

landscape in preparation for the November elections. Local media introduced candidates for the island's Liberation Day Queen. And various Guam agencies, organizations, and individuals were revving up to participate in the July 2004 Festival of Pacific Arts in Palau.

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### COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The year under review was packed with many significant issues and events. The drama involving Senators José Dela Cruz and Ricardo Atalig played out until the last possible moment (McPhetres 2004, 132–133). Dela Cruz pled guilty and showed ample remorse for his role in the fraudulent hiring of his daughter by colleague Ricardo Atalig; he received a fairly light sentence. But Atalig

continued to provide cover for the Rota/Tinian coalition by not resigning until he was finally taken into custody and sent to federal prison for a little over five years. Atalig demonstrated how he felt about the decision with an infamous hand gesture, a dramatic moment captured on video by the cable news reporter standing outside the courthouse. During the sentence hearing, Judge Munson severely chastised Mr Atalig for his failure to take responsibility for his actions. Meanwhile, Atalig filed a new letter of resignation in the Senate, making the election of his successor in November 2003 the new effective date.

The Senate quorum remained at five regardless of the fact that Senator Atalig had been convicted and sentenced for a felony, but technically remained in office, and Senator Dela Cruz had officially resigned his position. At that time, the Senate had no provisions to automatically dismiss a convicted felon. The Senate was effectively neutralized for the rest of the calendar year, with eight official members, only seven of whom could be physically present. Following incarceration of Mr Atalig the majority changed from five to four for the purposes of passing legislation. During the November election, Rota had to elect two senators instead of one: one to replace Atalig and take office immediately, and one to take office in January when the regular term expired for the other senator from Rota. This left the Rota delegation one member short between November and January. With eight senators, a quorum to hold meetings was five, and the Rota/Tinian coalition dominated. This group, led by Senate

President Paul Mangloña, then proceeded to hold sessions on Rota without informing the Saipan delegation.

When the new majority recessed during a session on Saipan, the old majority, consisting of the Saipan delegation led by Senator Ramon Guerrero as well as one Tinian senator, staged a coup. They elected a new set of officers and took over the Senate. With Senator Ramon (Kumoi) Guerrero as new Senate president, the group then proceeded to pass a large number of pending bills and sent them on to the House. Because he was not sure who was legally in charge of the Senate, the governor refused to act on any of the legislation originating from the "new majority," including the rejection of the nomination of Pam Brown as attorney general. The situation was completely stalemated until the swearing-in of the new Rota senator, which created a new majority. Senate President Mangloña then gave up his seat to Senator Adriano of Tinian, who proceeded to suspend the Saipan senators for various terms, for violating certain obscure Senate rules. Both sides then went to court, where Judge Govendo roundly chastised them for not resolving the issues in-house. He refused to rule on which side was correct. Eventually logic prevailed, and by February the new majority confirmed Pam Brown, the governor was happy, and the legislature resumed business as usual. The now "old majority" was reluctantly reintegrated into the membership.

Following the confirmation of Attorney General Pam Brown and a new majority in the legislature, Representative Stanley Torres, a perennial

critic of the governor, was indicted in Superior Court under a warrant issued by the attorney general, accusing him of the same violations of law that Atalig and Dela Cruz had been charged with in federal court. Along with most of the other House members, Torres lost reelection; he considered his arrest to be simple payback for his criticisms of the governor and of Pam Brown when she was nominee for attorney general.

The Bank of Saipan saga also continued, with the conviction of four of the principals involved in an attempted takeover and the subsequent bank failure. Dusean Berkich, age sixty-five, was allowed to return home pending sentencing, but he committed suicide rather than face jail time. The three others, including Tomas Aldan, were sentenced to various jail terms and restitution. The bank remained in receivership but operated normally, pending a determination of the status of several government accounts. Several major government agencies and departments had only limited access to some \$60 million tied up in certificates of deposit.

The federally mandated prison project continued to meet appropriation shortfalls during the year. In mid-2004 the Saipan-dominated House of Representatives added a million-dollar rider to the prison bill for dialysis centers on Rota and Tinian. A large dialysis center was also being built on the premises of the Commonwealth Health Center on Saipan.

The midterm elections held in November 2003 produced an unpredicted outcome. The Covenant Party, headed by Benigno Fitial, made a

nearly clean sweep of both houses. Only six of the incumbents in the House of Representatives were returned to office. A completely different legislature took office, with Fitial again as Speaker in the House and Adriano as new Senate president. In July 2004, Speaker Fitial publicly indicated his intention to run for governor in 2005.

In a dramatic decision, the Board of Regents of Northern Marianas College, under the influence of then President Kenneth Wright, and with the support of Governor Babauta, moved to purchase La Fiesta Mall, a large shopping center built about fifteen years ago to cater to the tourists at the northern end of the island. President Wright convinced the college leadership that the commonwealth would become a specialized education center catering to high-income Asian students from around the Pacific Rim. In what was called the "Gateway Project," the mall was to become a second campus for the college. The governor funneled \$3.5 million in federal grant money to purchase the lease rights (only for twenty years) and as a down payment on all the structures. Unfortunately, the college became liable for \$200,000 a year in property payments as well as approximately \$30,000–50,000 a month in maintenance and administrative costs. By July 2004, it was evident that the college would have to dispose of the property as quickly as possible in order to maintain credibility and keep its accreditation. Studies are currently underway to find an effective resolution to this problem. The chair of the board of regents accepted President Wright's resigna-

tion in February 2004, although it was not effective until May.

To complicate matters even further, a Korean "entrepreneur" convinced about eighty Chinese students to enroll in the University of Tinian, which he owned, using an Internet brochure featuring luxury facilities. The students arrived on Tinian to find no facilities whatsoever. They were moved to a couple of classrooms in an office building on Saipan, although there were no library or computer facilities, and their living quarters were substandard. The students had paid \$5,000–\$10,000 in advance and had been promised employment in the commonwealth. Under the labor regulations and immigration law, foreign students cannot work. Eventually the operation went bankrupt, and the Federal Bureau of Investigation (FBI) arrested the entrepreneur on Guam for a variety of immigration violations, and for the fraudulent establishment of a university on Guam. Many of the students found jobs in the local garment industry with the permission of the commonwealth government, others returned to China, and some enrolled in Northern Marianas College.

The sale of Verizon, which operates the commonwealth telephone and cable system, continued to be controversial. Governor Babauta originally opposed the sale, citing the dangers associated with foreign ownership of any communications system. The Federal Communications Commission and the FBI found no problem with the potential ownership of Computer Telephony Integration (CTI), a very large company involved in communications in the Philippines and owned

by the Delgado family. By July 2004, the issue had become the company's potential monopoly over the high-speed cable linking Saipan with Guam and the rest of the world. The governor went as far as to suggest that the government should invest in a second cable to break the perceived monopoly. Meanwhile, the Commonwealth Telecommunications Commission indicated it might go ahead and approve the sale despite the governor's reservations.

Washington Representative Pedro A Tenorio continued to push legislation to get a delegate position for the commonwealth in the US House of Representatives. A comprehensive signature campaign for a petition to that effect got underway in the commonwealth. While most observers feel that the bill would pass if it ever got to the floor, the pending US presidential and congressional elections will probably prevent that from happening during 2004. The commonwealth is the only US territory in the system without a delegate in the US House of Representatives.

Another issue involved children born in the commonwealth between 1974 and 4 November 1986, when citizenship was granted by proclamation of President Reagan. From 1978 to 1986, a child with at least one parent who was a US citizen automatically got US citizenship. However, section 301 of the Commonwealth Covenant denied that right to persons born to non-US citizens between 1 January 1974 and Reagan's proclamation. As a result, around 400 children were born and raised in the commonwealth as if they were Americans but ineligible for US passports,

federally funded scholarships, and other perks that were available to others, including in some cases their siblings who were born before and after the blacked out period. The vast majority of these individuals refused to accept the citizenship of their parents and fought to become US citizens. In June 2004 the Ninth Circuit Court of Appeals overturned a decision by Judge Alex Munson of the Federal District Court denying citizenship to this group on the basis of the covenant. The court argued that the Fourteenth Amendment was applicable as of 9 January 1978, when the commonwealth covenant became partially effective. Article three, the citizenship clause, was not effective at that time, because trusteeship had not been terminated. Those individuals born between 1 January 1974 and 9 January 1978 are still out in the cold and require a special act of Congress to grant them citizenship. To date, it is not clear if the federal government will appeal the Ninth Circuit Court decision. No passport has been issued to any member of the group included in the court decision.

The governor continued to press for legislative appropriation for his fiscal year 2005 budget, which approached \$226 million. Although projected revenues were under \$200 million, he contended that new taxes would close the gap. In the last few months of the review period, revenues from the garment industry increased slightly; the number of arriving tourists was on the rise, with hotel occupancy running about 70 percent in July 2004. On the other hand, retailers noted that tourists were spending much less than before, leading to

overall revenues that were flat or decreasing. Compounding matters, the commonwealth budget deficit was reportedly in the vicinity of \$100 million. This included payments to the retirement fund, government health insurance, and interagency obligations, as well as refund and rebate tax accounts. Several travel agencies on Saipan complained about nonpayment for past travel, and they refused to honor government travel requests for overseas trips.

One of the very bright moments in the past year was the commemoration of the sixtieth anniversary of the invasion of Saipan and Tinian. A complex array of activities and events honored the almost fifty veterans, their wives and families, and in some cases their widows, who showed up for a week in the middle of June. Events included World War II-type shows, complete with pinup girls and 1940s style dancing, as well as local indigenous folk dancing. A fireside chat had a dozen veterans, their families, and others discussing personal experiences during the war. Unexpectedly, a Japanese veteran arrived to thank the Americans for saving his life when taken prisoner of war. A Red Cross recreation snack bar was set up, complete with contemporary Coca-Cola bottles, a gift shop, and a display of the art that American fighter pilots and bomber crews in the Pacific had commonly used to decorate the noses of their planes. A highlight of the commemoration was the presence of Brigadier General Paul Tibbets (retired) and two of his surviving crewmates from the *Enola Gay*, the aircraft that had flown out of Tinian to drop the first atomic bomb on

Japan. General Tibbets was the keynote speaker for the main event.

The war in Iraq came to the islands in very real fashion in June when the first resident of Saipan was killed in action in Iraq. Eddie Chen was buried in Arlington Cemetery, while a second wounded soldier returned to a hero's welcome on Tinian in early July. Others have followed. Orders from the US Department of Defense to mobilize an army reserve unit in mid-July resulted in nearly fifty police officers, firemen, and others being sent to Hawai'i for specialized training, followed by deployment to Iraq for up to two years.

Military interest in the commonwealth for a variety of unspecified projects related to the war on terror and the situation in Korea increased during the year. Saipan is now a permanent base for five forward-deployed military supply ships, each one capable of keeping at least one battalion of marines in a combat situation for one month. This has provided something of an economic boom for Saipan, as the crews spend much of their time ashore waiting for orders and spending money. There have been suggestions that some kind of permanent presence might be established on Tinian, where the Department of Defense has a 100-year lease on two-thirds of the island.

The latest population estimates for the commonwealth indicate a total of 79,000 people, an increase of almost 10,000 from the 2000 decennial census. Nevertheless, Saipan is preparing for a substantial population loss with the implementation of the World Trade Organization treaty removing quotas for garments exported to the

United States. Some smaller garment factories have closed up already or have been absorbed by bigger operations. It is expected that approximately half of the twenty-six factories remaining on Saipan will move to areas with lower production costs in order to remain competitive. In the meantime, Saipan is gearing up for a rush of asylum-seekers whose jobs will be lost as the result of factory closure. Those who do not want to return home for religious or other reasons may apply for political asylum. The commonwealth is responsible for administering the asylum programs according to United Nations High Commissioner for Refugees standards rather than those of the US Immigration and Naturalization Service.

The Garapan Revitalization Project, which will create a vehicle-free pedestrian mall in the Hotel District, was nearly completed during the year, despite protests by various commercial establishments. It promises to be a major improvement in tourist-friendly facilities, in an area widely known for prostitution and related activities.

A German firm proposed to provide high-speed auto ferry service between Saipan and Tinian, with possible charter service to the Northern Islands, Rota, and Guam, but the proposal died due to a very well organized campaign by residents of the southwestern beaches near Sugar Dock. Residents cited a loss of their traditional recreational areas and access to the fishing dock. The ferry, which had already been built on the strength of government approval for the service, was moved by its owner for service in the Caribbean.

The flight of health-care providers at the Commonwealth Health Center, citing working conditions and differences with the administration, created a shortage of doctors, particularly in the emergency room. The need was met with the temporary assignment of US Navy doctors from the Guam Naval Hospital. The secretary of health services argued that most outpatient health care should be handled by the growing number of private clinics, frequently staffed by former government doctors. On the other hand, many health-care providers, on island as well as in California and Hawai'i, do not accept government health insurance, forcing many patients to pay up front or use the understaffed government hospital.

For the past several years the government has used the health insurance fund, the tax rebate and refund accounts, and other funds to meet operational expenses incurred because of the economic crisis. Spending levels continued at the 1997 level of about \$230 million, when times were very good. Because of the Japanese economic crisis, the terrorist attacks of 11 September 2001, and other factors, real revenues dropped to around \$170 to \$190 million annually. No new economic investment in the commonwealth for more than five years has contributed to the shrinking tax base.

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