Humanities is sponsoring the production of an electronic encyclopedia as part of a nationwide National Endowment for the Humanities project. It involves scholars from around the world and will take four to five years to complete. A second electronic/Internet project is the Micronesian Journal of Humanities and Social Sciences, which is sponsored by the Northern Marianas College <www.mjhss.comm>. Two editions of the journal have been published so far, providing outlets for scholars on topics related to the Marianas, Micronesia, and Oceania; future issues will appear twice a year.

The future prospects for the commonwealth remain uncertain. The World Trade Organization treaty becomes operative at the end of 2004, probably resulting in the loss of a large number (but not all) of the estimated 33–35 garment factories operating on Saipan. Increasing security concerns related to world terrorism could result in dramatic and drastic changes in the way the commonwealth operates. Positive developments in tourism will depend on revitalization of the industry throughout the Pacific.

SAMUEL F MCPHETRES

PALAU

Reflecting their close ties with the United States, citizens of the Republic of Palau held a public ceremony to pay tribute to the seven astronauts lost when space shuttle Columbia disintegrated on its homeward journey. In response to the Iraq war, the republic joined President Bush’s Coalition of the Willing, with President Remengesau’s offering Palau’s existing facilities as additional staging areas for military operations.

In other international affairs, Mr Remengesau hosted the second Micronesian Presidents’ Summit in late July. Joined by President Leo Falcam of the Federated States of Micronesia and President Kessai Note of the Marshall Islands, the chief executives of the freely associated states discussed a host of issues and released a joint communiqué at the end of their talks. The statement called for the continuation of open immigration to the United States and requested technical assistance from the United States in the area of security and anti-terrorism measures.

A few weeks later, Remengesau led a delegation to the Thirty-third Pacific Island Forum meeting in Fiji. He presented two major proposals. The first called on the assembled nations to ease travel entry requirements for each other’s citizens. The second initiative called for greater support and progress in adopting renewable energy sources such as solar, hydro, wind, and ocean thermal energy conversion. Remengesau stated that his islands’ total dependence on foreign sources for fossil fuels diverted funds from much needed development projects. President Remengesau took on an activist role at the World Summit on Sustainable Development that met in South Africa in August and September 2002. In a forum of 140 nations, he pushed his environmental agenda by calling for greater support for expansion of renewable energy methodologies and expanded financing for sustainable development programs. He also persuaded the Association of Small Island States, a subgroup in the
summit, to include in its communiqué key planks regarding the need for diversification in tourism and transportation sectors as primary elements in sustainable development. At the summit, both the European Union and Japan made commitments of funding for renewable energy initiatives and capacity building for sustainable development. Remengesau left South Africa pleased that the summit’s “Plan of Implementation” contained a chapter on the sustainable development issues of the Small Island Developing States. This chapter focused attention on the serious problem of island vulnerability to global climate change and sea-level rise.

In March 2003, Remengesau met with three other chief executives of western Micronesia: Felix Camacho, governor of Guam; Robert Ruecho, governor of Yap State; and Juan Babauta, governor of the Commonwealth of the Mariana Islands. Meeting at Palau’s magnificent Dolphins Pacific Park, the men agreed to cooperate by having state groups examine and report on nine key issues, including regional tourism, a regional airline, health care, solid waste management, fossil fuel costs, expanded shipping capacity, renewable energy, telecommunications, and improved schools.

President Remengesau headed a delegation of Palauan leaders to the Japan–South Pacific Summit in May. After the formalities, the delegation visited several areas in Okinawa and explored the possibilities of using Japanese expertise for black-pearl farming and the eradication of insect pests in Palau. Soon after this visit, Remengesau signed an agreement with Katsunuma City, Japan, for the aging of the city’s popular wines in Palau’s pristine lagoon waters. With preorders of some 15,000 bottles, this could be the world’s cleanest source of foreign exchange.

The Swiss and New Zealand ambassadors presented their credentials early in the New Year. Also, Remengesau appointed and the Senate approved Santos Olikong and Anita Suta as Palau’s ambassadors to Japan and the Republic of the Philippines respectively. Palau now has accredited ambassadors to the United Nations, the United States, the Republic of China (Taiwan), Japan, and the Philippines.

Remengesau was also busy signing agreements and memberships, including a telecommunications agreement with Guam and Yap to connect the three jurisdictions by means of a fiber-optic cable estimated to cost $60 million. He signed the UN World Heritage Convention that provides technical assistance for the identification and preservation of heritage sites. With Palau already a member of the World Bank and the International Monetary Fund, Remengesau was, at the end of the review period, working with the National Congress to find funds to support Palau’s membership in the Asian Development Bank. Such membership will provide Palau with a stronger voice in regional matters and more effective diplomatic relations with Japan, the major donor to the bank.

President Remengesau’s biggest international headache for the year was relieved in late April when some 216 garment workers, mostly young Chinese women, climbed aboard two
Xiamen aircraft returning to the People’s Republic of China. In a scandal of major proportions, the owners of Palau’s only garment factory, Orientex, disappeared without a trace in the New Year, leaving the workers without return air passage, with loss of pay due to illegal wage deductions, and owed at least five months back wages. The women had marched in protest to Palau’s labor office and to the president’s office, and they finally took over Crystal Palace, a bar-restaurant, before being physically removed and placed under house arrest. The workers’ protests got the diplomatic wheels turning as a delegation from the embassy of the People’s Republic of China in Pohnpei flew to Palau and quickly sorted out the matter with the president and his staff. Charges against the protesters were dropped and the government filed a civil case against the factory’s owners, as did the women. The women wept and sang as they boarded the Chinese commercial aircraft for their flight home (TBN, 25 Apr–2 May 2003, 2).

Mr Remengesau’s minister of justice, Michael Rosenthal, met with Australian defense officials, who agreed to continue support for the republic’s patrol boat program through 2027. Named after Palau’s first president, the PSS Haruo I Remeliik will be outfitted with upgraded equipment and undergo a total refit in Australia.

Finally, Mr Remengesau signed documents to admit Palau to full membership in the International Whaling Commission and appointed former President Kuniwo Nakamura as Palau’s first whale commissioner.

In local affairs, Palau’s National Congress, the Olbiil Era Kelulau (OEK) provided President Remengesau his greatest heartburn. During the year, a majority of congressmen and some former congressmen were under fire from the special prosecutor for illegal use of travel funds. In response, the National Congress attempted to clip the special prosecutor’s wings by eliminating the office and then reconstituting it under the ineffectual Ethics Commission. This move was contained in a rider to the 2003 budget law and thus put pressure on Remengesau. He vetoed the bill, but the National Congress overrode his veto. After hours of discussion over several days, Remengesau and the OEK leadership worked out a compromise. The president would sign the budget act and in the New Year the National Congress would remove the objectionable rider provisions. This agreement was put in writing. Later in the year, the congressmen, under a barrage of public complaint, began signing settlement agreements with the special prosecutor. It was a win-win arrangement: in exchange for full payment owed on travel expenditures, charges of wrongdoing and intent to prosecute would be dropped. The public coffers received nearly a quarter of a million dollars from the congressmen.

But the special prosecutor’s “drag net” (as it was termed by Palau’s local media) began catching state governors and legislators, and even traditional chiefs, with charges of misspending. The special prosecutor even began a new round of charges against the entire National Congress. Recognizing some panic, a Senate committee offered a biased provision in a supple-
mental budget bill. This attempted to justify the abuse of travel funds by means of a presumption that such spending had been done in good faith since 1981 when the Palau Constitution came into force. Fortunately, a majority of Senate leaders recognized the provision as self-serving and omitted it from the bill (PH, 10–12 Jun, 10). This example illustrates how Palau’s political leaders are struggling to achieve transparency in their work.

Concerning transparency and good governance, President Remengesau and the oek leadership were in disagreement regarding the need to amend Palau’s Financial Institutions Act—legislation setting high standards for Palau’s banking industry. This legislation had been put on the books so that the republic could establish good standing with the international banking community. Prior to the legislation, several of Palau’s banks had been accused of illegal money-laundering activities by the Bank of New York and the Deutsche Bank. The issue of amending or not amending the banking act had not been resolved at the end of the review period.

On 1 May 2003, Mr Remengesau delivered his third State of the Republic address. The president was pleased to report that twenty-eight capital improvement projects had been completed, including the splendid new Palau International Airport terminal building. Other projects were being worked on, including the fifty-three-mile compact road, the National Capitol complex in Melekeok State, the new Palau National Museum building, and a Cultural and Performing Arts Center. However, Remengesau declared Palau to be “still at a cross-road,” meaning that the cooperation he had requested from the National Congress since the beginning of his presidency had not materialized, and therefore a national vision had not been established: “We can take the course that some of our regional neighbors have taken and wait until a financial crisis forces us into unplanned reactions. Or, we can develop a vision of our future and put into place those initiatives and mechanisms that will permit that vision to become reality” (TBN, 2–9 May 2003, 15).

Vice President Sandra Pierantozzi, who also carries the Minister of Health portfolio, continued her international speaking engagements, much to the credit of the Republic of Palau. She spoke at the United Nations twice during the year and to many other important groups. Pierantozzi also headed the 2003 Joint Committee meeting that negotiated with a military team led by Rear Admiral Patrick Dunne. This meeting resulted in an agreement for the US military to supply additional assistance to Palau in the areas of security, health matters, counterterrorism training, excess equipment, and navigational aids. In June the vice president signed the UN anti-tobacco treaty in Geneva, stating that the treaty gives Palau a weapon to fight the debilitating habit. The vice president was the main plenary speaker at the silver anniversary conference of the Western Association of Educational Opportunity Personnel held in Honolulu. She spoke to over 500 assembled educators and students from the states of Arizona, California, Hawai’i, Nevada, the Territory of Guam, American Sāmoa, Palau, the
Commonwealth of the Northern Mariana Islands, and the Republic of the Marshall Islands, who are involved in TRIO programs (the US Department of Education programs designed to help improve the educational success of high school students and college freshmen). In her speech, Pierantozzi shared her educational experiences as a person from a low-income family and a first-generation college student.

The saga of Camsek Chin versus the Oke Senate finally ended, with the judiciary providing no relief for Chin (for background, see Shuster 2001, 206–207; 2002, 170–171). Subsequently, the Senate passed a resolution (5 yes to 3 no) reconfirming its position that Chin was ineligible for Senate membership because he had not been a resident of Palau for five years prior to the 7 November 2000 election as required by the Constitution of Palau. A special election was held in early April to fill the vacant Senate seat, and former Senator Lucius Malsol won in a six-person race, taking 25 percent of the vote. Amazingly, write-in candidate Chin finished second, with 22 percent of the vote.

Prostitution and illegal drugs were problems for Palau during the year under review. Prostitution rings at the Palau Cinema and Palau Hotel were broken up with arrests of twelve individuals, including ten women, eight of whom were Chinese. Palau’s laws regarding the trafficking in illegal drugs have very stiff penalties; both foreigners and Palauans have been caught and sentenced to long prison terms and sizable fines for trafficking in “ice” (methamphetamine hydrochloride). With so many convictions, the Koror jail, built for 50 inmates, is overcrowded with some 103 individuals. This has led the National Congress to draft legislation calling for the deportation of alien drug convicts after they have paid their often substantial fines. However, the infamous Eddie Liu, who had been jailed for fifty years and slapped with a fine of $200,000, couldn’t wait. He escaped in January from both the Koror jail and Palau. In response, the attorney general’s office made international contacts, and Liu was caught in the port of Canton. However, he has not yet been extradited to Palau—and may never be, because Palau and the People’s Republic of China do not have diplomatic relations or an extradition treaty.

Some of Palau’s state governors (current as well as former) have come under fire from the special prosecutor, who has filed charges against many of them for unlawful compensation and improper expenditures of public funds for frequent restaurant parties. The governor of Koror, John Gibbons, was charged with violations of Palau’s Code of Ethics regarding his support for a metal recycling plant to be built on his land lease. He was ordered by Palau’s Supreme Court to pay a $4,000 fine. Also, former Ngardmau State Governor Albert Ngirmekur was found guilty of misconduct in public office and embezzlement and was sentenced to six months in jail and a $13,000 fine.

By the end of the period under review, Palau’s special prosecutor had not finished his work on a public land case in Airai State, the location of Palau’s international airport. This case involves a Japanese company, Resort
Trust International, which hoped to build a golf course in Airai and paid $1.5 million to the Airai State Public Land Authority to move the project forward. However, some of the state’s elected leaders made payments of nearly half a million dollars to themselves and a traditional chief. The special prosecutor contends that this was done in violation of Palau law. The latest development in the case has been the entry of Johnson Toribiong, who argued that he has standing in the case as Ngiraked (Airai’s ranking high chief), a member of the land authority Board of Trustees, taxpayer, and beneficiary of the state’s public lands. As this example demonstrates, foreign investment in Palau will continue to be handicapped by competition for land and money as well as by corruption.

Since 1994–95, the first year of the Palau–US compact, the republic has sustained a construction boom, with a number of projects completed or moving toward completion. The fifty-three-mile Babeldaob circle road is almost 60 percent finished. Daewoo, the main contractor, requested an additional $20 million to complete the project, which has faced many setbacks due to unusually wet weather and water-retaining, gummy soil. As one result of President Remengesau’s work at the South Africa summit, the European Union is providing solar-powered lights for the compact road at a cost of about $1.3 million.

Costing some $16 million, the new Palau International Airport terminal was opened with great fanfare. This structure replaced a building constructed by Roman Tmetuchl and partners in 1985. Japan funded the new terminal, on one wall of which Wyland painted a gorgeous 250-foot mural, which (according to the artist) depicts the prestige, attractiveness, and life that is the essence of Palau. Tourists will immediately be greeted by the grand seascape.

Koror State officials opened a beautiful new state capitol building on the site of Palau’s former hospital in the center of Koror. The second phase of the national capitol complex in Melekeok was opened with a ribbon cutting and traditional ceremonies. The complex of huge and impressive legislative, executive, and judicial buildings is not yet complete. At a total cost of about $35 million, it may take years to finish the ostentatious project, which resembles the US national capitol. The new compact road and the new capitol will likely shift the momentum of development from Koror to the larger island of Babeldaoab.

And some very ambitious Chinese businessmen are watching. They make up the Fuworld Development Corporation, which is, they claim, sponsored by the Republic of China–Palau Culture, Economic, and Trade Interchange Association. This appears to be the same group that in 1994 launched a similar grand project that flopped dismally. The renewed dream, termed “the Star of Micronesia,” involves investing nearly nine billion dollars in a massive construction effort in central Babeldaoab on a built-operate-transfer basis. The plan would include eighteen separate structures, ranging in cost from $1.1 billion for an international airport to $5.2 million for a tourism bureau building. This gigantic scheme appears prepos-
terous because, with a $9 billion price tag, there must be many strong strings attached.

In contrast, the attractive Papago International Resort in Airai was dedicated early in the period under review. With a commanding view of the mangrove forest and ocean, the hotel project was started by the late Roman Tmetuchl who held majority ownership but had partnership capital from businessmen in the Republic of China. Tmetuchl had always urged Palauans to maintain majority ownership and a bond of trust in any venture with foreign investors.

Palau lost many important people during the year. Father Felix Yaoch, SJ, Palau’s holy man, passed away in December 2002. He had been a pillar of compassion and moral strength who had helped everyone in Palau, regardless of their religious denomination. He also was the conscience of Palau and would challenge immorality wherever he saw it taking root. Judge Moses Mokoll died at age seventy-two. Like Fr Felix, he had great knowledge of Palauan custom, history, ceremony, and language. The educators of Palau lost a leader in Kaleb Olegeriil, who had served over thirty years as a teacher and elementary school principal. Steve Umetaro, a teacher turned congressman, will also be greatly missed by his colleagues in the National Congress and Ministry of Education. Hideo Tell, former Vice Speaker of the House of Delegates and master mariner, also passed away during the year. He had been one of the few licensed harbor pilots in Palau. Joe Adachi passed away at the young age of fifty-five. He had worked at the Palau Community College for many years and was the best printer in Palau. Ngirakebou Eusebio Rechucher passed away at age seventy. With a keen business mind, Rechucher had risen to the top of the Trust Territory administration as the high commissioner’s director of resources and development. After resigning in 1978, he had become one of Palau’s most successful businessmen. Tragically, three of Palau’s promising women athletes participating in the Pohnpei Micronesian Games—Claudia Ngirasob, Rita Gracia Sungino, and Dawn Rechemang—died in a freak flash flood. President Remengesau declared a national day of mourning. Dr Robert Johannes, a good friend to Palau who in the early 1970s had alerted people to the dangers of the proposed superport, passed away and was recognized by the oek House of Delegates for his scientific contributions to Palau and the world.

Palauan nationalism and identity building were expressed in a number of important events and achievements during the year. When Justices Arthur Ngiraklsong, Kathleen Salii, and J Uduch Sengebau convened as a Supreme Court Appellate Division panel in 2002, it marked the first time in the history of Palau’s judiciary that the Supreme Court had an all-Palauan panel.

Palauans have become very adept at hosting conferences, whether local, regional, or international events. For over a year, a group of talented organizers have been at work preparing for the 9th Festival of Pacific Arts, which will be held 22–31 July 2004 in Palau. By that time the new Palau National Museum building and Cultural and Performing Arts Center will be com-
pleted. The National Congress has appropriated $1 million to support the festival, which may draw as many as 3,000 people from twenty-seven Pacific island nations. Support will also be provided by the United States, the Republic of China, Japan, and the Republic of the Philippines. The festival will feature performing arts, creative arts, traditional medicine and healing arts, traditional navigation, and contemporary carving, weaving, jewelry making, tattooing, and pottery.

Palau’s athletes performed superbly at the Pohnpei Micronesian Games. They won the greatest number of medals (seventy-one) and returned home to an enthusiastic greeting. After all the jubilation, the young people began to ready themselves for very stiff competition at the 2003 South Pacific Games, held in Fiji 28 June–12 July.

Another expression of cultural solidarity is a number of recently published books. *The Wisdom of the Past, A Vision for the Future*, published by the Republic of Palau in 2002, provides an in-depth description of the role of the judiciary in Palau’s legal system, operations of the courts, and the officers and personalities making up the system. Also in 2002, *Entertainment, Songs and Dances of Palau*, by Palau’s Society of Historians, was published by the Republic of Palau Bureau of Arts and Culture, in both Palauan (edited by Melson Miko) and English (edited by Carmen C H Petrosian-Husa). Translated and awaiting publication is a portion of Augustin Kramer’s massive five-volume study of Palau conducted in 1907–1910. When available, this early, comprehensive study of Palau should be of great interest to all Palauans. *Roman Tmetuchl: A Palauan Visionary* was published by the Tmetuchl family trust in late 2002. Written by Donald Shuster of the University of Guam, the biography covers all aspects of Tmetuchl’s fascinating life and is the first research-based biography of a Palauan and Micronesian leader.

Women are powerful behind-the-scenes forces in Palau. Under the leadership of Bilung Gloria Salii, Ebil Reklai Umai Basilius, Vice President Pierantozzi, and First Lady Debbie Remengesau, the women of Palau held their tenth annual Mechesil Belau Women’s Conference in April. After three days of discussion, the women released a unanimously adopted eleven-point resolution that is a fascinating statement of contemporary culture: (1) there will be no making of imitation Palauan money; (2) there will be no inappropriate usage of Palauan arts and motifs; (3) there will be no harvesting of turtles and turtle eggs; (4) there will be no making of turtle jewelry except when part of traditional ceremonies; (5) *cheldecheduch* (estate settlement conference) is final; (6) there will be an increase of fines for prostitution pimps, businesses, and customers; (7) men of Palau should have their own conference and take an active part in social issues; (8) state historians should be appointed by traditional leaders of a state, not by the governor; (9) Palauan orthography should be written based on the spoken language; (10) amendments to the Constitution of Palau should include provisions that òék members can retain their chiefly titles, that the
Palauan language should prevail over English in cases of conflicting interpretations, and that the National Congress should be enlarged to include a House of Traditional Leaders; and every registered Palauan voter should be required to vote at election time and should be fined for failing to do so. The women have clear ideas about the directions social change should take in Palau.

Finally, after nearly a decade of strong economic activity, a recent Bank of Hawai‘i study predicts a slowdown for Palau’s economy in the near future. It appears the economy has not sustained the momentum it achieved in the late 1990s. The report indicates that growth in tourism provides some optimism, but this should be balanced by concerns for the fragile ecosystem and for institutional transparency, which impacts on foreign investment. On the other hand, Palauans have a knack of fooling predictors and already are finding ways to tighten their economic belt.

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