

Micronesia in Review: Issues and Events,
 1 July 1988 to 30 June 1989

BELAU

The tragic suicide of President Lazarus E. Salii in August 1988, the republic's third general election three months later, and a new Compact of Free Association subsidiary agreement with the United States were key events during the year in Belau.

The ten years since the completion of the constitution have been politically unpredictable and even explosive ones for Belau, which remains the last trusteeship of the United Nations. Salii defeated interim President Alfonso Oiterong in a special 1985 election called after the assassination of President Haruo Remeliik during his second term in office. The crime remains unsolved. Ironically, Salii died before completing the Remeliik term, which was left to Vice President Thomas O. Remengesau. The presidential deaths of 1985 and 1988 punctuated a series of six unsuccessful referenda on the Compact of Free Association agreement with the United States, and a tense three-month furlough period for government workers that involved some violence and intimidation.

A three-man team of international jurists visited Belau in early 1988 and documented the breakdown of the rule of law and fundamental institutions during the furlough period. The jurists' report, along with information from other credible sources, caused the US Congress to put pressure on the Salii administration, complementing efforts by Salii's political opponents, who

formed the Coalition for Open, Honest and Just Government in mid-1988.

Their objective was to present a united front in opposition to Salii in the 1988 presidential election. Among the host of problems facing Salii were charges of intimidation and violence during the furlough period; the resentment of high clan women in Koror opposed to his attempts to amend the constitution; the IPSECO power plant default; allegations of bribe payments by the builder of the plant to Salii, his brother, and several associates; and his failure to have the compact approved according to Belau's constitutional processes.

Salii's death was an enormous political and emotional shock. Belauans were saddened, shamed, and angered. The opposition coalition broke apart, with four presidential candidates emerging from its ranks. Three Salii supporters—Ibedul Yutaka Gibbons, John Ngiraked, and Ngiratkel Etpison—also entered the race. With seven candidates fragmenting the vote, Etpison took a very narrow, thirty-one-vote plurality win from Roman Tmetuchl, who had also finished second in the 1980 and 1984 races.

In the race for vice president, Kuniwo Nakamura, a senator in the first and second national congresses, convincingly defeated Kazuo Asanuma of the powerful east Babeldaob faction.

There were five newcomers in each house of the thirty-seat bicameral national congress. With two-thirds of the congress made up of incumbents who opposed the former Salii adminis-

tration and dominated the leadership positions, the incoming president faced a skeptical legislature.

President Etpison and Vice President Nakamura had a cautious beginning. While Etpison had done well in private business and was very knowledgeable about Belauan political and social customs, he was inexperienced at leading a government bureaucracy. He relied on Vice President Nakamura, a very able young man who also served as minister of administration, to run many of the day-to-day affairs. Etpison met frequently with the Council of Chiefs, which is constitutionally mandated to advise him on traditional matters, and with the state governors and other community leaders. But by the end of the period under review, he had yet to demonstrate his ability to act independently of those who fashioned his electoral victory and were influential in both the Remeliik and Salii governments.

Recognizing that the political status issue was critical, President Etpison established the broadly based twenty-five-member Commission on Future Palau-United States Relations soon after he took office. In May 1989, the commission's chairman, Vice President Nakamura, seven of its members, and James Berg, director of the Office of Freely Associated States, met on Guam and signed a subsidiary compact agreement. The agreement provides an additional US\$9.3 million and many of the improvements pushed for by Belauan leaders in mid-1988. The key elements of the Guam agreement include the authority to use compact funds to settle the IPSECO power plant debt; additional compensation for land the

United States may use for military purposes; and the use of compact dispute resolution procedures in situations where the government is unable to make land available for military use within the specified period. The agreement also provides funds for a new hospital and medical referrals; prison improvements; drug enforcement, treatment, and educational programs; and offices of special prosecutor and national auditor.

These provisions are designed to address severe financial and social problems in Belau and are likely to unite the major factions sufficiently to gain the necessary approval of 75 percent of the voters for the compact. This goal eluded both presidents Remeliik and Salii and will, if achieved, end a tumultuous period in recent Belauan political history.

DONALD R. SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The election campaign for governor began in mid-1988 when Froilan Tenorio, the commonwealth's resident representative in Washington DC, declared his candidacy. Tenorio defeated Herman R. Guerrero and Antonio S. Guerrero in the Democratic primary held on 8 April 1989. Despite speculation to the contrary, incumbent Governor Pedro P. Tenorio announced in late June that he would not seek reelection for a third term. His departure from the race left incumbent Lieutenant Governor Pedro A. Tenorio and former Senate and Constitutional Convention President Lorenzo Guerrero to contest the Republican candidacy in a primary on

29 July 1989. The big question was whether or not the losers in the primaries would run as independents or third party candidates, thus splitting the vote in the election scheduled for November 1989.

Overshadowing the election will be a referendum on the same ballot to amend, repeal, or reconfirm the covenant establishing the commonwealth. Although there is no provision for unilateral termination in the covenant itself, the view in certain local government circles is that the commonwealth can attempt to manipulate its political future until such time as the United Nations Security Council terminates the trusteeship agreement. The referendum arises from a popular 1987 decision to vote on the covenant if satisfactory progress on certain issues had not been made by mid-1989. The Speaker and the president of the legislature indicated at a press conference on 28 March 1989 that they would vote for repeal of the covenant. However, by the end of July it was not clear that the November referendum would be held after all.

One of the issues causing friction between the commonwealth and the federal government concerns the large influx of alien workers to service an expanding visitor industry. There were about seventeen thousand registered aliens on Saipan alone in 1988, and as many as five thousand additional, unregistered aliens. With the number of permanent residents in the Northern Marianas estimated to be not more than seventeen thousand, there has been a strong call to stem the flow. There is also growing resistance to the development of further beachfront

property for hotels. In the forefront of this movement is a group of young educated Chamorros called Ineton Taotao Tano, formed in late 1988. However, their efforts to lobby for more control over land alienation and public services appeared to have produced few results by mid-1989.

The development issue was further inflamed during the year by a controversial court decision on a case that involved the purchase of land by an indigenous person using money borrowed from someone not of Northern Marianas descent, and the subsequent leasing of the land to the lender. A local judge ruled that this transaction violated Article XII of the commonwealth's constitution. The judge's decision placed in jeopardy existing transactions involving millions of dollars, including some major hotel developments, and even raised questions about loans granted by commercial banks to indigenous persons for the purchase of land. The case was under appeal in mid-1989.

The vigorous application of certain federal criminal laws in the commonwealth was the source of additional unease during the year. Within days of its formation early in 1988, a new grand jury had returned several indictments against former local officials. There were also indications that the new federal prosecutor might attempt to indict some former high government officials who had been let off when the previous panel was disbanded on a technicality in 1987. In a related development, the legislature established a local supreme court. The court's ostensible purpose is to interpret the covenant and local laws, but it seems to

have been specifically designed to neutralize the Federal District Court on Saipan, which handles appeals from the commonwealth trial court. In a far-reaching provision, the law permits the new court to rehear all appellate decisions made by the federal court since 1976.

Important for future commonwealth-federal relations in general and the November referendum in particular is Section 902 of the covenant, which provides for periodic discussions regarding the interpretation or application of the covenant. After a long hiatus, Section 902 talks were resumed in November 1988 with Undersecretary of Interior Becky Norton-Dunlap representing the federal government. Lieutenant Governor Pedro A. Tenorio and the Commission on Termination of the Trusteeship represented the commonwealth. However, with the US national elections dominating the mainland scene, and substantial differences on sovereignty issues apparent, little could be accomplished before Norton-Dunlap resigned following President Bush's inauguration. By the end of July 1989 no replacement had been named.

Meanwhile, attempts were made during the year to deal with some of the adverse effects of the unexpected surge in commercial activity in the Northern Marianas. New commercial establishments were required to provide all of their own electric power, while established major consumers had to provide their own power during peak user hours. Water was rationed in many parts of Saipan, and the capacity of waste disposal facilities was exceeded. Management of the utilities

was contracted out to a private firm, Lyonnaise Marianas America, which set about upgrading the whole system. A new generating plant was planned.

The recent surge in economic activity was reflected in the commonwealth budget, which was US\$177 million in fiscal year 1989, compared to about US\$15 million in the mid-1970s. For the first time, locally raised revenues exceeded those provided by the federal government.

SAMUEL F. MCPHETRES

FEDERATED STATES OF MICRONESIA

On 10 May 1989, the Federated States of Micronesia (FSM) completed its first ten years of constitutional self-government. There was no fanfare or celebration, although Constitution Day is one of only four national holidays. Two months earlier citizens of the FSM had voted decisively to revise or amend the constitution. Voters in Pohnpei and Truk voted yes overwhelmingly. A majority of Yap voters also voted affirmatively. However, voters in Kosrae and Yap's outer islands voted no.

What the proposed constitutional convention will produce is uncertain. In early 1989 there was little talk of substantive amendments, although many leaders believed that the presidency was too weak and the congress too strong under the existing constitution. Some favored moving toward a parliamentary system. However, it is likely that narrower issues will demand much of the delegates' attention. For example, Trukese leaders, representing 50 percent of the federation's population of one hundred thousand, have

long sought a larger share of the financial pie and more clout in congress. Trukese Senator Kalisto Refalopei has argued tirelessly that his Faichuk area should be a separate FSM state. Yapese leaders have consistently sought a diminution of national government's interference in their affairs. Some Pohnpei politicians have talked of seceding from the FSM, even though its capital is located in their state. Any constitutional amendment will require 75 percent approval by voters in three of the four states, and this will not be easy to achieve.

The small, culturally distinct, and far-flung states of Kosrae, Pohnpei, Truk, and Yap began functioning as a federation in May 1979, after the constitution, drawn up in 1975, was ratified by the peoples of these islands. But the FSM remained part of the Trust Territory of the Pacific Islands until 3 November 1986, when the trusteeship agreement was declared terminated by the US and FSM governments. With the implementation of the Compact of Free Association on that date, the FSM attained sovereignty over its internal and external affairs, while defense matters remained the prerogative of the United States. The day commemorating implementation of the compact is known as Independence Day.

The move to declare the trusteeship ended apparently took FSM officials by surprise, and there were no celebrations in 1986 or 1987. The first public celebration of Independence Day took place on 3 November 1988, when FSM President John R. Hagllegam said "We are here today to celebrate a dream come true."

Members of the international com-

munity have also been slow to recognize the FSM's independence. This has been the price of going along (in order to receive compact funds) with the US government's plan not to seek United Nations Security Council approval of the trusteeship termination, thereby avoiding a Soviet veto. By June 1989, only eleven countries had established formal relations with the FSM: Australia, Fiji, Israel, Kiribati, Japan, the Marshall Islands, Nauru, New Zealand, Papua New Guinea, the Philippines, and the United States.

Many countries have withheld recognition, with the assertion that the trusteeship remains in force until the Security Council terminates it. Meanwhile, FSM passport holders, including diplomats, have had trouble getting into some foreign countries. Ironically, one of the area's former colonizers, Germany, has not yet recognized the FSM, and has made entry difficult. A significant breakthrough came in December 1988 when another former colonizer, Japan, formally established relations. The FSM government opened an embassy in Japan in May 1989, and one in Fiji in April. The FSM became a member of the South Pacific Forum in 1987, and officials have been working to get recognition from South Pacific nations. In August 1988, the FSM congress ratified and acceded to the Convention on International Civil Aviation, and opened the way to becoming a party to the Vienna Convention on Diplomatic Relations.

President Hagllegam complained in his 15 May 1989 state-of-the-nation message that "had we taken up guns and fought for our independence, few nations would have denied us recogni-

tion once it was clear that our government was supported by our people. Instead, we have taken a peaceful route; we are penalized." Another irony is that the *Pacific Daily News*, published in neighboring Guam, seems to have trouble viewing the FSM as an independent nation. When President Haglelgam paid a first state visit to Australia in October 1988, even receiving a 21-gun salute when he arrived in Canberra, the *Pacific Daily News* buried the story in a column of news briefs.

Whatever those elsewhere may think about FSM dependence on the United States, the changes from trust territory days have been significant. FSM leaders control the direction and daily operations of the government and also manage the extensive two-hundred-mile fisheries zone, which at one time was a great source of contention between the FSM and the United States.

On the economic front, leaders have been grappling with how to establish an economic base that will withstand the first step-down in compact funds from the United States in 1992. By mid-1989, the greatest source of local revenue was fishing licenses and violation fees. In 1988, fishing revenues were US\$7.7 million, up from US\$3.9 million in 1987. Haglelgam has proposed that the national government focus its resources primarily on fisheries and put about half of all fisheries rights fees, along with all the proceeds from fines and forfeitures, into a loan fund for commercial fisheries development. Haglelgam would also like to see foreign banks operating in the FSM loan back more money for economic devel-

opment to its citizens. Less than 23 percent of the more than US\$52 million deposited in the banks was being loaned back to borrowers in 1988-1989.

There has been little economic growth and a great deal of ambivalence regarding foreign investment in the FSM. Constitutional prohibitions against land ownership by foreigners, combined with vague standards and unpredictable or arbitrary applications of foreign investment laws, have served to discourage potential foreign investors. The government has placed emphasis on investing the compact money and on schemes for financing economic development. In May 1989, the federation's congress appropriated US\$400,000 to pay the initial costs of a plan to issue medium-term bonds secured by anticipated Compact of Free Association funds.

JOAN KING

GUAM

The political status debate and economic expansion provided the context for nearly all significant developments on Guam during the year under review. Guam's elusive quest for self-determination and commonwealth status with the United States symbolized much more than a path to greater political autonomy. It represented in dramatic fashion the problems of being only partly American. For some, that was too much, and for others it was not enough. Of equal, if not greater significance, was the continuing economic boom. The stresses introduced by rapid economic development were manifested in avid debate over the

associated ecological, cultural, and social costs. Nearly all political leaders decried the possibility of Guam becoming a concrete jungle.

Guam has sought commonwealth status through a process engendered by local legislation. A commonwealth act has been developed and ratified by Guam voters. This document was again introduced in the US Congress in January 1989 as proposed legislation. It includes provisions that regulate federal-territorial relations concerning land and resources in ways that make Guam an equal partner. It also recognizes the Chamorros' right to self-determination and Guam's right to control immigration. The entire process is overseen by the Commission on Self-Determination chaired by Governor Joseph Ada. Its success is highly dependent on Guam's delegate to the US Congress, retired Marine Corps General Vicente Blaz, who must shepherd the act through Congress.

Governor Ada's state-of-the-territory address in February 1989 stressed the self-determination dimensions of the act, calling it a "quest to have our full rights as human beings, our God-given rights recognized." He deliberately underplayed other facets and criticized those who think of the commonwealth movement as an effort to obtain more federal financial assistance. A much-awaited visit of Interior Secretary Manuel Lujan in mid-February 1989 proved to be disappointing to those who hoped the commonwealth proposal would be fully supported. Delegation leader Representative Morris Udall indicated that "substantial changes" would be necessary and Lujan remarked that the necessary

changes were "too numerous to mention."

A further complication concerning the role of the United Nations emerged in June 1989. The Commission on Self-Determination had sent signals earlier in the year that an appearance at the United Nations by Governor Ada would be desirable. In late May, Secretary Lujan declared that Guam was now self-governing and that the United States should stop submitting annual reports to the Committee of Twenty-Four (the UN "decolonization" committee). Delegate Blaz concurred and was subsequently severely criticized, particularly by the Organization of People for Indigenous Rights, a Chamorro rights group that had made several appearances at the United Nations. The debate was yet another indicator that an earlier rift over the commonwealth act between the commission and Blaz had not fully healed.

In the meantime, the commission hired a Washington law firm to represent its interests and a public relations firm to publicize Guam's commonwealth efforts. The act was under review by a federal Interagency Task Force, and there were indications that the recognition of Chamorro self-determination and the treatment of Guam as an equal partner in certain spheres would be severely criticized in the report due in July 1989.

Other federal-territorial problems surfaced, mostly in connection with the military presence. The specter of Guam as a "fall-back" if a United States-Philippines base agreement is not reached for the 1990s brought quick opposition from Governor Ada. There were also problems over resources, notably

water. The US Navy continued to dig wells on federal property, and several Guam senators called it "thievery." Perhaps the biggest bombshell was Governor Ada's call for the return of the Naval Air Station (Brewer Field) to the government of Guam to facilitate expansion of the airport and help solve traffic problems in central Guam. The request was reportedly under study.

Economically, Guam reached new plateaus. The island's billion-dollar economy continued to be based primarily on tourism. In 1988 the number of tourists exceeded half a million for the first time. Plans for new hotels and expansion of existing ones were announced regularly to accommodate and encourage the anticipated further growth. Shopping centers expanded, and numerous office buildings and small shops were sprouting up all over central Guam. The economy became so independent of federal and military expenditures that Governor Ada expressed opposition to military build-up because of its possible negative effect on the economy. This was a far cry from earlier times when Guam saw military expenditures as the major force in an otherwise lackluster economic picture.

All segments of the community offered warnings about the social costs of rapid economic growth. Ecological damage was a major concern. Questions were asked about dump sites, damage to coral reefs, and the paving over of the island's greenery. The outcry over the lack of a master development plan continued. Despite years of near-unanimous concern, Tumon Bay appeared to some to have become a replica of Hawai'i's Waikiki.

Cultural and social issues were also prominent. The island's unemployment rate fell below 4 percent, and five thousand new jobs were expected over the next few years. Accompanying the delight over economic growth was the fear that new waves of immigrant workers would be brought in under special rules. The special ability of economic development to combine change with opportunity was dramatized by a plan for a billion-dollar resort in southern Guam, a rural and more traditional section of the island.

The conflict between development and community values was most evident in the efforts by native rights activists and local leaders to stop construction of a Japanese-owned hotel in Tumon when Chamorro burial sites were uncovered. While archaeologists wanted an opportunity to study the remains, activists wanted the remains to be reinterred with dignity, and the developers wanted to build a small museum. After a restraining order and a series of public charges and countercharges, the activists and the developers reached a settlement.

Other political and social issues were also of long-term consequence. In the third year of a four-year term, the Ada administration was no closer to a promised government reorganization and even experienced problems filling directorships. Permanent directors for the education, corrections, and police departments were finally confirmed by the legislature in March and April 1989.

Public concerns over poker-machine gambling were finally put to rest during the year. The Catholic Archbishop of Agaña, a few senators, and a com-

munity organization (Basta) led the fight to eliminate the machines. Providing an inkling of Guam's true ability to resolve even this purely "local" issue, the US Attorney General preempted all action by having the FBI confiscate all poker machines in June 1988. A law that required federal registration of gaming devices was suddenly enforced. In anticlimactic fashion, the Guam Legislature repealed statutes allowing poker machines on the island in October 1988.

ROBERT A. UNDERWOOD

KIRIBATI

Continuity of economic policy, reflecting a decade of government under the leadership of President Ieremia Tabai, was the central feature of 1988-1989 in Kiribati. The Christian Democratic Party led by Teburoro Tito continued to be largely ineffective in opposing the government. An emerging view among policymakers was that a government without Tabai was difficult to imagine.

The continuation of past economic policy meant an emphasis on subsistence development, a reluctance to become too dependent on external sources of aid, and a preference for investments in traditional industries such as copra, fishing, and handicrafts. The emphasis on reducing economic dependence has led to a policy of encouraging more privately owned enterprise. In 1988, the Overseas Telecommunications Corporation International of Australia entered into an agreement with the government to manage Kiribati's telecommunications facilities. Privatization of the govern-

ment-owned shipyards was proposed, and it seemed likely that other government enterprises would follow suit in the future. However, the policy promised to engender some opposition because of its implications for egalitarian social values.

The major economic constraints in 1988 were the depressed world market prices for tuna and copra, which typically account for between 80 and 90 percent of Kiribati's export earnings. Copra earnings continued to be affected by low yields resulting from aging trees, poor soil, and adverse climatic conditions. Government attempts to interest the Soviet Union in renewing the 1985-1986 fisheries agreement, for the same A\$2.4 million fee, seemed unlikely to succeed.

Japan already operates a satellite tracking station on Christmas Island, and the Kiribati government was optimistic that Japan's space agency, NASDA, could be persuaded to establish a launch facility there rather than in Hawai'i, despite the lack of economic infrastructure.

Kiribati's external relations in 1988-1989 were dominated by a deterioration in relations with Nauru. The dispute started when Kiribati revoked Air Nauru's landing rights after a pilot recruited to break a strike against the airline failed a certification test in New Zealand. The result was a tussle over Nauruans and I-Kiribati stranded in each other's countries. The government was particularly disturbed by Nauru's reluctance to allow I-Kiribati vessels to pick up a group of schoolchildren marooned in Nauru since January 1989. The impasse was finally

resolved in late April with the help of the secretariat of the South Pacific Forum.

International communications were a significant problem for Kiribati after the curtailment of Air Nauru services in early 1988, because of a pilots' strike. For most of the year under review, Kiribati was served twice-weekly by the airline of the Marshall Islands. The national airline, Air Tungaru, was scheduled to commence services to Tarawa, the Phoenix Group, and Christmas Island in August 1989 using a leased 737 aircraft.

There was increasing concern in 1988–1989 about the implications for Kiribati of the greenhouse effect. Officials attended an international conference on the subject in London in March 1989 and drew attention to the plight of low-lying atolls should sea levels rise even marginally. Any land loss would be a major problem for Kiribati, given existing pressures on resources. With a growth rate of 2.4 percent a year, the population is expected to double approximately every three decades. In 1988–1989, the government took steps to ease population pressure in Tarawa by encouraging the repopulation of the Phoenix and Line islands. But officials remained very concerned about the future impact of population growth on the domestic economy.

Although the next general elections are not scheduled until early 1991, speculation was already rife regarding a successor for Jeremia Tabai, who is prevented by the constitution from serving another term. Observers were unwilling to identify a favorite candi-

date for president, but noted that the increasing involvement of the Catholic Church in politics at the grass-roots level might prove to be a significant factor in the elections.

MARY ANNE THOMPSON

MARSHALL ISLANDS

Two and a half years into its Compact of Free Association relationship with the United States, the Republic of the Marshall Islands has embarked on high-profile economic ventures. The relatively recent proliferation of multi-million-dollar economic initiatives is in dramatic contrast to forty years of virtual economic standstill under the American Trust Territory administration. The government wants to achieve the goal of economic self-reliance by the year 2001, when compact funding ends.

The primary focus of the push to foster income-generating developments has been the attraction of foreign investors to the islands. Speaking to an American business convention, Marshalls representative in Washington DC, Ambassador Wilfred Kendall, described the Marshalls as a "model for investment and development in the Western Pacific." To successfully attract foreign investment the government was not imposing "conditions which unnecessarily increase risks and costs or unreasonably reduce profits" (*MIJ*, 14 April 1989, 8).

The Compact of Free Association is the foundation for the government's development program. It will provide approximately US\$750 million for government operations and development

projects over fifteen years (in addition to special nuclear testing compensation valued at US\$270 million). In 1987, the first year of the pact, the Marshalls received US\$53.6 million in compact and related federal grants (MIPO 1988, 79). Through the compact, the Marshalls also has access to a host of US government loan and financing agencies, further escalating the value of the fifteen-year agreement. The compact was originally conceived as the vehicle to achieve Marshall Islands self-sufficiency. The first two years suggest, however, that it may have the opposite impact. There is little incentive for streamlining when Washington pays nearly all the bills. When compact funds have proved insufficient, the Marshall Islands has asked the US Congress for additional aid. In April 1989, for example, the Marshalls requested an extra US\$68 million to finance health care for radiation victims; health, education, and social services that were in danger of termination because federal grants were phasing out; and construction projects.

The government wants the private sector to take over a number of government services, and has visibly promoted the private sector as the solution to development needs. Some local business executives have contended that government policies favor foreign over local businesses. Compared to other areas of Micronesia, however, the business sector has been booming. The Majuro Chamber of Commerce had more than sixty members in 1989, though most businesses were in the service area. By mid-1989 there was no industry in this resource-poor country, save copra processing.

The government has channeled its recent development efforts into large-scale, multimillion-dollar ventures. In 1988–1989, it launched a joint-venture purse-seine fishing operation and announced plans to buy several more fishing vessels; set in motion its first jet service to Honolulu using a plane leased by the Airline of the Marshall Islands; contracted for seabed mining exploration within the two-hundred-mile exclusive economic zone; recorded more than one million tons of foreign shipping on its fledgling ship registry; approved the sale of Marshall Islands citizenship at US\$200,000 per person; authorized studies that could lead to millions of tons of American household garbage being used to fill lagoons in the Marshall Islands; and proposed a massive scheme for growing and exporting papayas to the United States and Japan.

Critics argued that the government's crash development program could bankrupt the country. Former Cabinet Minister (now Senator) Tony deBrum contended that the government's purse-seiner project, jet deal, and papaya export plan are not viable: "If a private company could do it they would have done it long ago. These projects are not economical. The numbers aren't there" (Interview, 24 March 1989). He noted that none of the government's earlier projects—a Danish-built milk factory, a power plant, three airplanes, and a dormant fish freezer and storage plant built by Japan—has operated profitably.

Critics also questioned whether projects selected primarily for their income-generating potential, such as passport sales and waste disposal,

would have a beneficial impact on health and social problems. They pointed out that while the government moved on its high-profile projects, community problems festered. The November 1988 national census showed a phenomenal 4.25 percent a year population growth rate, one of the highest such rates in the world, with the urban centers of Majuro and Ebeye swelling to account for 65 percent of the total population of 43,380 (MICC 1988, 3). Although government officials frequently alluded to the "population problem" after the census results were released, their only solution seemed to be to generate more income. Meanwhile, suicides among young men continued to occur at an alarming rate, and malnutrition was rampant among infants and children.

The end of the trusteeship for the Marshalls was clouded by the absence of the United Nations Security Council endorsement required by the "strategic" trust designation, and diplomatic recognition was slow to follow. However, the year 1988-1989 brought diplomatic recognition from Japan, the Philippines, and other regional nations, and the People's Republic of China offered formal links. These developments indicated that the Republic of the Marshall Islands was finally being recognized as an independent nation. In a practical sense, the Marshalls is independent. The government runs its own foreign and internal affairs, while the United States controls defense. Although the United States maintains a veto over foreign activity conflicting with American strategic interests, it has not sought to exercise it.

The Marshalls has dramatically

expanded its relations with Asia and the South Pacific region since breaking away from the trusteeship. Its interest in Asia is largely economic and is part of an effort to lessen its dependence on aid from the United States. However, despite increased assistance from Japan, the United Nations Development Program, the Forum Fisheries Agency, and the South Pacific Commission, it will be many years before the Marshalls becomes significantly less dependent on American aid. Fully 86 percent of its fiscal year 1987 budget of US\$69 million was in the form of direct grants or taxes on wages paid primarily through American aid (MIPO 1988, 79).

GIFF JOHNSON

NAURU

In May 1989, the Republic of Nauru filed a claim against Australia in the International Court of Justice, seeking damages for the rehabilitation of large areas of land devastated by phosphate mining before Nauru's independence in 1968. Australia has denied liability and says the matter was settled during the negotiations for independence. Whether or not the issue is ever heard by the World Court, the Nauruans will not be easily deterred. The rehabilitation question has been an irritant to them for twenty years, and a long debate can be expected.

Phosphate has been shipped from the 21-square-kilometer island since 1907, when Nauru was controlled by Germany. Australia took possession in 1914, and after World War I was granted a League of Nations mandate to administer the island in partnership with Great Britain and New Zealand.

After World War II, the partner governments signed a trusteeship agreement with the United Nations, although Australia was responsible for day-to-day administration until independence was granted.

During the colonial era, about a third of the island was mined. The operation stripped off the topsoil and left stark coral pinnacles in a landscape as desolate as the moon. Similar physical damage, over an even larger area, has been inflicted in the twenty years since independence, but responsibility for that damage is not disputed. Nauru has its own rehabilitation fund, probably now worth about A\$200 million. The dispute is about the financial liability for damage done prior to 1 July 1967, the date the partner governments, under heavy political pressure, agreed to sell the Nauru assets of their phosphate monopoly, the British Phosphate Commissioners, to the Nauru Local Government Council for A\$21 million.

In Nauru's view, rehabilitation of the mined-out lands was the responsibility of the partners, and Article 83(2) of the constitution states, "Nothing in this Constitution makes the Government of Nauru responsible for the rehabilitation of land from which phosphate was mined before the first day of July, 1967." President Hammer DeRoburt allowed himself to become uncharacteristically emotional when he addressed the issue at a news conference following Nauru's independence celebrations on 31 January 1968. He stated that, although the three partners had disowned the responsibility for rehabilitating the lands, the govern-

ments "must recognize the problem is theirs" (*PIM*, March 1968).

The rehabilitation question got virtually no public mention over the next few years as Nauru concentrated its energies on the many tasks of founding a republic, and the partner governments no doubt hoped it had become a nonissue. In any case, they considered that the 1967 phosphate agreement had settled all issues pending at the time of the independence negotiations.

In December 1986, Nauru set up its own commission of inquiry into the question of responsibility for rehabilitation, as well as into the feasibility and cost of such an undertaking. Apart from the legal question of liability, it was seeking a plan for the future of Nauru after the phosphate, the republic's sole export, runs out. Could Nauruans continue to live on an island so physically devastated, which has to import most of its water? If so, under what conditions and at what financial cost? An inquiry into these other, vital matters was long overdue.

The three-man commission, presided over by Christopher G. Weeramantry, professor of international law at Melbourne's Monash University, and assisted by his colleague, W. Barry Connell, associate professor of law at the same university, presented its report to the Nauru government in November 1988. The report consisted of a massive five volumes of text and another five volumes of exhibits.

The report closely examines Nauru's modern development, from the pre-German period to the present day. It includes an elaborate survey of Nauru's resources and of development possibili-

ties based on a complete rehabilitation of the part of the island devastated by mining. This part is known as Topside, and encompasses four-fifths of Nauru's land surface. The commission sought submissions world-wide on how best to rehabilitate this land and, according to Professor Connell, received plans that showed "initiative, brilliance and practical good sense."

Among other things, the commission found that new techniques should allow rehabilitation without the need to ship in vast amounts of soil. It also found that Nauru has more groundwater than was previously thought to be available. Although much of it is brackish, treatment by a simple process would make it suitable for irrigation, and possibly for drinking. Large supplies of water can also be collected in other ways, particularly as runoff from buildings and sealed surfaces such as a new airport runway.

The report estimates the cost of rehabilitation of all damaged lands at about A\$215.9 million, approximately A\$72 million of which is required for land mined before 1968. President DeRoburt told parliament on 20 December 1988 that, irrespective of any other actions it might take about liability, Nauru would adopt a commission proposal to make tests to determine the

nature of the subsurface of the pinnacle land as a preliminary step toward rehabilitation. Nauru, he said, accepted the findings of the commission and was resolved to take steps to rehabilitate all the mined-out lands.

It is interesting that the claim lodged with the World Court is against Australia, rather than against all three of the administering powers that shared the benefits of Nauru's phosphate. But this is merely the beginning, and it is clear that Nauru's advisers are hoping Australia, New Zealand, and Great Britain will make an offer before the lengthy procedures necessary to bring an action before the World Court have to be pursued. Not even the Germans should feel safe from the wrath of a Nauru determined to seek international justice.

STUART INDER

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