts work-day traffic jams; and the establishment of a Koror-Tokyo sister-city relationship. The Japan International Cooperation Agency agreed to fund yet another development study to determine the best ways to expand Palau's local economy. In the role of statesman, President Nakamura made a plea for international leaders to pressure the Fiji coup leaders to end the crisis that began on 19 May.

Despite these considerable achievements in the international arena, Nakamura could not escape the snags of local politics and problems. He indicated that he would announce the "anointed one," the presidential candidate he supported as his successor, but this took some time. Given that campaign politics are Nakamura's specialty, subtleties emerged, such as the first lady's attendance at Vice President Remengesau's first big campaign rally prior to the announcement in favor of him in late June. What is worrisome is the perceived abuse of power and alleged illegality that cast gray clouds over the Nakamura presi-

dency. Reportedly, the president got caught up in the Pam Pacific garment factory's request for a foreign investment permit by sending policemen to fetch members of Palau's Foreign Investment Board to attend a meeting where the company's permit was approved. Disclosure of this at a Senate hearing by the board's attorney, Sam Cooper, led to his sacking (*Tia Belau*, 16-31 March 2000, 2). The American lawyer for the board was also terminated.

After some initial skepticism regarding allegations of illegal banking activities in Palau, Nakamura stated in mid-year that concerns had been raised by the Bank of New York and the Deutsche Bank that one of four banks listed in Palau with some local ownership had some involvement in questionable money-laundering activity to the tune of \$1.7 billion. The president sent a high-level delegation led by Vice President Remengesau to New York to talk with banking officials about their charges. If this situation is not contained and ended, the IPSECO electric power plant scandal of the mid-1980s, which Palau survived thanks to the efforts of Nakamura, will look like child's play in comparison.

A Nakamura cabinet member, Minister of Justice Elias Chin, came under fire for allowing John O Ngiraked, convicted of master-minding the assassination of Palau's first president, Haruo Remeliik, to roam Koror's restaurants under the pretense of writing a history book. Further, one of the justice minister's relatives was charged as a major illegal drug trafficker (*Tia Belau*, 18-25 May 2000, 1). And just when the Senate's suit against Presi-

dent Nakamura and three other top executive-branch officials seemed to be over, the Senate filed for a rehearing. The Appellate Division of Palau's Supreme Court had ruled that the president and other officials were in violation of the Palau Constitution for spending funds in fiscal year 1995 that had not been appropriated by the national congress. This amounted to some \$644,000, and the Senate found the appellate decision, which was in their favor, unacceptable because the funds were not recovered.

Another situation that reflects negatively on the republic's international reputation is the continued abuse of foreign laborers. An ongoing case being pursued by attorney Mark Doran on behalf of four Filipinas may result in the Palau Labor Office being found in violation of basic human rights. This would be most unfortunate for Palau as the youngest member of the United Nations.

As the republic's fourth elected president, Nakamura has carved out his place in Palau's history as a great president. He resolved the IPSECO debt problem, completed the compact agreement with the United States thus regaining Palauan sovereignty and a new political status, responded effectively to individual and infrastructure calamities, brought Palau into the United Nations, kept the domestic peace, represented Palau with distinction on the international scene, and garnered hundreds of millions of dollars of grant and loan aid from Japan and Taiwan.

The *Olbiil Era Kelulau*, Palau's bicameral national congress, became a center of controversy regarding the Code of Ethics bill, which the con-

gress finally passed in August 1999. In April 2000, the sixteen-member House of Delegates, which generated to the code, attempted to rescind or void it in late-night sessions without soliciting input from the public. The code requires, among other things, that candidates for office make disclosure statements regarding their financial interests. It also prohibits foreign nationals from making direct or indirect contributions to candidates or in support or opposition of a national or state ballot measure. The attempt by leaders of the House to pull back the code resulted in a storm of public protest, and the effort was soundly rejected by the senators, who were cast in the hero's role. This miscalculation, coming soon after public and media criticism regarding the extravagant spending some legislators have engaged in for overseas travel—valued at some \$540,000 for calendar 1999—has raised serious questions about the motives of some congressmen. The mood of “Let’s throw those bums out” that ran high during the code of ethics controversy still lingers and may affect the results of the November elections.

National elections, held every four years, are very important in Palau. A primary in late September will reduce the field of five presidential candidates to two. Those five are Tommy Remengesau, the current vice president; Peter Sugiyama, senator; Billy Kuartei, current minister of education in the Nakamura cabinet and a reverend in the local Lutheran church; Senator Santos Olikong, a former minister of state and holder of the distinguished Rubasech title of Koror; and newcomer Ben Roberto, former governor

of Angaur State. Candidates for the vice presidency are Senator Sandra Pierantozzi and Delegate Alan Seid. Since there are only two, a primary will not be needed. Pierantozzi is very popular and lost in her 1992 bid for the vice presidency by just 320 votes. Seid, a nephew of his opponent, has put together a number of high-value foreign investment arrangements and campaigns in a high-profile style, but also came under criticism for leading the effort to rescind the code of ethics law.

Given that the Senate went through its third reapportionment, the competition for November 2000 will be fierce for just nine seats filled on an at-large basis. Many aspiring newcomers and incumbents are running for the Senate because the results are indicative of the candidates' popularity on an all-Palau basis, a gauge for a future run for the presidency. All sixteen seats in the House of Delegates (one representative for each of Palau's small states) will be up for election with the current speaker, Ignacio Anastacio, throwing his hat into the senate race after twenty years in the House.

The massive fifty-three-mile Babeldaob circle-road construction project funded by compact moneys is under way but not without handicaps of criticism and foul weather. Daewoo's construction work and heavy rains have caused a deterioration of existing roads that has led to complaints. The Kajima construction company of Japan is doing well on a new permanent bridge linking Koror to Babeldaob. After a number of failed attempts at golf course construction in Palau over the years, it appears a

\$20 million golf course project may become a reality in Aimeliik State, where there is no conflict over land ownership—at least for now. Delegate Alan Seid is brokering the deal that involves investors from Japan, the United States, and Taiwan. Permits for the project are yet to be secured from Palau's Foreign Investment Board and environmental quality office. A high quality golf course would likely increase tourism to Palau from Japan and Taiwan.

One long-time observer of Palau, P F Kluge, has termed the contemporary period in Palau the “age of the deal,” referring to foreign investment arrangements like Seid's golf course scheme in Aimeliik, where benefits to the individual far outweigh those to the community. It appears, however, that more deals go sour than succeed, at least at present.

Among the floundering deals is the Pam Pacific garment factory project, which caused embarrassment for both House Speaker Anastacio and President Nakamura. The Bank of Micronesia failure resulted in a suit by the Palauan depositors and remains unsettled. The Kuniyoshi Fishing Company suit filed by Palau's special prosecutor was finally resolved after a year of debate when the company paid an \$8,000 fine. Nakamura Cabinet Minister Melairei was also fined \$1,000 for his involvement in the fishing company's unlicensed fishing activity in Palau's waters. Further, individuals who are members of the land authorities of two of Palau's largest states, Koror and Airai, have experienced harsh criticism for placing private gain above concern for the good of the community. A suit claim-

ing violation of the Airai State Constitution and national and state laws with respect to the pocketing of \$500,000 has been filed against the former Airai governor and two of his associates. In Koror, high-ranking land authority officials have been questioned about conflicts of interest concerning the development of a rock quarry.

On 16 October 1999, Palau endured another tragic accident when a boat carrying nineteen passengers went out of control and slammed against a rock island at full throttle. Two people were killed on impact and all the others were injured. Last year, nine people died in the crash of a small plane and in 1996, five Paluans were killed and ten injured in a head-on collision of two speed boats near Ngardmau State.

Palau also lost three of its leading citizens at mid-year to natural causes. Roman Tmetuchl died at age seventy-three. He was a man of extraordinary talent and vision who convinced the United States in 1977 that Palau should negotiate a political status separate from the other political-ethnic entities making up the former Trust Territory of the Pacific Islands. Tmetuchl, holder of the traditional title Ngiraked, was a member of the Congress of Micronesia from 1965 to 1978, and although he was unsuccessful in three runs for the Palau presidency, he excelled in community affairs, church activities, and business, amassing assets of some \$30 million. Another member of the old Congress of Micronesia, Isidoro Rudimch, president of the Senate of the Palau National Congress, died suddenly at age fifty-nine. He was a leading entre-

preneur in Koror. Fumio Rengiil, who carried the traditional title Uchelsias, died at age eighty-five. He was, like Rudimch and Tmetuchl, a successful businessman and legislator. Each of these men contributed to the building of Palau's political economy, especially Tmetuchl.

Events and social forces unifying Palau and giving the people a sense of pride and direction include the conference of Micronesian traditional leaders, the selection of a Palauan environmentalist as a hero, and Palau's participation in the Olympic torch relay. The conference of traditional leaders of Micronesia was the first ever organized and included traditional or elected leaders from ten jurisdictions. In a solemn and moving ceremony held on an ages-old stone platform in Melekeok, one of Palau's four high villages, the leaders signed a seven-point declaration defining a three-year agenda for the region's leaders.

Palau's Noah Idechong was selected by *Time* magazine as one of the millennium's eight "Heroes for the

Planet." This prestigious recognition came for Idechong's revitalization of traditional conservationist knowledge in the form of Palau's Marine Protection Act and for the preservation of numerous marine species in the islands' waters. One hundred Palauans, including Ngiraked Johnson Toribiong, newspaper publisher Moses Uludong, Vice President Tommy Remengesau, and champion sprinter Daniel Adachi, carried the Olympic flame in an impressive relay around Airai and Koror on 23 May 2000. The Republic of Palau is the Olympic movement's two-hundredth member, and the Sydney Organizing Committee assisted the Palau National Olympic Committee in carrying out the event. The passing of the Olympic flame was enormously successful and demonstrated Palauan unity and uniqueness.

DONALD R SHUSTER

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