

and, of course, the United States. Diplomats from many of these countries have presented their credentials during visits to Belau. The liaison offices in Koror and Washington, DC, have been upgraded to embassies, although President Nakamura has yet to appoint any ambassadors to these posts. The president made official visits to Japan and the Republic of China (Taiwan) in early 1995, and finalized an agreement with Australia that will provide Belau with a 165-ton fast patrol boat for surveillance of its two-hundred-mile exclusive economic zone.

The surge of national pride and strengthening of national identity accompanying independence did little to mask some troubling issues associated with the growing number of foreign workers in Belau. There are about six thousand workers from foreign countries—mainly the Philippines—in Belau. Local employers often favor these individuals over local workers because of a perception that they are more reliable and productive. The workers, particularly the women, are easily exploited. Further, Belau's numerous "front" businesses, especially those catering to tourists, have pushed many exclusively local small operations out of the market. This situation is generating some social tension and is likely to get worse.

The record shows that the Nakamura administration has realized many significant achievements during the first half of its term in office, but it has yet to tackle the foreign worker issue. The president is known as a superb local politician who works hard, values loyalty, adeptly cultivates support from the National Congress, and

defuses situations before they become major problems. He campaigns every day, keeping one eye on the competition and the other on his grass roots supporters. By mid-1996 the political scene will be heating up as ambitious individuals emerge to make their bids for the presidency.

DONALD R SHUSTER

FEDERATED STATES OF MICRONESIA

The year 1994–95 was one of fishing ventures gone rotten. The FSM government had invested nearly \$120 million in fishing projects in the past five years, borrowing heavily against future payments of US subsidies under the Compact of Free Association to do so. Purchases have included purse seiners for Yap and Pohnpei, and lately for Chuuk as part of a \$10.3 million joint venture with Westpac Corporation, but none of the ventures has even come close to turning a profit. In his remarks to the FSM Congress at the opening of a new session in August 1994, Speaker Jack Fritz lamented that "national investments are going down the drain." He professed to agree with Deputy Secretary of External Affairs John Mangefel, who quipped that "all this talk about fish may turn out to be another fish story."

Ting Hong Oceanic Enterprises, a Taiwanese company with interests in Belau, Marshall Islands, and Solomon Islands, has been the major player in the fishing industry over the past year. Ting Hong has been airfreighting fresh tuna to Japan for the sashimi market several times a month. A request by

Ting Hong for exemption from FSM gross revenue taxes, approved by President Bailey Olter, was denied by the FSM Congress. In June, the Supreme Court found Ting Hong guilty of four fishing violations and imposed a fine of \$2.2 million. Widely viewed as an opportunistic exploiter and repeatedly accused of bribing government officials, Ting Hong has been a controversial presence from the start. The company is now threatening to cease its operations on Pohnpei and move to less troubled waters.

Meanwhile, the sale of fishing rights in FSM waters has proven to be the most reliable source of national income. This past year the nation collected over \$24 million in fees for fishing licenses from the fleets of several Asian nations. Licensing fees have produced \$87 million in revenue for the Federated States of Micronesia in the last five years.

In a talk on his home island of Yap, former governor John Mangefel likened the nation's troubled economy to a turtle on its back, struggling in vain to turn itself over. With only six years remaining of the fifteen-year Compact of Free Association, and a second step-down in US funds under the terms of the compact quickly approaching, there is widespread alarm over the failure to establish viable industry in the nation. The Asian Development Bank has taken a strong hand in the Federated States of Micronesia over the year in review, replacing the United Nations Development Program as the major source of technical assistance. The bank financed a study of human resource development in the country, contracted to a London-based consult-

ing firm. Their final plan for educational improvements and reforms in the use of the labor force was accepted by the government in May 1995. In the last year, the Asian Development Bank has sponsored studies on coastal resource management, agriculture, and the improvement of government planning. It now has a pair of consultants located in Pohnpei for the next three years to formulate structural policies to help the government cope with the planned reduction of US funds.

The Chuuk State Government, which has been limping along fiscally for years, is now at the edge of bankruptcy. With a debt of about \$18 million and unable to meet its payrolls, Chuuk State hosted officials from the FSM National Government in late June to discuss a loan. It is reported that stringent conditions will be placed on the loan, but the details have not yet been released. Meanwhile, the state legislature is considering a resolution asking Governor Sasauo Gouland to step down or run the risk of impeachment.

New governors were elected in two of the four states of the nation this past year. In elections held 8 November, Vincent Figir was selected to succeed Petrus Tun as governor of Yap, while Moses Mackwelung won the election in Kosrae. Both new governors were inaugurated in separate ceremonies on 9 January 1995.

National elections were held in March 1995, with all the incumbents winning their seats. The only new face in the FSM Congress was John Petewon from Chuuk, who won a tight race for the seat of deceased congressman Kalisto Refalopei. In keeping with

the trend to hold onto the status quo, President Bailey Olter and Vice President Jacob Nena were chosen by the FSM Congress to serve a second term. They were inaugurated at the capitol on 9 June.

The free press arrived in the Federated States of Micronesia to the sound of cannonfire. The *FSM-JTPA Newsletter*, founded in May 1994 under the fiery editorship of Canadian lawyer Sherry O'Sullivan, has taken an openly combative stance toward certain government officials and gained a reputation for unflinching reportage of controversial political issues. Begun as an organ of the FSM Job Partnership Training Office, the monthly paper has gone private. Subscriptions from within the nation and beyond have soared as the paper takes on case after case of alleged corruption.

Preliminary figures were released for the national census taken on 15 September 1994. The national population is reported as 105,712, considerably lower than the 120,000 projected on the basis of past censuses. The slower population increase appears to be related to a decline in the birth rate and the high rate of emigration since the compact went into effect in 1986. At the time of the enumeration an estimated 6000 FSM citizens were living on Guam and another 2500 on Saipan in the Northern Marianas.

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GUAM

The major events in Guam during 1994-95 were the fiftieth anniversary of the island's 1944 liberation, the general elections, the new governor's initiatives, the "ice" problem, base closures, and the political status issue.

Some seven hundred veterans of the 21 July 1944 invasion and recapture of Guam from the Japanese Imperial Army returned to a golden salute from the government and people of Guam. Three impressive monuments to all who suffered the occupation and invasion were dedicated on Nimitz Hill and at the governor's office grounds. A parade, grander than usual, marched down a newly paved, palm-lined Marine Drive. The island had prepared well for the veterans' return as five decades of emotion poured from old soldiers and an appreciative island people.

The Pacific War veterans were also welcomed by a barrage of colorful campaign signs placed at many intersections and on roadside power poles in preparation for the September primary election. Challengers began emerging in January and February for the legislative race, and four gubernatorial teams, two from each political party, began public debates as early as April; Republican Senators Tommy Tanaka and Doris Brooks formed one team and Lieutenant Governor Frank Blas and businessman Simon Sanchez the other. The Democratic teams that emerged were Senators Carl Gutierrez and Madeleine Bordallo as one and Senator Eddie Reyes and Gloria Nelson as the other. Six of the eight, excepting Bordallo and Sanchez, were