

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 In anticlimactic fashion, the Guam Legislature repealed statutes allowing poker machines on the island in October 1988.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 Jeremiah 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