Northern Mariana Islands

Gubernatorial elections, a new low in relations with the federal government, continuing labor issues, and new health concerns featured prominently during the year. The new administration of Pedro P Tenorio (Teno) and his lieutenant, Jesus C Sablan (Pepero), found that the coffers were empty when they moved into their Capitol Hill offices and then had to deal with the significant economic impacts of the Asian monetary crisis.

For a complex set of reasons, relations between the Northern Marianas and Washington descended another notch or two during the year. On 30 May 1997 President Clinton wrote to then governor Froilan C Tenorio stating his administration’s determination to reclaim responsibility for immigration, minimum wage, and labor. His now famous “Dear Froilan” letter noted that issues which had been called to the commonwealth’s attention since 1986 had been ignored or disregarded and that the situation was no longer acceptable. The local minimum wage, the dependence on foreign workers, and violations of human and civil rights of those workers were specifically mentioned. The president’s promise to cooperate and coordinate with local authorities in carrying out the desired reforms was not met with great enthusiasm.

The minimum wage issue was greatly exacerbated when the process of raising the local minimum wage by 30 cents an hour every year until it reached the federal level was brought to a halt under pressure primarily from the garment industry. Just before the July 1997 increment was to have kicked in, the legislature amended the law and froze the wage increase at a one-time increase of 30 cents per hour for all employees except those of garment and construction companies. Those workers would get only an additional 15 cents an hour in July 1996 and another 15 cents on 1 July 1997. After that date there would be no automatic increases until a committee was formed to make industry-specific recommendations.

The sometimes acrimonious exchanges between federal and commonwealth officials featured the increased use of the term “indentured servitude.” After a January 1998 visit to attend the inauguration of Governor Pedro P Tenorio, Representative George Miller reported that indentured servitude was common in the Northern Marianas according to what he saw. He was referring to the practice of foreign recruiters demanding as...
much as ten thousand dollars from workers for jobs “in America.” Such workers often arrive on Saipan without legitimate employers or jobs and feel obliged to take whatever they can get rather than return home empty-handed.

There were many other developments in the area of labor. The number of garment factories jumped from about 20 in 1996 to 35 or more in 1998, resulting in the doubling of the Chinese worker population to sixteen thousand, according to some estimates. The legislature has again imposed a cap on the number of garment workers, so new workers for the factories still under construction presumably will have to be recruited from among the unemployed.

The Pedro Tenorio administration staged surprise raids on garment factories to determine if they met legal standards in safety, immigration status, and payroll practices. In June 1998, for example, 16 illegal workers were found in a room locked from the outside, and about 30 more fled before they could be arrested. In all, the raids netted some 200 illegal workers, noted many safety violations, and fined some owners for various infractions. One prominent factory owner was fined over $400,000 for nonpayment of overtime.

More workers arrived from Bangladesh during the year, bringing the total to about two thousand men, many of whom have been victimized. Large numbers are hired by security firms, only to be abandoned as the companies take new business names and hire new workers. The treatment of this group, in addition to others from Sri Lanka and Nepal, led to demonstrations in front of the Horiguchi Building in Garapan, where all of the federal agencies are housed. The governments of Bangladesh, Nepal, and Sri Lanka have filed official diplomatic protests about the treatment of their citizens in the commonwealth. In addition, some human rights activists have filed reports with the United Nations Human Rights Commission.

Substantial numbers of Chinese workers were smuggled into the commonwealth for eventual clandestine entry into Guam (at an estimated cost of $5,000 each). As many as two hundred are now seeking political asylum in Guam on the grounds that they are afraid of returning to the People’s Republic of China because they violated some terms of the contract they signed in China before arriving in the Northern Marianas.

As noted in last year’s report, the campaign for governor took off early. When incumbent Froilan Tenorio announced in December 1996 that he was not going to run for reelection, his lieutenant, Jesus Borja, declared his intention to run for the job. Then Tenorio changed his mind and was declared the official candidate by the Democratic Central Committee (the leadership of the local party), leaving Borja to run as an independent. Meanwhile, Republican Larry I Guerrero, former one-time governor, squared off against former two-time governor Pedro P Tenorio. Guerrero teamed up with Rita Inos, the first Chamorro woman to earn a PhD, while Tenorio chose Senate President Jesus C Sablan as his running mate. In an open party
primary Tenorio won handily, setting the scene for a three-way race.

Froilan Tenorio eventually chose to run with Mayor Jess Guerrero, a close relative of defeated Republican candidate Larry Guerrero, who then lent his support to the Tenorio campaign. Jesus Borja chose Benigno Sablan, secretary of Natural Resources, to be his running mate.

The campaign was very personal, but two things stand out. The incumbent governor made it very clear that any government employee, regardless of party affiliation, would be punished for opposing his campaign, and he made good on this promise later. The second was a letter on official stationery, written by then lieutenant governor Borja to a Superior Court judge, requesting clemency in the sentencing of a convicted rapist. When this was revealed, the constituency he was courting, the young intelligentsia and voters of non-Marianas descent (who now represent nearly 20 percent of the total), were incensed. His choice of running mate was also widely criticized.

In the end, Pedro Tenorio made a clean sweep with 46 percent of the 111,000 votes cast, and Froilan Tenorio took a little over 27 percent. Jesse Borja came in a surprising third with a little over 26 percent of the vote. Super-typhoon Keith hit Saipan on election night and was responsible for the relatively low turnout.

Following the counting and certification of the vote, the Democratic Central Committee funded a challenge to the eligibility of Pedro P Tenorio, claiming a constitutional limit of two terms. Froilan Tenorio’s former attorney general, Sebastian Aloot, who had resigned to take a consultancy with the government at a much more lucrative fee, headed the charge. However, the court determined that since the constitutional limit was passed during Pedro Tenorio’s second term, it could not be applied retroactively. Pedro Tenorio was sworn in to his third term on 14 January 1998.

Starting in late 1997, the economy of the Northern Marianas began to show signs of a serious slowdown. The first indication of a crisis was when the Korean Airlines B747 crashed on Guam in October, and Korea decided to suspend all future flights to the Marianas, not just Guam. The impact was immediate. Korean-owned hotels resorted to renting their suites as apartments, dropping rates from over $100 a night to low monthly rates of $40–$50 a night. In many cases, employee layoffs have been severe, and new construction of hotels has come to a complete halt.

Early in 1998 the Asian currency crisis began in earnest. The devaluation of various currencies had an immediate effect on Marianas tourism when it became too expensive to buy dollars with yen, pesos, or won. Tourism has dropped by 30–40 percent from all sources. Hotel occupancy is at a record low, and peripheral businesses such as beach activities, restaurants, and tours have either closed up completely or drastically reduced their services.

A law designed to protect the commonwealth from unscrupulous or insolvent investors may be another element in the economic downturn. It requires a foreign investor to deposit
$100,000 in escrow in a local bank against bankruptcy, to cover unpaid debts and the costs of repatriating abandoned employees, and appears to have deterred potential investors.

One of the consequences of the poor economic situation is a smaller tax base and strains on the commonwealth budget. Froilan Tenorio's 1998 budget, based on an anticipated windfall from casinos on Tinian, was close to $260 million. The casino did not open until May 1998, and its current revenues come nowhere close to the wishful thinking of the former administration. As a consequence, the budget under the new administration has been reduced to $230 million and it is not clear whether revenues will come anywhere near that figure. A tight rein has been put on travel and hiring. Agencies have been told to tighten their belts and leave nonessential vacancies unfilled.

In May 1998 the Tinian Dynasty Hotel and Casino opened its doors. The resort is owned by a group of Chinese investors linked to the Beijing government and features 440 first-class rooms, three five-star restaurants, and a full-service casino. It is expected to employ some twelve hundred workers directly and create jobs for another thousand people in peripheral and service occupations. The employees are primarily Chinese, although they now claim twenty-four nationalities on the payroll. Two high-speed state-of-the-art catamaran ferries have scheduled service between Saipan and Tinian. Small commuter airlines fly from Saipan and Guam. However, to date, there is no indication of when the hotel will begin receiving large numbers of clients.

A second resort, a two-hundred-million-dollar joint venture between a local entrepreneur and Japanese investors, is expected to break ground by October 1998. It will be twice as big as the present resort, with two 500-room towers and a family-oriented water theme park. The Tinian law allows up to five casinos on the island.

In a controversial move, the Public Health Division of the Department of Health Services succeeded in getting an administrative order requiring all nonresident workers to get a physical exam targeting specifically HIV-AIDS, tuberculosis, and syphilis. The cost of from $80 to $100 per person was to be born by the employer, generating estimated total revenues of over $4 million for private clinics. The results were dramatic, indicating a much greater presence of all three diseases than was previously thought.

Meanwhile at the hospital in Saipan, as many as sixteen doctors have been terminated, allegedly for lack of support and supplies. Some have opened or joined private clinics, which are now providing many of the health maintenance services previously furnished by the hospital. Many nurses supplied to the hospital by agencies were found to be uncertified to work as registered nurses. They were given one chance to pass their certification exams, but only about 20 of the 120 passed. Many of those that did promptly applied for jobs in the mainland United States.

The Northern Marianas is in a period of transition. The momentum is growing for imposing federal standards on immigration, labor, and minimum wage. The Clinton administra-
tion favors a ten-year transition period, and a Senate bill would allow the commonwealth two years to develop and implement a plan to meet federally established goals. The current economic crisis is creating major complications at every level of society, and this, coupled with the federal concerns, has the local public and private-sector leadership scrambling to retain as much authority over minimum wage, labor, and immigration as they can.

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PALAU

The highlights of the period under review include controversy in Palau’s state governments, the deaths of three important leaders, and President Nakamura’s achievements and problems. During the period 1981–1984, each of Palau’s sixteen former municipalities wrote constitutions that established local state governments consisting of a legislature and an executive. Fourteen of these states, which range in population from 12,500 in Koror to less than 100 in Ngatpang, correspond to traditional village complexes that engaged in local warfare and exchange activities prior to the onset of de facto colonial rule in 1891. Despite their small size, the states remain centers of political competition and occasional controversy.

Koror State, Palau’s urban center, has a constitution that centers governmental authority in the House of Traditional Leaders, leaving the sixteen-member elected legislature relatively powerless. The legislature lacks authority to override a veto handed down by the traditional leadership or its head, the Ibedul (paramount chief of southeast Palau). This imbalance was challenged in a ten-year-long series of court suits that eventually resulted in amendments to the Koror constitution, the most significant of which called for an elected governor to replace the executive administrator, a position that had been filled through appointment by the traditional leaders. This change was recently put in place through a late 1997 election in which Johnny Gibbons, the younger brother of the Ibedul, defeated his challenger by just 67 votes (of 2,619 cast). Thus the traditional leaders have retained dominating power in the Koror State government.

The political dynamics of the states has been altered by the introduction of the office of elected governor, and early in 1997 the governors of Ngardmau and Airai states attempted to intervene in the selection of traditional chiefs in order to maintain factional control. Fortunately for the chiefs, the appellate division of the Palau Supreme Court looked carefully at the issue and ruled that neither the state governor nor the legislature can determine which chief (i.e., titleholder) will sit in the legislature and land authority because the chiefship is determined by custom and tradition. In Airai, the second largest state, this court decision meant the reassertion of influence by Roman Tmetuchl, holder of Airai’s paramount chief title, Ngiraked, and an elder statesman in Palau.

The Airai situation took another unexpected turn when the election for a new governor was nullified by the court on the basis that ineligible indi-