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Commonwealth of the Northern Mariana Islands

The impacts of climate change came into urgent focus for the US Commonwealth of the Northern Mariana Islands (CNMI) during the period
under review. A report issued by the CNMI Climate Change Working Group (ccwg) identified nearly all of the villages and resources along the western coast of Saipan, the archipelago’s main island, as being critically vulnerable to sea-level rise and changes in rainfall patterns. Saipan’s western coastal plain includes natural habitat areas, residential neighborhoods, the primary business district of Garapan, many of the island’s hotels, restaurants, and shopping centers, and vital infrastructure from roads and the seaport to power facilities. The vulnerability assessment urged that climate-change considerations be prioritized for western low-lying areas and better integrated with flood-control studies and development plans. The Climate Change Working Group’s study was also part of the US Global Change Research Program’s National Climate Assessment that was submitted to the White House in May 2014; that national report highlighted sea-level rise, reduced freshwater supplies, and coral bleaching among the major climate-change threats to communities across the Pacific Islands, including the CNMI (usgcrp 2014; ccwg 2014; st, 18 Feb, 14 May, 18 June 2014).

The CNMI Climate Change Working Group consisted of representatives from approximately thirty local and federal agencies, led by the Division of Coastal Resources Management. The division’s director, Fran Castro, a longtime environmental advocate and public servant, was also elected during the period under review to chair the Pacific Regional Ocean Partnership (prop), the members of which are appointed by the governors of the CNMI, American Sāmoa, Guam, and Hawai‘i to identify coastal and ocean management priorities that require a coordinated regional response (st, 18 Feb 2014). CNMI Governor Eloy S Inos himself put a spotlight on climate change as chair of the 19th Micronesian Chief Executives Summit, which convened on Saipan in December 2013. Declaring climate change “the most common concern we share as a region,” Inos called for continued partnership among the Micronesian Island jurisdictions and nations to “demand action against large carbon emission producing nations devastatingly contributing to climate change and adversely impacting our fragile island communities” (Eugenio 2014).

The CNMI sought enhanced regional cooperation in other areas as well during the period under review, particularly with the neighboring US territory of Guam. In September 2013, Governor Inos and Guam Governor Eddie B Calvo convened the First Marianas Summit to explore issues of mutual interest, including coordination and information sharing between the two jurisdictions in managing the US military buildup (mv, 23 Sept 2013). Throughout the year, Inos sounded a markedly cautious note in his approach to military activities in the archipelago, calling for greater oversight by CNMI regulatory agencies, and raising concerns about proposed live-fire training exercises on Tinian and Pagan. Inos also objected to the proposed establishment of a divert airfield on the main island of Saipan, urging instead that the military develop its long-neglected leased land on neighboring Tinian, which comprises two-thirds of that island
The Marianas governors also discussed possibilities for a future interisland cargo and passenger ferry system and for the promotion of agricultural commerce between the islands (mv, 23 Sept 2013; st, 22 Sept 2013).

Similarly, the Mariana Islands Legislature Association (MILA) held its first general assembly of Guam and CNMI lawmakers in November 2013 on Guam, with plans to rotate sessions within the Marianas archipelago as part of a new joint legislative effort to address political, social, and economic concerns shared between the two jurisdictions (PNC 2013).

Among the first successful outcomes of this endeavor was the enactment of legislation in May 2014 that relaxed Guam’s quarantine rules to remove testing requirements and other restrictions deemed unnecessary or outmoded for the export of live cattle from the CNMI to Guam (ST, 23 May 2014). Two months after the law was signed, the first shipment of CNMI cattle arrived on Guam, and more are expected to follow (mv, 28 July 2014).

US Federal-CNMI relations improved in some ways under the Inos administration during the period under review. The relationship between the CNMI and federal governments was notoriously rocky during the term of Inos’s predecessor, now-disgraced former Governor Benigno R Fitial. As Fitial’s lieutenant governor, Inos came into power after Fitial hastily resigned and departed the commonwealth for the Philippines in February 2013 amid impeachment proceedings and allegations of public corruption. The shift in federal-CNMI relations was most evident in the collaboration between the US delegate for the CNMI, Gregorio “Kilili” Sablan, and Governor Inos. On immigration matters, Sablan and Inos jointly pushed for a five-year extension of the federal CNMI-only transitional guest worker program, which was due to expire in December 2014. The extension was granted administratively by US Labor Secretary Thomas Perez and took effect in June 2014, after the Department of Labor determined that continuing the transitional worker program would ensure the availability of a sufficient number of workers for legitimate businesses in the commonwealth (US Department of Labor 2014; ST, 29 May 2014).

Citing 2010 census results that pegged the US citizen population at 24,000 and the non-US citizen population at nearly 30,000, and noting the estimated 24 percent unemployment rate among US citizens in the CNMI, the US labor secretary concluded that even if all US workers were employed there would still not be enough workers to fill all available jobs (US Department of Labor 2014). The transitional worker program is now due to expire in December 2019 and may be renewed again indefinitely in up to five-year increments at the labor secretary’s discretion, unless the law is amended as Delegate Sablan has proposed. Sablan introduced a bill that would effectively bar future five-year extensions of the transitional worker program, a response perhaps to criticism from advocates seeking a more permanent status for the CNMI’s foreign workers and from those who say the CNMI must focus more resources on training US workers to take over jobs currently held by non-US workers (ST, 15 July 2014; US Senate 2014). Additionally,
Sablan’s bill would extend to 2019 the visa program for foreign investors who opened businesses in the CNMI prior to the application of federal immigration law in 2009. Further, the bill would extend to 2019 the bar on political asylum claims in the CNMI, seen as crucial for continuing the visa-free entry of Chinese tourists, one of the commonwealth’s fastest-growing markets. Governor Inos supported this bill, a similar version of which was approved by the US Senate in June 2014 (S1237), and Inos urged US House Speaker John Boehner to prioritize its passage in the US House of Representatives (ST, 15 July, 20 June 2014).

Remaining in limbo during the year under review was the future immigration status of the CNMI’s foreign workers and other key groups who were legally present in the islands before the US Congress applied federal immigration law in 2009. In another departure from his predecessor, Governor Inos backed Delegate Sablan’s proposal to provide a pathway to US citizenship to these groups. Sablan’s provisions were incorporated into national comprehensive immigration reform legislation that was still pending in the US Congress at the time of this writing. Not all of the CNMI’s leaders agreed with the proposal, however. In November 2013, the CNMI House of Representatives issued a resolution that opposed Sablan’s legislation, expressing fears of change in the social, political, and economic landscape of the islands should foreign nationals, who now outnumber Chamorros and Carolinians, secure permanent immigration status (House Resolution 18-34; ST, 15 Nov 2013). The resolution prompted calls from Governor Inos for unity on immigration reform (MV, 26 Nov 2013) and drew criticism from Delegate Sablan for the resolution’s legal and factual inaccuracies, which he said made the CNMI look “foolish” (MV, 1 July 2014; ST, 11 Nov, 12 Nov 2013).

Internal politics were contentious on other fronts. As if the CNMI’s ubiquitous poker machine parlors were not enough, the government moved to dramatically expand the gaming industry through the enactment of legislation that legalized government-run video lottery terminals, electronic gaming in hotels, and, most controversially, casino gaming on the island of Saipan (ST, 7 Oct, 16 Dec 2013; ST, 6 March 2014). Casino gaming was legalized years before on neighboring islands Tinian and Rota through ballot initiatives approved by voters on those islands. One casino exists on Tinian and the industry has yet to take off on Rota. Saipan voters have twice rejected casino initiatives on their island, most recently in 2007, and Rota and Tinian lawmakers (especially in the Senate, where they comprise six of nine members) have long blocked attempts to legalize casino gaming on Saipan through statute (ST, 26 Nov 2013; 6 March 2014).

During the year under review, however, several Rota and Tinian legislators crossed aisles to join a majority of Saipan lawmakers—including Saipan lawmakers who used to oppose casino gaming on the island—in passing a Saipan casino law that was developed in coordination with the Inos administration. The legislation moved swiftly, passing both chambers of the legislature over the course of just two days in March 2014, after being introduced in the House barely a month before.
No public hearing was held, nor was a committee report produced, and Governor Inos signed the bill into law days later (st, 6 March 2014). The law was amended almost immediately afterward to correct ambiguities and conflicts that were missed during the hustle, and Governor Inos issued a request for proposals for an exclusive forty-year Saipan casino license on 1 April 2014—the same day that he signed the amendments into law (Public Law 18-38; Public Law 18-43; st, 2 April 2014).

The handful of lawmakers who opposed the Saipan casino bill questioned the rush (st, 13 June 2014). In response, Senate President Ralph Torres of Saipan (who used to oppose casino gaming on the island and voted against it as recently as November 2013 before voting for it five months later) declared that times had changed. Torres cited, in particular, the plight of retirees, the demands of land compensation claimants, and the needs of the public hospital as his primary motivations for voting yes on the Saipan casino bill (mv, 4 March 2014). However, the problems he mentioned had existed in November 2013 and long before that time as well. Perhaps something else had changed.

What may have made a major difference in lawmakers’ votes on casino legislation this time around occurred in the form of a series of “fact-finding” trips to Hong Kong and Macau undertaken between November 2013 and early 2014 by several key officials, including Governor Inos, Senate President Torres, Senate Vice President Victor Hocog of Rota, Tinian Senators Francisco Borja and Joaquin Borja, and Saipan Representative Ralph Demapan. The trips were apparently paid for by casino investors whose names were not disclosed, nor were details of their meetings publicly revealed. Governor Inos, Senate President Torres, and other lawmakers subsequently claimed that the investors who funded the travel did not participate in the bidding process, but those claims were belied by later reports indicating that in November 2013, the parent company of Saipan casino bidder Best Sunshine International, formerly called First Natural Foods (now Imperial Pacific International), had purchased Macau junket promoter Hengsheng Group for HK$400 million (US$51 million) and that investors with ties to the Hengsheng Group had hosted the CNMI officials’ “fact-finding” trips (Cohen 2014; st, 24 April 2014; Asia Gambling Brief, 4 Dec 2013).

Shortly after these “fact-finding” travels, in February 2014 Representative Ralph Demapan introduced Saipan casino legislation in the House and shepherded the bill to passage in a matter of weeks. The crucial votes in the Senate in favor of the bill came from Senators Ralph Torres, Victor Hocog, Joaquin Borja, and Frank Borja, as well as from Saipan Senator Pete Reyes, another former opponent of casino gaming in his district (mv, 4 March 2014).

The Saipan casino law was mired in controversy from the start. Multiple parties filed litigation challenging the law, all alleging misconduct and violations of law by public officials. One of the lawsuits was filed by Marianas Stars Entertainment Inc, a Hong Kong-based casino investment group with interests on Tinian and one
of two bidders for the Saipan casino license (ST, 20 June 2014). Marianas Stars also alleged that license competitor Best Sunshine engaged in improper business tactics: during the short-lived casino license competition, Best Sunshine’s aggressive marketing blitz promised not only a massive $2 billion, 2,000-room casino resort development and the $30 million deposit that would go immediately toward satisfying retirement obligations, but also a $20 million community chest fund, and $10 million in cash vouchers for every eligible adult to help pay for utilities (GGRAsia 2014).

One taxpayer lawsuit sought to nullify the Saipan casino law on the grounds that the legislature had failed to comply with public notice requirements in the CNMI’s Open Government Act (ST, 19 May 2014). Attorneys for the government responded by claiming that application of the sunshine law to the legislature was unconstitutional, notwithstanding overwhelming voter approval of a ballot initiative in 2007 that explicitly applied the Open Government Act to the legislature (ST, 12 June 2014). Casino opponents mounted petitions for a referendum on the casino law to be placed on the November 2014 ballot. When it looked as though their efforts were beginning to gain traction, the legislature repealed and reenacted the casino law in its entirety in July 2014—effectively nullifying the petition, which was based on the previous law (Public Law 18-56; ST, 11 July 2014).

The new casino law also authorized the lottery commission to issue the Saipan casino license in the absence of a duly organized casino commission, responding in part to the stalling of the confirmation process for Governor Inos’s casino commission picks. Representative Ramon Tebuteb, a known casino opponent who chaired the legislative delegation responsible for confirmation of executive appointments, raised questions about possible conflicts of interest among the commission nominees, all of whom were retirees who stood to benefit from the issuance of a casino license, as the bulk of the license fees were to be used to pay out pensions. Tebuteb refused to hold hearings on the commission nominations until these and other questions were resolved (Public Law 18-56; ST, 23 May 2014). The lottery commission, on the other hand, was already formed and active and comprised the heads of the Department of Finance, Department of Commerce, Office of the Attorney General, and Department of Public Safety—all executive branch cabinet members serving at the pleasure of the governor (ST, 26 Nov 2013). Four days after the new casino law was enacted, the lottery commission voted unanimously to award the Saipan casino license to Best Sunshine (ST, 15 July 2014; Garlitos 2014).

The Saipan casino law and the way it was passed dealt yet another blow to public trust in a community still stung by a series of high-profile government corruption scandals that marked six years under the Fitial administration. Several of those cases were still moving through the justice system during the period under review. In February 2014, former CNMI Attorney General Edward T Buckingham was convicted in Superior Court on seven of eight criminal charges involving
misconduct in office and conspiracy to commit theft of services. He had been accused of misusing government resources to sponsor a political campaign event, to evade service of a penal summons, and to obtain legal counsel through the Attorney General’s Office for his criminal proceedings. Superior Court Judge Kenneth Govendo sentenced Buckingham to a $14,000 fine but ordered no jail time. Govendo opted instead to place the disgraced former law enforcement officer on unsupervised probation for three and a half years in consideration of Buckingham’s poor health and the nonviolent nature of the crimes. As a convicted felon, Buckingham, age sixty-five, was also barred from returning to government service in the CNMI for twenty years (ST, 20 Feb 2014).

Meanwhile, Buckingham’s codefendants in one theft-of-services conspiracy include former Deputy Police Commissioner Ambrosio T Ogumoro, former Ports Police Chief Jordan Kosam, and former Ports Police Captain John Rebuenog. These former officers were accused of providing Buckingham with an early-morning police escort to the Saipan international airport in August 2012 to help him avoid service of a penal summons by investigators from the Office of the Public Auditor (OPA). That police escort prompted the OPA investigators to enlist the help of two agents from the US Federal Bureau of Investigation, who ultimately served Buckingham with the summons inside the airport terminal, where Buckingham was about to board a flight out of the CNMI. As of this writing, Ogumoro, Kosam, and Rebuenog still awaited the disposition of their criminal cases (MV, 25 July 2014).

Also awaiting trial was the highest-ranking codefendant in the conspiracy: former Governor Fitial himself. Fitial was the first CNMI governor to be impeached for corruption, neglect of duty, and abuse of power; the first to resign from office; and the first to face criminal charges. He departed the CNMI the same day he resigned from office in February 2013. Just as lawmakers were beginning to clamor for his extradition, Fitial returned to the CNMI from the Philippines in April 2014 to answer the criminal charges against him (ST, 1 May 2014). Some of the charges were related to the role he allegedly played in ordering the law enforcement escort for Buckingham. Fitial was also accused of misusing his office when he allegedly ordered the release of a federal prisoner to provide him with a massage at his home in 2010 and when he allegedly awarded sole-sourced contracts that violated CNMI procurement law, including a $190 million power purchase agreement (MV, 25 July 2014).

The criminal cases against the aforementioned public officials were all filed by the Office of the Public Auditor, which under the leadership of Public Auditor Michael Pai and Investigations Chief/Special Prosecutor George Hasselback began to flex its investigative and prosecutorial muscle against government waste, fraud, and abuse in ways not seen before. Pai was appointed by Fitial in 2008—a decision Fitial later called “the biggest regret of [his] life” (MV, 6 Aug 2012)—and his term expires in October 2014. As of this writing, Governor Inos has yet to decide whether he will reap-
point Pai to another six-year term (ST, 18 March 2014). Not reappointing him could affect Inos’s gubernatorial aspirations in the upcoming November 2014 election, if growing mistrust in government emerges as a salient issue among voters as it did in the 2012 midterm election when nearly all of Fitial’s allies in the legislature were ousted.

Also of note for the 2014 election is that, for the first time in CNMI history, voters will choose the next attorney general. Previously, the position was appointed by the governor and generally rubber-stamped by the legislature. The elected attorney general initiative garnered the approval of an overwhelming majority of voters in the 2012 midterm election—82 percent—and, arguably, it was public outrage at the conduct of Buckingham, who had been appointed by Fitial and was widely seen as his “yes-man,” that made that happen (CEC 2012). Buckingham was ultimately replaced by Tinian attorney Joey San Nicolas, who was also appointed by Fitial but who distanced himself somewhat from the administration with a vow to restore public trust in the Office of the Attorney General. San Nicolas cooperated with the Office of the Public Auditor in the aforementioned public corruption investigations and recused himself and his office from the prosecutions of the former attorney general and governor to avoid the appearance of impropriety. San Nicolas subsequently resigned as attorney general in June 2014 in order to run for mayor of Tinian, while retired Judge Edward Manibusan and former Prosecutor Michael Evangelista declared their candidacies for chief law enforcement officer of the CNMI (ST, 21 March, 28 July 2014).

Political shuffles occurred in other arenas during the period under review. In July 2013, Rota Senator Juan M Ayuyu pleaded guilty in US District Court to charges related to the smuggling of federally protected Mariana fruit bats from Rota to Saipan (ST, 22 July 2013). He was sentenced to forty-one months in US federal prison, and his conviction resulted in a vacancy in the Senate that was filled in November 2013 by Paul A Manglona, the seasoned politician who had been ousted by Rota voters the year before, in the 2012 midterm election. Manglona was declared the next-highest vote getter from the last election in line to fill the vacancy, after the CNMI Supreme Court issued a ruling on the constitutional rules of succession and the meaning of the term “last election” with respect to the Senate, which consists of members with staggered four-year terms. According to the Supreme Court, “last election” meant the most recent election, and not the election that was won by the departing public official (CNMI Supreme Court 2013). Manglona will serve out the remainder of Ayuyu’s term, which expires in January 2015; he is simultaneously running for a new four-year term in 2014 (ST, 18 Nov 2013).

The political shuffle that arose from the merging of the Republican and Covenant parties also made headlines during the period under review. Former Governor Fitial first proposed the merger in 2011, when he was readmitted as a Republican and abandoned the Covenant Party, a Republican splinter group that he had been instrumental in founding a
decade before (ST, 7 Jan 2011). But Fitial’s readmission instead prompted many Republicans who did not want to be associated with him to leave the party and form their own group, which they called the “Independent Republicans,” while Fitial’s lieutenant governor, Inos, and his supporters opted to stay with the Covenant Party (ST, 18 Sept 2013). In July 2013, Fitial formally tendered his resignation as chair of the Republican Party, and new party leadership was elected (ST, 30 July 2013). Less than two months later, in September 2013, Inos returned to the Republican Party (to which he had also once belonged) and brought with him his Covenant supporters. A merger of the parties was proposed anew and approved by the members, and the Covenant Party was dissolved (ST, 24 Sept 2013). Inos is now the Republican Party’s gubernatorial candidate along with running mate Senate President Ralph Torres, who ran as an Independent in the 2012 midterm election. Now the only other registered party in the CNMI is the Democratic Party, which has been plagued for years by lackluster leadership and inactivity and which struggled to revive itself during the period under review.

Political parties in the CNMI continued to be driven more by personalities, family loyalties, and personal relationships than by ideology, as reflected in the frequency of party-switching and the prevalence and successes of Independent candidates in recent years (candidates who are often, but not always, disgruntled Republicans). In the race for US delegate, incumbent Gregorio Sablan declared his candidacy as an Independent, caucused with the National Democratic Party, and received the endorsements of Covenant-then-Republican Governor Inos as well as the leader of the “Independent Republicans,” Saipan Senator Pete Reyes (MV, 1 Aug 2014; ST, 19 Feb 2014). Meanwhile, Sablan’s sole challenger was the CNMI Democratic Party candidate for delegate, former CNMI Commerce Secretary Andrew Salas, who used to be a Republican. In the gubernatorial race, the Democratic challengers to the Inos-Torres team were Edward M Deleon Guerrero (a former Commonwealth Ports Authority executive director who switched between Democratic, Republican, and Covenant parties throughout his political career) and his running mate, former Representative Danny Quitugua (also a former Republican) (ST, 14 March 2014). Two other gubernatorial teams stepped forward to contest the election as Independents, all former Republicans: former Governor Juan N Babauta and his running mate, former Senator Juan Torres (ST, 8 April, 17 July 2014), and former House Speaker Heinz Hofschneider and his running mate, former Senator Ray Yumul (ST, 25 Feb 2014).

Government retirees and active government employees were an important and influential constituency during the period under review, and they were subjected to much political manipulation as well. In September 2013, the government reached a landmark settlement agreement with the CNMI Retirement Fund and its members that resulted in painful pension cuts but also averted disaster: the fund had been on track to be totally depleted by March 2014, and anxieties were high
among the thousands of fund beneficiaries as litigation, and the countdown, wore on. Prior to the settlement agreement, government obligations to the retirement fund stemming from years of failure to remit employer contributions had soared to more than $300 million—roughly three times the entire annual budget of the CNMI government. Additionally, the unfunded liability of the fund stood at close to one billion US dollars (mv, 3 Aug 2012). After the settlement agreement was reached, pension cuts were capped at 25 percent (the government had initially proposed far greater cuts); active government employees were allowed to opt out of the fund and withdraw their contributions without penalty (and with local politicians’ promise of interest payments in the future); and the government guaranteed annual payments to a settlement trust fund that would remain under the supervision of the US District Court and out of which pensions would be paid (st, 30 Sept 2013).

According to Governor Inos, the government’s obligations to fund beneficiaries would be met through revenues generated by the Saipan casino industry, namely, the $30 million deposit that Best Sunshine was required to make as a show of commitment and the annual $15 million casino license renewal fee. The pension cuts took effect in October 2013, and some fund members welcomed the Inos administration’s casino plan and became vocal advocates for it. In March 2014, with great fanfare at a Republican rally and with the November election just around the corner, Inos announced that pensions would soon be restored, drawing cheers and applause from supporters (mv, 14 July 2014; st, 24 March, 16 July 2014).

Another voting bloc that could make a significant difference in the 2014 election if they become politically organized enough are the CNMI-born, US-citizen children of foreign workers. According to some reports, their numbers were estimated at more than two thousand—over 10 percent of the entire voting population—a fact that did not go unnoticed by local politicians and guest-worker groups alike. Guided by their foreign-national parents, these new young voters began holding meetings among themselves and with political candidates to discuss the upcoming election. Candidates were seen wooing these new voters, and some candidates who once fiercely opposed permanent legal status for foreign workers began softening their positions and clarifying what they really meant. The CNMI’s multiculturalism was an openly celebrated feature at political rallies, and the candidates’ positions on immigration reform became a routine part of public discourse on the campaign trail (st, 4 Aug, 12 Aug 2014; mv, 30 Aug 2012; mv, 18 April, 29 July, 14 Aug 2014).

Finally, the health of the local economy was a pivotal issue over the past year and will continue to be so in the years to come. The CNMI began to show modest signs of recovery and growth in recent years, including the year under review, with 472,000 total visitor arrivals projected for 2014, up 9 percent from the previous year; hotel occupancy on average over 85 percent in 2014; and total projected economic activity of $1.27 billion in 2014 (Inos 2014; Ruane 2013).
Government revenue collections were up as well, with budget projections for the 2014–15 fiscal year conservatively pegged at $134 million—the highest in five years and an increase of about 9 percent from the previous year’s projections (ST, 3 April 2014; MV, 1 April 2014). Still, serious challenges loom for the next administration and legislature in order to meet the government’s staggering fiscal obligations.

On top of normal government operations, these obligations include annual payments in the tens of millions of US dollars to the retirement settlement trust fund; millions more owed in legal fees incurred from the retirement fund litigation; over $100 million owed in land compensation claims to more than three hundred landowners, as well as other judgments against the government; more than $20 million owed by the central government, the public school system, and the public hospital to the Commonwealth Utilities Corporation (CUC) for utility services; and more than $64 million in fines and penalties alone for CUC’s chronic failure to address in timely fashion the federal stipulated orders that mandate the utility’s compliance with safe drinking water, used oil, and wastewater management standards in a timely manner (ST, 11 July 2013; MV, 2 Oct 2013; ST, 4 April, 7 April 2014). One thing is clear: the next government should have a backup plan if a Saipan casino does not prove to be the economic panacea that some proponents promise it will be.

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