

tion once it was clear that our government was supported by our people. Instead, we have taken a peaceful route; we are penalized." Another irony is that the *Pacific Daily News*, published in neighboring Guam, seems to have trouble viewing the FSM as an independent nation. When President Haglelgam paid a first state visit to Australia in October 1988, even receiving a 21-gun salute when he arrived in Canberra, the *Pacific Daily News* buried the story in a column of news briefs.

Whatever those elsewhere may think about FSM dependence on the United States, the changes from trust territory days have been significant. FSM leaders control the direction and daily operations of the government and also manage the extensive two-hundred-mile fisheries zone, which at one time was a great source of contention between the FSM and the United States.

On the economic front, leaders have been grappling with how to establish an economic base that will withstand the first step-down in compact funds from the United States in 1992. By mid-1989, the greatest source of local revenue was fishing licenses and violation fees. In 1988, fishing revenues were US\$7.7 million, up from US\$3.9 million in 1987. Haglelgam has proposed that the national government focus its resources primarily on fisheries and put about half of all fisheries rights fees, along with all the proceeds from fines and forfeitures, into a loan fund for commercial fisheries development. Haglelgam would also like to see foreign banks operating in the FSM loan back more money for economic devel-

opment to its citizens. Less than 23 percent of the more than US\$52 million deposited in the banks was being loaned back to borrowers in 1988-1989.

There has been little economic growth and a great deal of ambivalence regarding foreign investment in the FSM. Constitutional prohibitions against land ownership by foreigners, combined with vague standards and unpredictable or arbitrary applications of foreign investment laws, have served to discourage potential foreign investors. The government has placed emphasis on investing the compact money and on schemes for financing economic development. In May 1989, the federation's congress appropriated US\$400,000 to pay the initial costs of a plan to issue medium-term bonds secured by anticipated Compact of Free Association funds.

JOAN KING

GUAM

The political status debate and economic expansion provided the context for nearly all significant developments on Guam during the year under review. Guam's elusive quest for self-determination and commonwealth status with the United States symbolized much more than a path to greater political autonomy. It represented in dramatic fashion the problems of being only partly American. For some, that was too much, and for others it was not enough. Of equal, if not greater significance, was the continuing economic boom. The stresses introduced by rapid economic development were manifested in avid debate over the

associated ecological, cultural, and social costs. Nearly all political leaders decried the possibility of Guam becoming a concrete jungle.

Guam has sought commonwealth status through a process engendered by local legislation. A commonwealth act has been developed and ratified by Guam voters. This document was again introduced in the US Congress in January 1989 as proposed legislation. It includes provisions that regulate federal-territorial relations concerning land and resources in ways that make Guam an equal partner. It also recognizes the Chamorros' right to self-determination and Guam's right to control immigration. The entire process is overseen by the Commission on Self-Determination chaired by Governor Joseph Ada. Its success is highly dependent on Guam's delegate to the US Congress, retired Marine Corps General Vicente Blaz, who must shepherd the act through Congress.

Governor Ada's state-of-the-territory address in February 1989 stressed the self-determination dimensions of the act, calling it a "quest to have our full rights as human beings, our God-given rights recognized." He deliberately underplayed other facets and criticized those who think of the commonwealth movement as an effort to obtain more federal financial assistance. A much-awaited visit of Interior Secretary Manuel Lujan in mid-February 1989 proved to be disappointing to those who hoped the commonwealth proposal would be fully supported. Delegation leader Representative Morris Udall indicated that "substantial changes" would be necessary and Lujan remarked that the necessary

changes were "too numerous to mention."

A further complication concerning the role of the United Nations emerged in June 1989. The Commission on Self-Determination had sent signals earlier in the year that an appearance at the United Nations by Governor Ada would be desirable. In late May, Secretary Lujan declared that Guam was now self-governing and that the United States should stop submitting annual reports to the Committee of Twenty-Four (the UN "decolonization" committee). Delegate Blaz concurred and was subsequently severely criticized, particularly by the Organization of People for Indigenous Rights, a Chamorro rights group that had made several appearances at the United Nations. The debate was yet another indicator that an earlier rift over the commonwealth act between the commission and Blaz had not fully healed.

In the meantime, the commission hired a Washington law firm to represent its interests and a public relations firm to publicize Guam's commonwealth efforts. The act was under review by a federal Interagency Task Force, and there were indications that the recognition of Chamorro self-determination and the treatment of Guam as an equal partner in certain spheres would be severely criticized in the report due in July 1989.

Other federal-territorial problems surfaced, mostly in connection with the military presence. The specter of Guam as a "fall-back" if a United States-Philippines base agreement is not reached for the 1990s brought quick opposition from Governor Ada. There were also problems over resources, notably

water. The US Navy continued to dig wells on federal property, and several Guam senators called it "thievery." Perhaps the biggest bombshell was Governor Ada's call for the return of the Naval Air Station (Brewer Field) to the government of Guam to facilitate expansion of the airport and help solve traffic problems in central Guam. The request was reportedly under study.

Economically, Guam reached new plateaus. The island's billion-dollar economy continued to be based primarily on tourism. In 1988 the number of tourists exceeded half a million for the first time. Plans for new hotels and expansion of existing ones were announced regularly to accommodate and encourage the anticipated further growth. Shopping centers expanded, and numerous office buildings and small shops were sprouting up all over central Guam. The economy became so independent of federal and military expenditures that Governor Ada expressed opposition to military build-up because of its possible negative effect on the economy. This was a far cry from earlier times when Guam saw military expenditures as the major force in an otherwise lackluster economic picture.

All segments of the community offered warnings about the social costs of rapid economic growth. Ecological damage was a major concern. Questions were asked about dump sites, damage to coral reefs, and the paving over of the island's greenery. The outcry over the lack of a master development plan continued. Despite years of near-unanimous concern, Tumon Bay appeared to some to have become a replica of Hawai'i's Waikiki.

Cultural and social issues were also prominent. The island's unemployment rate fell below 4 percent, and five thousand new jobs were expected over the next few years. Accompanying the delight over economic growth was the fear that new waves of immigrant workers would be brought in under special rules. The special ability of economic development to combine change with opportunity was dramatized by a plan for a billion-dollar resort in southern Guam, a rural and more traditional section of the island.

The conflict between development and community values was most evident in the efforts by native rights activists and local leaders to stop construction of a Japanese-owned hotel in Tumon when Chamorro burial sites were uncovered. While archaeologists wanted an opportunity to study the remains, activists wanted the remains to be reinterred with dignity, and the developers wanted to build a small museum. After a restraining order and a series of public charges and countercharges, the activists and the developers reached a settlement.

Other political and social issues were also of long-term consequence. In the third year of a four-year term, the Ada administration was no closer to a promised government reorganization and even experienced problems filling directorships. Permanent directors for the education, corrections, and police departments were finally confirmed by the legislature in March and April 1989.

Public concerns over poker-machine gambling were finally put to rest during the year. The Catholic Archbishop of Agaña, a few senators, and a com-

munity organization (Basta) led the fight to eliminate the machines. Providing an inkling of Guam's true ability to resolve even this purely "local" issue, the US Attorney General preempted all action by having the FBI confiscate all poker machines in June 1988. A law that required federal registration of gaming devices was suddenly enforced. In anticlimactic fashion, the Guam Legislature repealed statutes allowing poker machines on the island in October 1988.

ROBERT A. UNDERWOOD

KIRIBATI

Continuity of economic policy, reflecting a decade of government under the leadership of President Ieremia Tabai, was the central feature of 1988–1989 in Kiribati. The Christian Democratic Party led by Teburoro Tito continued to be largely ineffective in opposing the government. An emerging view among policymakers was that a government without Tabai was difficult to imagine.

The continuation of past economic policy meant an emphasis on subsistence development, a reluctance to become too dependent on external sources of aid, and a preference for investments in traditional industries such as copra, fishing, and handicrafts. The emphasis on reducing economic dependence has led to a policy of encouraging more privately owned enterprise. In 1988, the Overseas Telecommunications Corporation International of Australia entered into an agreement with the government to manage Kiribati's telecommunications facilities. Privatization of the govern-

ment-owned shipyards was proposed, and it seemed likely that other government enterprises would follow suit in the future. However, the policy promised to engender some opposition because of its implications for egalitarian social values.

The major economic constraints in 1988 were the depressed world market prices for tuna and copra, which typically account for between 80 and 90 percent of Kiribati's export earnings. Copra earnings continued to be affected by low yields resulting from aging trees, poor soil, and adverse climatic conditions. Government attempts to interest the Soviet Union in renewing the 1985–1986 fisheries agreement, for the same A\$2.4 million fee, seemed unlikely to succeed.

Japan already operates a satellite tracking station on Christmas Island, and the Kiribati government was optimistic that Japan's space agency, NASDA, could be persuaded to establish a launch facility there rather than in Hawai'i, despite the lack of economic infrastructure.

Kiribati's external relations in 1988–1989 were dominated by a deterioration in relations with Nauru. The dispute started when Kiribati revoked Air Nauru's landing rights after a pilot recruited to break a strike against the airline failed a certification test in New Zealand. The result was a tussle over Nauruans and I-Kiribati stranded in each other's countries. The government was particularly disturbed by Nauru's reluctance to allow I-Kiribati vessels to pick up a group of schoolchildren marooned in Nauru since January 1989. The impasse was finally