In addition, a 35-hour work week went into effect for all government employees of the executive division, except teachers and hospital employees. The initiative was discussed heatedly in the senate, with claims that the *fono* was ignored and denied opportunity to consult with administration officials about possible alternatives.

Auditors of the Inspector General’s Office reported the government deficit to be US$60 million, which meant local vendors were unable to collect on the reported US$8 million owed them by the government. The Health Department owed more that US$500,000 to off-island medical suppliers, resulting in frequent critical shortages of basic hospital supplies and medicines. Many taxpayers awaited tax refunds, about half of which have not been returned as the government shuffles scarce revenues to meet payroll and other outstanding debts.

Governor Lutali called a twenty-day special session of the legislature in late May to promote swift action on his revenue proposals. The proposed excise tax bill is the centerpiece of the revenue package, which calls for increased taxes on gasoline, commercial imports, heavy machinery, vehicles, liquor, and soda. The administration projected that US$10 million would be raised. However, the house passed its own version of an amended excise tax, while the senate continued to seek alternatives other than raising taxes. The special session concluded on 14 June with no final action taken.

The Lutali-Tauese administration assumed the reigns of government with the unenviable task of rectifying a decade’s worth of freewheeling, unaccountable government spending and mismanagement. If they succeed, even in part, in restoring financial stability and credibility in the way the government of American Samoa conducts its operations, it will be a significant accomplishment.

**BILL LEGALLEY**

**FRENCH POLYNESIA**

French neocolonialism in the Pacific, and the nuclear testing program in particular, has been much criticized by neighboring governments, but has encountered minimal opposition in Tahiti. Decades of reliance on expenditures by the CEP (Centre d’Expérimentation du Pacifique) have persuaded islanders and resident expatriates alike that the nuclear testing program is vital to Tahiti’s economic survival. Not surprisingly, France’s decision to suspend nuclear testing in April 1992 was received with concern in Tahiti. The political fallout was felt intensely by the recently elected government of Gaston Flosse, already struggling for survival amidst huge budget deficits, corruption scandals, and abysmally low public confidence.

President Flosse claimed that the immediate halt of CEP activities would be economically and socially “catastrophic.” He warned of an impending layoff of 5200 employees; a loss of 5000 business and government jobs indirectly related to the CEP; a shortfall of US$45 million in the territorial budget; and losses of US$600 million in revenues for the local economy (an estimated 22 percent decline). The suspension of nuclear testing was welcomed,
however, by the increasingly popular Oscar Temaru, leader of the pro-independence and antinuclear Tavini Huiraatira Party. Temaru also called for complete independence from France, and staged a public demonstration in Pape’ete, supported by (strange bedfellows) Boris Léontieff and Emile Vernaudon.

Worried that the testing program was coming to an abrupt end, Flosse dispatched a government delegation to France, demanding a cancellation of territorial debts, financial compensation for projected losses of jobs and local revenues, infrastructure development, and assistance in attracting overseas economic investment. In Paris, the delegation was assured that the tests had only been temporarily suspended for the remainder of the year; they would tentatively resume some time in the following year. The delegation was also promised a small amount of financial assistance for 1992. In addition, an ambitious and far reaching “Pact of Progress” between France and Tahiti was proposed.

The proposed Pact of Progress was to ensure collaborative effort on a long-term plan to address the territory’s economic problems. Generous financial support would be provided by France, providing that France and Tahiti could agree on a realistic plan to shape Tahiti’s economic, social, and cultural development for the following decade. The Tahitian economy was to be restructured, enabling a drop in the dependence rate on French expenditures from 75 percent to 55 percent by the year 2003. The man designated to develop the territorial proposal was Christian Vernaudon, chief executive officer of Air Tahiti, the territory’s largest and most successful private business.

In January, a delegation was dispatched to Paris with a completed proposal. The necessary economic restructuring was to be accomplished through expenditure of US$2.7 billion over the next ten years. Of this, US$2 billion was to go for the construction of roads, ports, airports, environmental facilities, water treatment and distribution, fuel storage depots, urban and maritime transportation, telecommunications, schools, hospitals, clinics, and sports facilities. The remainder would go for employment, research, social welfare, public health, and culture. France would be asked to contribute about US$1 billion annually between 1993 and 1997, and US$800 million over the following five years. The rest of the financing was to be provided by the European Community and local territorial expenditures.

The delegation returned from France with a provisional agreement based on a US$3.2 billion spending program between 1993 and 2003. The jointly negotiated plan focussed on fourteen sectors, including infrastructure, development of the urban center and outer islands, employment and job training, social security, public health, education, telecommunications, family planning, and justice. An important political aspect of the pact was (for the first time) an explicit admission by France of its responsibility for the economic, social, and cultural upheavals resulting from the CEP. However, while a small amount of funding was underwritten by France for 1992, no agreement was reached on the long-term financing of the pact.

The sticky point was that France
was unwilling to provide financial support of the pact without real evidence that the territory itself was willing to assume some degree of fiscal responsibility. The Pape'ete government, struggling with a heavily dependent economy and mounting budget deficits, seemed unlikely to be able to make the necessary contribution and the negotiations appeared doomed to failure. A breakthrough came in June 1993 when, for the first time in Tahiti’s history, an income tax was instituted, called the Contribution for Social Solidarity. The tax was relatively modest and would be graduated by income. Those earning US$1,500 per month would pay 0.5 percent; those earning the highest monthly salaries (US$15,000 or more) would pay 3.9 percent.

The pressure to institute the income tax came from France, which considered it an essential condition for Tahiti’s contribution to the Pact of Progress. During previous election campaigns, Flosse had repeatedly gone on record as being absolutely opposed to an income tax. How then to proceed without losing face? Flosse’s solution was regarded as a strategic master stroke in Tahiti. He called for a marathon meeting with local labor unions. During the negotiations, he reminded labor leaders of the problems Tahiti was facing, and asked for suggestions. After a long silence, Hiro Tefaarere, head of A Tia i Mua, suggested an income tax, upon which Flosse replied, “D’accord!”

Local observers cautioned that the income tax in itself would not solve Tahiti’s substantial economic problems. Even if the announced income tax rate was substantially increased, tourism was stagnating, the pearl industry faced international competition, and the artificially high cost of government was not likely to be offset without politically dangerous reductions of government salaries. It was also unclear if employees of the French state government could be taxed locally. Unanswered questions notwithstanding, Michel Jau, the recently appointed French High Commissioner, was reported to be quite happy with the new developments and confident that the Pact of Progress would soon become a reality and a long term solution to Tahiti’s problems.

MOSHE RAPAPORT

Sources consulted for this report include recent issues of La Dépêche de Tahiti, Tahiti Pacifique, and Tahiti Sun Press.

HAWAIIAN ISSUES

In 1993, the centenary of the overthrow of the Hawaiian government by a gang of haole (white) businessmen and US marines, the biggest story was native sovereignty.

After more than twenty years of political organizing, native Hawaiian nationalists finally succeeded in forcing the issue of self-determination upon a resisting State of Hawai‘i Democratic Party machine and an ignorant, often racist, public. The issues are simple: Hawaiians, who compose 20 percent of the resident population of the state, demand recognition as a native people with human rights claims to sovereignty, including self-government; they claim restitution from the US government for the taking of Hawaiian domain and dominion in 1893, and for their subsequent forcible incorporation into the United States in 1898. Such res-