

Reviews of the Federated States of Micronesia, Kiribati, and Nauru are not included in this issue.

#### GUAM

Natural disasters. Widespread corruption. Fights over land use. Women and men sent to war. A heartfelt effort to save a child's life. A former community member dies in the NASA tragedy. Threat of attack from fatal disease and terrorist organizations. Economic crises. These are some of the events the people of Guam faced during the twelve-month span from July 2002 to June 2003. In the midst of all this, they continued to work; attend school; celebrate weddings, christenings, local and national holidays; and live life one day at a time as they participated in, discussed, and strove to thrive through this last year.

Guam lies in what is commonly referred to as "typhoon alley." While the people of Guam are old hands at weathering tropical storms, surviving two devastating typhoons in one year tested even the toughest veterans. Five days into July of 2002, typhoon Chata'an (which means "rainy day" in Chamorro) struck Guam. US President Bush declared Guam a federal disaster area, freeing money and resources for the disaster-relief effort. Then, before the community had a chance to completely recover and rebuild, the island was struck again—this time by supertyphoon Pongsona (the name of a Korean flower).

More than 3,000 of Guam's com-

munity members lost their homes, with parts of buildings and belongings scattered throughout the villages, strewn across lawns, and stuck in trees. Some 700 concrete poles snapped or otherwise needed replacing, and numerous cars were overturned. At the height of the storm, fuel tanks at the Mobil fuel farm near the island's commercial port ignited and burned for five days, cutting off Guam's gasoline supply.

For months, tents serving as temporary shelters dotted the landscape. The land was stripped of vegetation, exposing lanchos (family-owned ranches), neighborhoods, and commercial and military developments normally hidden by the dense island jungle. Again, President Bush declared Guam a federal disaster area. The island swarmed with hundreds of typhoon-relief workers and volunteers, including Federal Emergency Management Assistance officials and other assistance teams.

Pongsona wreaked more financial devastation on Guam than any other typhoon (*PDN*, 19 Feb 2003). The total estimated government claimable damage of Pongsona thus far is \$226 million. The final agreement was that the US federal government would finance 90 percent, with the Government of Guam (GovGuam) shouldering responsibility for the remaining 10 percent.

While Pongsona exacted a heavy toll on the island, many have appreciated the resultant infusion of millions

of typhoon-recovery dollars into the island's economy, some of which might be used to upgrade the island's facilities and infrastructure. The typhoons have also given Guam community members a chance to show their strength and support of one another. For months after the typhoons, the "Islandstyle" section of the *Pacific Daily News* (PDN) displayed pictures of community members, businesses, and organizations that had donated time and money to help their island community recover. The lingering impact of the storms was evident on 1 January 2003, when the newspaper reported that many Islanders' New Year's resolutions focused on desires for hot meals, homes, and fresh starts. While vegetation eventually filled out the jungle, much typhoon-related repair work still remains to be completed.

More than a year of forums and campaigning has brought about other island changes. One message from the primary election was that the majority of Guam's voters were opposed to having a Gutierrez at the helm of the Government of Guam for another four years. First Lady Geraldine "Geri" Gutierrez and US Major General Benigno "Benny" Paulino lost their bid to be the Democrat candidates for governor and lieutenant governor to then Guam Congressional Representative Robert R Underwood and Guam Senator Thomas "Tom" C Ada, by an almost 1:2 ratio (PDN, 9 Sep 2002). This ended Gutierrez's formal campaign for governor, an effort informally initiated years earlier when neon and other red and yellow signs stating simply the name "Geri" were planted around the island. As

Geri herself noted, it was difficult for the people of Guam not to consider her bid for governorship an extension of her husband's time in power (PDN, 9 Sep 2002).

Guam's people observed relatively clean campaigns this election cycle, with a few notable exceptions, including an anonymous mass mailing and certain ads in island media. After the primary, gubernatorial candidates campaigned more aggressively, highlighting not only their team's strengths and visions but also what they felt were the opposing team's limitations.

In November, Republican Senators Felix Perez Camacho and Kaleo S Moylan, sons of Guam's first elected governor and lieutenant governor, respectively, were voted into office by an 11 percent margin over the Democratic gubernatorial team. The PDN front-page headline following the election declared, "Hope Prevails," playing on the winning team's slogan, "There is Hope." Democrat Madeleine Z Bordallo, who had been the first female lieutenant governor of Guam, also earned the distinction of becoming the island's first female congressional delegate, comfortably edging out then senator and former governor of Guam, Joseph "Joe" Ada.

Guam's community also voted against Proposition A, the proposal to raise Guam's legal drinking age from eighteen to twenty-one. Issues such as whether to legalize gambling and whether to hold a Chamorro self-determination plebiscite were not readied in time to be part of the 2002 election and are slated for a future election.

Nine freshman senators were elected in November, with Democrats

holding a nine to six majority. Senators selected incumbent Democrat Senator Vicente “Ben” C Pangelinan as Speaker of the twenty-seventh Guam Legislature. Douglas B Moylan, cousin to the lieutenant governor, became the island’s first elected attorney general. In a move to make such positions more accountable to the people of Guam, in 2002 voters were allowed for the first time to fill several other positions, including nine Guam Education Policy Board seats and the five-member Public Utilities Commission; the latter is to oversee the Guam Power Authority and Guam Waterworks Authority.

The incoming governor and lieutenant governor, Camacho and Moylan, held a modest inauguration, which was supported exclusively by donations and volunteer efforts. They stated that a low-key ceremony was fitting given the hardships being faced on island at the time. Camacho figuratively rolled up his sleeves to get to work, announcing in his inaugural address, “Let the legacy of our generation be this, that we overcame insurmountable challenges.”

Yet these newly elected officials confronted a growing cynicism towards island leaders. An increasingly popular channel for public scrutiny and skepticism has been the radio show, *Malafunkshun* (see <<http://www.Malafunkshun.com>> for a rotating selection of *Malafunkshun*); the name is a take on the Chamorroized pronunciation of the word “Malfunction.” The radio show creates songs, ditties, and the like, satirizing the island’s political, social, and economic conditions.

Just five weeks after stepping into office, a political cartoon ran, altering

the slogan “There is Hope” to “There is Hype” (*PDN*, 16 Feb 2003). Letters printed in the *PDN* “Voice of the People” section criticizing the new government appeared even earlier. In April 2003, sixty people gathered as part of a movement to recall Camacho, Moylan, and four senators, stating that they felt those leaders were hurting rather than healing Guam (*PDN*, 20 Apr 2003). Unfortunately, the current level of cynicism may hinder the recognition of honest attempts to improve the island, making it more difficult for island leaders to succeed at such reform efforts.

Yet the people of Guam have good reason to be skeptical. This year has seen an overwhelming number of indictments of those who were elected, appointed, or hired into positions of leadership and responsibility. Although these indictments are proof of the island’s improved ability to catch corruption, they have in effect eaten away at the morale of the people of Guam. Following is an overview of these indictments and convictions.

In November 2002, Dr Vivien Batoyan-Sagasi pleaded guilty to illegally distributing a painkiller; medical doctor and former Guam Memorial Hospital (GMH) Administrator Davina Lujan pleaded guilty to a felony drug charge; and Theresa Hart, former GMH associate administrator, pleaded guilty to charges in connection with an illegal wrongful death settlement. November also brought articles examining the questionable expenditure habits of Gerald Yingling, the former executive manager of the Guam Antonio B WonPat International Airport. Guam’s new airport management and board have filed two lawsuits against Yingling in an attempt to recoup that

money. In November, Islanders also discovered that Jonathan Toves, whom they had voted in as a public education policy board member, was a felon serving probation and set to go to trial on a criminal sexual conduct charge.

In February 2003, Guam Mass Transit Authority's former general manager, Joseph Antonio "Tony" Martinez, was indicted on numerous counts (to which he later pleaded guilty). His deputy, Antonio "Tony" Diaz, had been indicted three weeks earlier. A former Guam Ancestral Lands Commission employee was also indicted on several felony charges around the same time. On February 21, Guam's Office of the Attorney General initiated a "taxpayer lawsuit" against Gutierrez, Lujan, Batoyon-Sagisi, former Attorney General Robert Kono, attorney Phillip J Tydingco, and the private law firm Brooks, Lynch, Tydingco, and Quan, LLP, in an attempt to recover taxpayer money argued to have been improperly dispersed. That same month, the police department's highest-ranking uniformed officer, Guam Police Department Commander Colonel Joseph P Mafnas, was indicted on several charges.

In March 2003, former Senator and Chairwoman of the Territorial Land Use Commission Marilyn Manibusan was found guilty on 21 of 22 counts in federal court. In April, island newspaper articles appeared, stating that former Senator Thomas "Tommy" Tanaka had pleaded guilty to misprision (knowledge and concealment) of a felony.

In mid-May, a front-page article in the *Pacific Daily News* noted that the island's public auditor was question-

ing the activities of a nonprofit group headed by Geri Gutierrez. Later that month, Guam Contractors Licensing Board Chairman Augusto F Cruz was indicted on charges of forgery as a third-degree felony and two counts of official misconduct as misdemeanors. He was indicted a second time several weeks later.

The people of Guam continue to wait to see who will be held up next for public scrutiny. US Attorney Fred Black stated in January 2003 that his phone was "red hot" with people coming forward, and Attorney General Moylan has noted that corruption during the Gutierrez administration was "widespread" and that there was a well-organized "criminal enterprise" involving many government agencies (*PDN*, 11 Jan 2003).

Land continues to be an important issue. Concerned islanders, environmental groups, and the US Department of Fish and Wildlife have been debating the proposed designation of 24,800 acres (19 percent of the island) as critical habitat for endangered birds and bats. Islanders fear that such designation will restrict local access to land and further jeopardize the Guam-Chamorros' decades-long wait for the return of excess federal land. Twenty-nine deeds of land condemned by the US military after World War II were finally returned in 2003, while another set of deeds are slated to be turned over (*PDN*, 21 May 2003).

Guam's people are also waiting for the US government to appropriately address the suffering and sacrifices exacted from the island population under the three-year Japanese occupation during World War II. The US Congress passed the Guam War Claims Review Commission Act,

meant to study and resolve these claims, in November 2002 and continues to move forward.

Felt along with the rest of the world, the US forces assault on Iraq on March 20 had a significant impact on the Guam community. The island's emergency and law enforcement personnel were placed on alert. Islanders were encouraged to develop family disaster plans and an emergency supply kit and were reminded that a disaster could strike without warning. The front pages of Guam's newspapers, usually devoted to local topics, were filled with "War on Iraq" specifics, often noting various types of local involvement in the war. Fears developed not just for the safety of those whose friends and family members were serving in the US military, but also of potential terrorist aggression on-island. As elsewhere among US loyalists, demand for US flags increased.

March was celebrated as Chamorro Month featuring numerous community-sponsored events. Emphasis was on understanding that the Chamorro culture is alive and evolving, including elements adopted and adapted over the years that become uniquely Chamorro. This theme of a living, changing culture is highlighted in *Chamorro Heritage: A Sense of Place—Guidelines, Procedures, and Recommendations for Authenticating Chamorro Heritage*, a Department of Chamorro Affairs publication released in May 2003. According to Katherine Bordallo Aguon, a moving force in the book's production, it is meant to assist people in identifying Chamorro culture and traditions, and to provide a sense of who and what Chamorros are.

One cultural trait commonly seen is a willingness to help others in times of need. This trait was clearly demonstrated in January, when thousands participated in a three-day bone-marrow drive, the first such drive for Guam. The goal was to find a bone-marrow match for Justice Taitague, a five-year-old Malesso' (Merizo) girl who was dying of cancer in a California hospital. Although nearly 3,500 people poured out in hopes of saving her, Justice passed away one month later due to respiratory failure.

The people of Guam like to keep track of the accomplishments of Guam community members, whether they are on- or off-island. The most publicized Guam alumni last year was William "Willie" McCool, who had attended school on Guam in the 1970s and later married Aitlana "Lana" Vallejos of Dededo. McCool piloted the US space shuttle *Columbia*, taking with him the Guam flag that had been used during the island's first post-World War II liberation day celebration, and a resolution from the Guam Legislature recognizing his ties with Guam. On 1 February 2003, after a sixteen-day flight, the shuttle was engulfed in flames and broke apart, killing all aboard. In late April, President Bush signed a bill into law that renamed Guam's South Elementary/Middle School after Commander McCool (*PDN*, 27 Apr 2003).

Sporting events are a rallying point for Guam's community members. Guam's athletes play not only on intercollegiate teams, but also professionally; pro jet-ski racer Christopher "Topher" Baretto continued to represent Guam well internationally. But the top island sports story of 2002, as declared by the *Pacific Daily News*,

was the Guam Little League all stars' second straight year representing the Pacific region in the August 2002 Little League World Series (*PDN*, 2 Jan 2003). They were one of sixteen teams worldwide that qualified to play. Guam Little League all-stars played four games, making it to the international semifinals. June 2003 saw island athletes readying for the South Pacific Games, where Guam often earns distinction in basketball, baseball, and softball. Some also predicted that Guam would do well in the new South Pacific Games event, bodybuilding.

Underlying all current topics on Guam was the island's declining economic health. Common proclamations this year are that the government of Guam must "prioritize," "reorganize," "streamline," "rightsize," "privatize," and "be accountable." Guam is said to be experiencing the "longest, sustained and deepest economic decline in the island's history" (*PDN*, 7 Jan 2003). The governor created an economic recovery plan in March that projected substantial growth, 33 percent in three years (*PDN*, 20 Mar 2003). However, considerable debate arose over the feasibility of the plan's projections. Other stumbling blocks included appeals and protests by many GovGuam retirees, departments, agencies, and employees, who objected to the proposed pay-cuts, furloughs, layoffs, and to the termination of certain cost of living allowances and supplements. Likewise, the island's private sector has stated that it can ill afford the government's 2 percent increase in the island's gross receipts tax.

The government of Guam requires \$1.5 million per day to operate, while

its cash collections are less than half that (*PDN*, 13 Feb 2003). It is currently looking to borrow \$246 million—\$218 million to meet government obligations through the end of fiscal year 2003 (which includes covering a \$100 million cash shortfall from fiscal year 2002), with the remaining amount earmarked for bond insurance and other related costs (*PDN*, 29 Apr 2003).

A persistent problem has been the collection of fees owed to GovGuam agencies—which include the island's water and electricity utilities, telephone system, public health, education, garbage collection, and other vital services. Numerous GovGuam departments are facing budget shortfalls in the millions, and are unable to meet their payroll, cover their power and water bills, pay vendors, and make payments to the retirement fund. A recent audit revealed that Guam Waterworks Authority is owed \$12 million, only collecting an average of 47 cents for each dollar owed (*PDN*, 9 May 2003). Hard government policy lines have been drawn, such as Guam's Retirement Fund's policy of denying retirement benefits to those that retired from an agency that owes the fund money.

Guam's public has been most concerned with its ailing Department of Education, which declared a state of emergency in early 2003. Island public school students suffer a shortage of teachers, classrooms, textbooks, and other basics. Many of the island's schools are running double sessions, sharing a campus, and combating other problems such as poorly ventilated rooms and broken air-conditioning systems.

Contributing to the grim economic

forecast is the fact that tourism, the leading industry of Guam, has seen both a drop in visitor numbers and a shift to attracting thriftier tourists. By the end of 2002, Guam received 100,000 fewer visitors than it had in 2001 (PDN, 4 Jan 2003). Just five months into 2003, Guam was already down 100,000 tourists compared to the same period in 2002. Projections estimate this trend will continue through 2003, creating a low not experienced in nearly a decade (PDN, 28 Jun 2003).

Japan's continued economic recession and worldwide travel safety issues have been blamed for this decline. In response, Guam has worked this last year to expand its tourist base, hoping to increase the number of visitors from China and South Korea, but competition from other destinations is stiff. Efforts have also been made to entice US military visitors to the island. Another tactic discussed has been to combine efforts with neighboring islands to market the region as a whole. However, economists have advised that Guam must diversify its economic base beyond tourism.

Finally, as a footnote, we must acknowledge an event that had a profound impact on the people of Guam. On 6 July 2003, Angel L. G. Santos passed away at the age of forty-four, succumbing to a degenerative illness. Santos has been recognized as one of the island's most influential people. He was a loving and dedicated family member, a US Air Force veteran, a three-time Guam senator, and a candidate for governor in the island's 1998 primary. A captivating and inspiring speaker, Santos was perhaps best known as a Chamorro rights

advocate who was a member of and spokesperson for I Nasion Chamoru (the Chamoru Nation), an activist organization that promotes indigenous issues such as Chamorro self-determination. Santos was a person who challenged, investigated, pursued, and took action. An important part of Santos's legacy is that he caused people to think about and question issues concerning Chamorros and the island. The people of Guam mourn his passing.

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### MARSHALL ISLANDS

Marshall Islands journalist Giff Johnson put his finger on the pulse of the nation in an article that described a "year of uncertainty" for the Republic of the Marshall Islands (PMIB, Feb 2003). In the preceding year, renegoti-

ation of the Compact of Free Association with the United States courted controversy over numerous issues, including immigration, a Kwajalein lease extension, and the adequacy of the new long-term funding package. A tough economic backdrop, as evidenced by business bailouts and increasing poverty rates, set the need for a satisfactory compact package in high relief. In spite of these challenges, President Kessai H Note and his administration made progress on such issues as balanced budgets and health. The biggest test for the Note administration is yet to come, with a looming 30 September deadline for passage of the amended compact package by the US Congress, followed quickly by national elections in November. Again, as Johnson so aptly put it, “the outcome of the first will have a major impact on the second, and the future direction for the Marshall Islands” (PMIB, Feb 2003).

The Compact of Free Association colors nearly every story on the Marshall Islands. Compact funds currently make up 55 percent of the national government budget, and millions more are added to the economy through US federal programs. Compact renegotiations, therefore, received intense public scrutiny over the course of the year. As early as July 2002, the local newspaper ran an editorial decrying the inadequacy of the US twenty-year funding offer of \$33 million a year—about \$3 million less than RMI negotiators requested (PIR, 15 Aug 2002). Keen to move talks forward in view of the September 2003 deadline for approval, the government initialed key economic and defense provisions of the compact in early November. Funds under the initialed

agreements are targeted for six sectors: education, health, infrastructure, public-sector capacity building, private-sector development, and the environment, with priorities in education and health. The new agreement also provided for US contributions to a RMI trust fund that, at the end of the twenty-year period, is meant to supplant US grant assistance. The RMI government held back on such big-ticket issues as the adequacy of the grant assistance and trust fund contribution pending negotiations involving the defense sites on Kwajalein Atoll.

US proposals to significantly change nonexpiring immigration privileges in the compact threatened to derail the negotiating process entirely. The US proposals reflected Immigration and Naturalization Services (INS) and Homeland Security concerns over the RMI passport sales program, a compact loophole allowing for unmonitored adoption of Marshallese children by US citizens, and the view that Marshallese migrants posed a burden to social welfare systems in the United States. In August, RMI negotiators rejected the first US proposal outright. The next month the issue was kept in the spotlight by a series of articles in the *Baltimore Sun* that linked the immigration issue to alleged human rights abuses of Marshallese and Micronesians recruited to work in US nursing homes. When the United States tabled essentially the same proposal early the next year, the RMI compact team hired a former INS legal counsel to help hammer out an agreement that addressed US concerns without compromising the right of Marshallese to enter the United States without a visa, to study, work, or establish a residence (YO, 16 Mar



2003). The two sides broke through the impasse to initial an immigration agreement on 31 Mar 2003. Key changes obtained by the United States included closing the compact door to Marshallese adoptees and passport sales recipients. The Marshall Islands, however, retained visa-free entry for its citizens and the right to establish residence for an indefinite period (YO, 31 Mar 2003). The two sides also reached an agreement on labor recruitment by “de-linking” the labor and immigration issues (YO, 4 Mar 2003).

Discussions on an extended lease agreement for the continued use of Kwajalein Atoll by the US military for missile-testing purposes proved similarly contentious. In this case, however, the RMI government faced internal opposition from the Kwajalein Negotiation Commission (KNC), a group organized to speak on behalf of Kwajalein landowners. After the United States rejected an initial landowner proposal requesting \$2 billion for a fifty-year extension, RMI and KNC representatives put aside differences to present an eight-point proposal at the fourth round of negotiations in August. The proposal sought to increase Kwajalein rental payments from \$13.5 million annually to \$21 million, with additional funding to be provided through taxes and environmental impact payments (PIR, 10 Sep 2002). Never strong, the partnership unraveled as negotiations progressed. In January, the RMI chief negotiator, Minister of Foreign Affairs Gerald Zackios, initialed an agreement amounting to \$16.9 million for the landowners with a further increase to \$19.9 million in 2014. The new

agreement extended US military use of Kwajalein from 2016 to 2066, with a further twenty-year option (the United States can exercise an early termination option to leave in 2023).

KNC representatives objected to the new deal, sticking to a request for either \$19.1 million in annual payments or a one-time \$20 million payment into a Kwajalein Landowner Trust Fund. Although the RMI government added the landowner trust fund proposal to the list of outstanding issues to take to the US Congress, the rift between the Kwajalein Negotiation Commission and the RMI government remains. Opposition party senators, many of whom align themselves with the KNC stance on Kwajalein, were conspicuously absent from the 30 April compact-signing ceremony held at the Nitijela (parliament) on Majuro (YO, 30 Apr 2003). As this review goes to press, KNC members and other disgruntled parties are turning up the heat on the Note administration. Demonstrators gathered outside the Nitijela at its 4 August opening day ceremonies for a “Buck Stops Here Rally” protesting compact provisions on Kwajalein and a range of other issues (YO, 4 Aug 2003).

The issues raised by protestors at home in the islands in part reflect the concerns that the RMI government is itself presenting to the US Congress. At the signing ceremony in April, RMI negotiators signaled to the US administration that it would take six outstanding issues to Congress: (1) a full versus two-thirds inflation adjustment on all compact funds; (2) Federal Emergency Management Agency

(FEMA) eligibility; (3) US federal education program eligibility; (4) funding for airport repaving needs; (5) an initial contribution to the Kwajalein Landowner Trust Fund; and (6) consideration of the RMI Changed Circumstances Petition (YO, 30 Apr 2003).

After a series of congressional hearings on the compact in June and July, it is clear that the Marshall Islands is making progress on several of these issues. Chairmen in both the House and Senate committed to holding a hearing on issues related to changed circumstances. Members on both sides of the aisle also spoke to the need for continued FEMA and federal education program eligibility. Other changes up for consideration include increasing “compact impact” payments to Hawai‘i and Guam and fixing unilateral changes inserted by the US administration after the conclusion of negotiations. At press time, it remains uncertain whether and how any of these changes may be made. That uncertainty will continue to fuel compact opponents and consume the Note administration in a fight for survival.

An increasingly difficult economic climate only heightened the need for a compact funding package providing for future stability. The closing of Bank of Hawai‘i in November was just one sign of the times. The influx of Asian-owned businesses in the aftermath of mid-1990s passport sales put intense competitive pressure on Marshallese entrepreneurs. Many of the mom-and-pop stores that line Majuro’s main road are now run by Asians (PMIB, Feb 2003). Local retail heavyweights such as Robert Reimers Enterprises and Gibsons also struggled

to compete. The government intervened in April by setting up a multi-million-dollar loan fund designed to assist local businesses on the verge of bankruptcy (PIR, 21 Apr 2003).

The government had no such quick fix for the increasing rates of poverty reported by the Asian Development Bank (ADB), particularly on the outer islands. The report cited several factors contributing to economic hardship on the outer islands, including the low price of copra, inadequate intra-country shipping services, high costs of goods, and continued lack of trade opportunities (PIR, 18 Apr 2003). The RMI government has engaged in a poverty reduction effort with the bank to address these problems.

On the other hand, ADB officials also pointed out that the Marshall Islands made progress implementing a broad range of policy and financial reforms that bode well for the future. Positive developments include improved fiscal operations at the Ministry of Finance, greatly reduced international debt, an expansion in tuna-loining operations, reliable earnings from tuna transshipment, and removal from the international money laundering “blacklist” (PIR, 24 Mar 2003). New opportunities for Marshallese workers and local businesses at Kwajalein Missile Range provided another bright spot in the economy. Kwajalein Range Services (a joint venture between Bechtel and Lockheed Martin), which replaced Raytheon as the contractor on Kwajalein, implemented major policy changes that translated into better jobs and business prospects for the local Marshallese community (PIR, 12 May 2003).

Tourism is another area of potential growth. The numbers of tourists visiting the islands is climbing slowly but steadily, with scuba divers from Japan the fastest-growing segment of visitors. Established operations such as Bikini Atoll Divers booked its nine-month diving schedule well in advance of the start of dive season. Rongelap, Jaluit, and other atolls are building island-style accommodations and developing diving operations in an attempt to follow suit. There is potential for expansion with a new thirty-seat plane complementing and expanding the service provided by Air Marshall Islands' nineteen-seat Dorniers (PMIB, Feb 2003).

The health sector experienced its own ups and downs over the course of the year. In September, the company that handled medical referrals for the Marshalls informed health officials that it would suspend operations unless the RMI government took steps to pay up to \$2.4 million in medical debts (PIR, 13 Sep 2002). The Note administration has grappled with the referral debt problems since coming into power. In a radical move, the government opted to terminate its relationship with the referral company and deal directly with Hawai'i hospitals. By July, Ministry of Health officials reported that they negotiated a 50 percent reduction in the total referral bill and paid off debts to each of the Hawai'i hospitals it uses for referrals, with the exception of \$225,973.62 owed to St Francis Hospital. The ministry also cut down referral costs by hiring specialist doctors to provide treatment locally (MIJ, 4 Jul 2003, 9). The government is working to further improve local health care capabilities by upgrading

the Majuro hospital. At press time, the Government of Japan had committed \$5.2 million to the project (RNZI News, 4 Aug 2003).

The RMI government identified education, like health, as a priority area in the new compact. However, the potential loss of federal programs such as special education and elementary and secondary school funding under the No Child Left Behind Act threaten plans for improvement. The US Congress ultimately decides whether or not RMI eligibility for these critical programs will continue. In the meantime, the Ministry of Education has pushed to raise the bar for education throughout the country. The ministry contracted with WorldTeach, a Harvard-based institution, to place twenty-six American teachers in public schools. The presence of native English speakers in combination with a mentoring system to support outer-island teachers contributed to the highest average test scores among elementary school students in a decade (PIR, 30 Jun 2003).

However, the national college entrance exam results showed that much work remains to be done. Only 9 percent of the high school graduates who took the exam placed into credit level classes. The rest—over 400 students—tested into remedial or enrichment level classes (MIJ, 30 May 2003, 16). Concerns over low test scores were overtaken by scandal and, in the end, a struggle for survival. The College of the Marshall Islands (CMI) has been mired in a much publicized court case involving the alleged embezzlement of over \$600,000 by a college employee. The case highlighted administrative and financial problems at the college that put its accredita-

tion in jeopardy. In July, a US review team recognized serious efforts by the CMI board and administration to fix these problems and allowed the college to retain its accreditation status for a probationary period (PIR, 14 Jul 2003).

Scandal also plagued the judiciary. High Court Judge Charles Henry was suspended in the fall of 2002 after being charged with cheating the government out of thousands of dollars. In an unusual twist, Chief Justice Allen Fields, whose investigative efforts helped spur the attorney general to action on the Henry case, resigned his post in January 2003 after pleading no-contest to misdemeanor sex charges in California (YO, 10 Apr 2003). In the face of this judicial fracas, the government sought to recruit an individual who already held the respect and acceptance of not only the legal community but also the Marshallese community as a whole. The appointment of Carl B Ingram in March was just what the doctor ordered. High Court Justice Ingram, a former Peace Corps Volunteer and Stanford law graduate, is a longtime resident of the Marshalls with exceptional government service and extensive private practice experience (YO, 12 Mar 2003).

Community support for the amended Compact of Free Association remains the big question as 30 September approaches and the US Congress proceeds to consider amendments to the compact package. There is even a question as to whether Congress will be able to conclude the legislative approval process in time—a reality that further complicates the approval process back home in the islands. In the end, there is no

question that the special and unique compact relationship with the United States remains central to the Marshall Islands' own vision of both its present and its future. The close ties were evidenced by the deployment of Marshallese serving in the US military to Iraq and the inclusion of the Republic of the Marshall Islands in President Bush's "coalition of the willing." However, it remains uncertain whether or not the amended compact will provide the support needed to not only sustain these ties but also provide for a healthy partnership over the long term.

KRISTINA E STEGE

KOMMOL TATA *to my friends and colleagues at home in the islands and in the United States for their suggestions and comments.*

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### Disclaimer

Kristina E Stege is the First Secretary at the Embassy of the Republic of the Marshall Islands in Washington DC. While this article was written with the knowledge of the RMI government,

the statements and opinions expressed are those of the author alone, in her personal capacity, and should not be construed as representing or expressing the views of the Government of the Republic of the Marshall Islands.

#### COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The present administration of the Commonwealth of the Northern Mariana Islands (CNMI) was elected in November 2001. The governor took office in January 2002. Between 2002 and July 2003, a great many things happened: there were three attorneys general, several members of the legislature were implicated in legal violations, and two senators were convicted on numerous charges of wire fraud. In addition, the Bank of Saipan went into receivership and four individuals were convicted of fraud involving the bank's funds. The telecommunication system of the commonwealth, presently owned and operated by Verizon, was for sale for over a year. The possibility of casino gambling to deal with a failing economy was raised again. On the other hand, diversified tourism received a boost with some imaginative innovations, including a new visitor center at the American Memorial Park, and a revitalization project for Garapan, the commonwealth's primary tourist attraction.

The resignation of Attorney General Robert Torres signaled some of the difficulties to come. Torres is a highly respected lawyer, and one who offered a lot of hope for the office. Shortly after taking office, however, he noticed that some of the appointments being made by Governor

Babauta did not comply with CNMI personnel regulations. He believed that they were being paid above the salary cap for government employees, and had been appointed to fill non-existent positions. Governor Babauta defended his appointments by saying that every governor before him had made similar appointments. Attorney General Torres felt that he could not permit this to happen under his watch and proposed to hire a special prosecutor, because he was an appointee of the governor and it would have been a conflict of interest for him to prosecute his boss. The problem was that any contract he offered an independent prosecutor would have to be signed by the governor, and thus would not have a very good chance of succeeding. In January 2003, he tendered his resignation, saying only that the governor knew the reason.

Torres was replaced by Ramona Manglona, the first local female attorney. She only served for a few months before being appointed to fill a vacancy in the Superior Court in April. The next attorney general was supposed to be Pam Brown, the governor's personal legal counsel. However, due to a subsequent meltdown in the Senate, and questions raised by certain senators, Ms Brown had still not been confirmed by late July 2003. She has been a private attorney, worked for the legislature as legal counsel, and served for some time as the Department of Interior's ombudsman dealing with labor issues.

In a landmark crisis in the history of the commonwealth, criminal indictments were handed down by the federal grand jury on Saipan against Senator Ricardo Atalig from Rota and Senator Jose DeLaCruz from Tinian.

Senator DeLaCruz's daughter, Marjorie, was also indicted. At issue was the use of CNMI funds (ie, legislative allowances) to provide an educational fund for daughter Marjorie. Senator DeLaCruz asked Senator Atalig to put his daughter on his payroll while she was actually a full-time scholarship student at the University of Guam. DeLaCruz then reimbursed Atalig from his own accounts for payments made to Marjorie. Senator Atalig went to trial in April in federal district court and was convicted of twenty-six counts of wire fraud and one count of conspiracy to commit wire fraud. His sentencing was scheduled for 30 July. His legal counsel, Stephen Woodruff, appealed immediately, asking for a new trial on the grounds that the jury did not reach a correct verdict. Judge Munson did not agree. On the advice of his lawyers, Atalig continued to operate as a senator, stating that his resignation would be effective either on the date of the sentencing (30 July) or the first of October, whichever came first. This made it impossible for the Senate leadership to declare the vacancy required to have a special election to fill the post.

Senator DeLaCruz successfully plea-bargained down to one charge of wire fraud in return for a guilty plea and restitution of the money used. Daughter Marjorie also pled guilty in return for a diversion of sentencing, which means she will not receive a jail term. If she stays out of trouble during the eighteen-month probationary period, she will not have a criminal record. She must also return the money she received. Senator DeLaCruz published a letter to the editor in both the *Saipan Tribune* and the *Marianas Variety* taking full

responsibility for his acts and expressing remorse for the damage done to the commonwealth and to his family. Senator Atalig, on the other hand, challenged the FBI to investigate all of the members of the Senate who, he suggested, were also engaged in questionable practices.

A third senator, José Villagomez, was implicated in the trial process for having hired the wife of Senator Atalig for a nonexistent job on Rota while she was actually living on Guam. However, no charges have been filed against him.

In mid-July 2003, Chair of the Government Affairs Committee Senator Adriano opened hearings on a case involving Senator Kumoi Guerrero, former head of the Commonwealth Utilities Commission (CUC). Adriano sought to suspend Guerrero for thirty days because he had not repaid \$60,000 the public auditor found him liable for during his tenure as CUC director some six years ago. Guerrero responded by saying that charges had never been brought, the statute of limitations had expired, and he was not required to return the money. A few days later, an article in the *Saipan Tribune* reported that Senator Adriano himself had hired illegal aliens on Tinian to work on small construction projects.

The Atalig trial also revealed how much money senators receive. Evidence at the trial indicated that senators who chaired committees received \$5,000 for expenses over and above the \$39,000 salary. A senator coming from Rota or Tinian (ie, two-thirds of the senators) receives an additional \$5,000 for travel expenses. Officers of the Senate receive additional compensation. Of the nine senators, several

make over \$200,000 a year and nearly all of them have access to more than \$100,000.

Not to be outdone, the private sector also has had its day in federal court. After one of the longest criminal cases in CNMI history, four people were convicted on charges arising from the failure of the Bank of Saipan. Although the convictions were for wire fraud, conspiracy to commit wire fraud, or both, the prosecution alleged that the four had effectively engineered a bogus sale of bank assets to some individuals on the US mainland—using money borrowed from the Bank of Saipan itself. With over \$3 million in assets frozen by this transaction, the bank was unable to maintain normal operations and was put into receivership.

The bank, founded by the late DHL shipping company tycoon Larry Hillblom, was not insured by the Federal Deposit Insurance Corporation (FDIC). Receiver Randy Fennell attempted to liquidate the assets to pay off depositors on a percentage basis. The process revealed that several government agencies had multimillion-dollar accounts in the uninsured bank. There were also suggestions that some members of the board of directors had close ties to these government agencies. Many garment workers and small businesses had their accounts frozen pending resolution of the bank's situation.

Many of the major depositors, including several millionaires, Guam businessmen, and a former governor, objected to the liquidation of the bank and insisted on the appointment of a new receiver. Mr Fennel was replaced by local certified public accountant Tony Muña, who attempted to

rehabilitate the operation by getting stockholders to re-infuse cash into the bank. As of July 2003, the bank is open again and private depositors can access their accounts on a limited basis. Government accounts are still frozen and FDIC insurance is being actively pursued.

Freezing the CNMI accounts at the Bank of Saipan exacerbated an already serious economic situation. In the buoyant mid-1990s, government revenues amounted to about \$250 million a year. However, revenues have dropped steadily since 1997 due to a variety of factors, including the crash of a Korean Airlines flight on Guam, the Japanese economic crash, the 9-11 terrorist attacks, and the SARS epidemic. Nevertheless, the governor presented a budget for over \$120 million for fiscal year 2004. Projected revenues ran from about \$180 million to \$190 million. To justify his budget, Governor Babauta proposed cost-cutting measures and "revenue enhancements" (higher taxes) to make up the shortfall. One proposal involved asking government employees to donate thirty minutes of their time every day in uncompensated work. There was no enthusiasm at all for this initiative, which was dropped after it was discovered it would violate the federal Fair Labor Standards Act. A proposal to raise taxes also fell by the wayside, except for the so-called "sin tax." This tax, which was run through the legislature without public hearings, and despite the opposition of the Hotel Association, doubled and tripled existing taxes on alcohol and tobacco products.

The fiscal crisis has also forced the administration to dip into special funds to pay annual tax refunds, and

to fall behind on its contributions to retirement and health insurance programs. Patients referred for medical treatment in Hawai'i or California are frequently told that they must pay the cost of the procedures up front, and then take the chance of being reimbursed by the insurance fund.

As is usual in times of economic difficulties, the perceived easy solution is frequently pursued. Despite his having rejected the idea in the past, Mayor Benjamin Manglona proposed the establishment of a casino on Rota, to be run like Native American casinos in the continental United States. It is not clear how many customers would be attracted to Rota, and how profitable the operation would be. The casino on Tinian has been operating at a loss for several years.

The Tinian Dynasty Casino and Hotel has been severely handicapped in recent years by the economic downturns in Asia. The operation has depended on direct charter flights twice a week from China to Saipan, with customers then taking the ferry to Tinian. The Tinian International Airport has been completed, but lacks the personnel to operate it. All airports in the commonwealth, including "international" airports on Rota (proposed) and Tinian as well as Saipan, now have to comply with Department of Homeland Security regulations. As a result, the cost of maintaining such small installations could be enormous. Furthermore, if Homeland Security decides that the local control of immigration and security is inadequate, it could mean the end of visa-free travel to the commonwealth, with enormous local consequences.

The proliferation of poker machines and poker establishments

throughout the commonwealth continues to cause major social problems. A recent research report by students of Northern Marianas College indicates that 60 percent of the violent crime in the commonwealth is committed in or near the more than 200 poker establishments on Saipan. In the year under review, several murders, severe cases of spouse and domestic abuse, and a variety of other violent behaviors have been reported. The situation is unlikely to change, however, because the government is receiving approximately \$14 million a year in tax revenues from gambling establishments.

Citizenship has emerged as an issue for a small group of people born in the commonwealth before 1986. According to various legal sources, anyone born after 1978, the year the covenant was signed, but before 1986, when the Trust Territory was officially dissolved, did not automatically become a US citizen. Affected are some 300 to 400 young people who have decided they would prefer American citizenship rather than the citizenship of their parents, who are mostly of Filipino and Korean origin. Unless these individuals apply for non-US passports, they are unable to travel outside the commonwealth.

The Verizon conglomerate, which operated the telephone system in the commonwealth for several years, has attempted to sell the business. A potential buyer was a very large Filipino telecommunications corporation, owned by the Delgado family, which proposed a 60/30 percent partnership with Saipan garment mogul, Willie Tan. The remaining 10 percent of the operating company would be



held by a small US corporation based in the state of Missouri.

The proposal provoked acrimonious debate over whether or not the telephone system should be controlled by a foreign corporation, and whether or not Willie Tan should be allowed to extend his empire even further. After several months, Tan withdrew, claiming that the CNMI government had declined to support his participation. The Missouri firm also withdrew. Local Saipan construction engineer Efrain Camacho stepped in with an offer to take up the 40 percent in partnership with the Delgados; however, he withdrew his offer shortly after making it. The Delgados remain interested in the purchase, while the government is appealing to the Federal Communications Commission because of possible foreign ownership problems.

A major construction project taking place on Saipan is a new 300-bed prison. The Department of Justice had mandated a replacement for the substandard current facility. However, for reasons that are not completely clear, on several occasions the government has been unable to meet its payment schedule to the contractor. In addition, the Senate attempted to attach more capital improvement projects for Rota and Tinian as riders on the prison appropriations bill, a move that was blocked by members of the House of Representatives. In late July 2003, the prison appropriation passed with only two riders, \$1 million each for dialysis centers on Rota and Tinian.

On a brighter note, efforts to rehabilitate the Garapan tourist district proceeded. Two intersecting streets will be closed to vehicular traffic and

turned into pedestrian malls. Current "adult" entertainment activities will be given up to three years to relocate. Other nonconforming businesses, such as auto repair shops and shooting galleries, will also be eased out. It is hoped that this will make the area family-friendly and reduce the number of attacks on tourists. The goal is to have most of the project completed by June 2004 to correspond to the opening of the new visitor center at the American Memorial Park.

The new visitor center will include a reception area and museum featuring the battles of Saipan and Tinian, a small theater, and a covered amphitheater, allowing for all-weather community activities. The beach walkway, one of the most popular attractions for both locals and tourists, is being extended through Garapan to connect with the Park walkway, which continues north. The opening of the visitor center is scheduled for 15 June 2004, exactly sixty years after the invasion of Saipan. Surviving veterans are being invited and many activities are being planned.

The Chamolinian Culture Center opened in mid-July 2003 on the grounds of the Carolinian Affairs office in Garapan in order to acquaint visitors with the local indigenous culture. It has several traditional boat-houses and other structures reflecting indigenous cultures, and will feature live exhibits by local artisans and artists. The center was built partly in response to tourists who have long complained about the lack of such a facility.

Two other projects may also help public understanding of the history and culture of the Mariana Islands. The Commonwealth Council for the

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

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

SAMUEL F MCPHETRES

## PALAU

Reflecting their close ties with the United States, citizens of the Republic of Palau held a public ceremony to pay tribute to the seven astronauts lost when space shuttle *Columbia* disintegrated on its homeward journey. In response to the Iraq war, the republic joined President Bush's Coalition of the Willing, with Presi-

dent Remengesau's offering Palau's existing facilities as additional staging areas for military operations.

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

A few weeks later, Remengesau led a delegation to the Thirty-third Pacific Island Forum meeting in Fiji. He presented two major proposals. The first called on the assembled nations to ease travel entry requirements for each other's citizens. The second initiative called for greater support and progress in adopting renewable energy sources such as solar, hydro, wind, and ocean thermal energy conversion. Remengesau stated that his islands' total dependence on foreign sources for fossil fuels diverted funds from much needed development projects.

President Remengesau took on an activist role at the World Summit on Sustainable Development that met in South Africa in August and September 2002. In a forum of 140 nations, he pushed his environmental agenda by calling for greater support for expansion of renewable energy methodologies and expanded financing for sustainable development programs. He also persuaded the Association of Small Island States, a subgroup in the

summit, to include in its communiqué key planks regarding the need for diversification in tourism and transportation sectors as primary elements in sustainable development. At the summit, both the European Union and Japan made commitments of funding for renewable energy initiatives and capacity building for sustainable development. Remengesau left South Africa pleased that the summit's "Plan of Implementation" contained a chapter on the sustainable development issues of the Small Island Developing States. This chapter focused attention on the serious problem of island vulnerability to global climate change and sea-level rise.

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

President Remengesau headed a delegation of Palauan leaders to the Japan-South Pacific Summit in May. After the formalities, the delegation visited several areas in Okinawa and explored the possibilities of using Japanese expertise for black-pearl farming and the eradication of insect pests in Palau. Soon after this visit, Remengesau signed an agreement

with Katsunuma City, Japan, for the aging of the city's popular wines in Palau's pristine lagoon waters. With preorders of some 15,000 bottles, this could be the world's cleanest source of foreign exchange.

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

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

President Remengesau's biggest international headache for the year was relieved in late April when some 216 garment workers, mostly young Chinese women, climbed aboard two

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

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

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

In local affairs, Palau's National

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

But the special prosecutor's "drag net" (as it was termed by Palau's local media) began catching state governors and legislators, and even traditional chiefs, with charges of misspending. The special prosecutor even began a new round of charges against the entire National Congress. Recognizing some panic, a Senate committee offered a biased provision in a supple-

mental budget bill. This attempted to justify the abuse of travel funds by means of a presumption that such spending had been done in good faith since 1981 when the Palau Constitution came into force. Fortunately, a majority of Senate leaders recognized the provision as self-serving and omitted it from the bill (*PH*, 10–12 Jun, 10). This example illustrates how Palau's political leaders are struggling to achieve transparency in their work.

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

On 1 May 2003, Mr Remengesau delivered his third State of the Republic address. The president was pleased to report that twenty-eight capital improvement projects had been completed, including the splendid new Palau International Airport terminal building. Other projects were being worked on, including the fifty-three-mile compact road, the National Capitol complex in Melekeok State, the new Palau National Museum building, and a Cultural and Performing Arts Center. However, Remengesau declared Palau to be “still at a cross-

road,” meaning that the cooperation he had requested from the National Congress since the beginning of his presidency had not materialized, and therefore a national vision had not been established: “We can take the course that some of our regional neighbors have taken and wait until a financial crisis forces us into unplanned reactions. Or, we can develop a vision of our future and put into place those initiatives and mechanisms that will permit that vision to become reality” (*TBN*, 2–9 May 2003, 15).

Vice President Sandra Pierantozzi, who also carries the Minister of Health portfolio, continued her international speaking engagements, much to the credit of the Republic of Palau. She spoke at the United Nations twice during the year and to many other important groups. Pierantozzi also headed the 2003 Joint Committee meeting that negotiated with a military team led by Rear Admiral Patrick Dunne. This meeting resulted in an agreement for the US military to supply additional assistance to Palau in the areas of security, health matters, counterterrorism training, excess equipment, and navigational aids. In June the vice president signed the UN anti-tobacco treaty in Geneva, stating that the treaty gives Palau a weapon to fight the debilitating habit. The vice president was the main plenary speaker at the silver anniversary conference of the Western Association of Educational Opportunity Personnel held in Honolulu. She spoke to over 500 assembled educators and students from the states of Arizona, California, Hawai'i, Nevada, the Territory of Guam, American Sāmoa, Palau, the

Commonwealth of the Northern Mariana Islands, and the Republic of the Marshall Islands, who are involved in TRIO programs (the US Department of Education programs designed to help improve the educational success of high school students and college freshmen). In her speech, Pierantozzi shared her educational experiences as a person from a low-income family and a first-generation college student.

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

Prostitution and illegal drugs were problems for Palau during the year under review. Prostitution rings at the Palau Cinema and Palau Hotel were broken up with arrests of twelve individuals, including ten women, eight of whom were Chinese. Palau's laws regarding the trafficking in illegal drugs have very stiff penalties; both foreigners and Palauans have been caught and sentenced to long prison terms and sizable fines for trafficking in "ice" (methamphetamine hydrochloride). With so many convictions,

the Koror jail, built for 50 inmates, is overcrowded with some 103 individuals. This has led the National Congress to draft legislation calling for the deportation of alien drug convicts after they have paid their often substantial fines. However, the infamous Eddie Liu, who had been jailed for fifty years and slapped with a fine of \$200,000, couldn't wait. He escaped in January from both the Koror jail and Palau. In response, the attorney general's office made international contacts, and Liu was caught in the port of Canton. However, he has not yet been extradited to Palau—and may never be, because Palau and the People's Republic of China do not have diplomatic relations or an extradition treaty.

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

By the end of the period under review, Palau's special prosecutor had not finished his work on a public land case in Airai State, the location of Palau's international airport. This case involves a Japanese company, Resort

Trust International, which hoped to build a golf course in Airai and paid \$1.5 million to the Airai State Public Land Authority to move the project forward. However, some of the state's elected leaders made payments of nearly half a million dollars to themselves and a traditional chief. The special prosecutor contends that this was done in violation of Palau law. The latest development in the case has been the entry of Johnson Toribiong, who argued that he has standing in the case as *Ngiraked* (Airai's ranking high chief), a member of the land authority Board of Trustees, taxpayer, and beneficiary of the state's public lands. As this example demonstrates, foreign investment in Palau will continue to be handicapped by competition for land and money as well as by corruption.

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

Costing some \$16 million, the new Palau International Airport terminal was opened with great fanfare. This structure replaced a building constructed by Roman Tmetuchl and partners in 1985. Japan funded the

new terminal, on one wall of which Wyland painted a gorgeous 250-foot mural, which (according to the artist) depicts the prestige, attractiveness, and life that is the essence of Palau. Tourists will immediately be greeted by the grand seascape.

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

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

terous because, with a \$9 billion price tag, there must be many strong strings attached.

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

Palau lost many important people during the year. Father Felix Yaoch, SJ, Palau's holy man, passed away in December 2002. He had been a pillar of compassion and moral strength who had helped everyone in Palau, regardless of their religious denomination. He also was the conscience of Palau and would challenge immorality wherever he saw it taking root. Judge Moses Mokoll died at age seventy-two. Like Fr Felix, he had great knowledge of Palauan custom, history, ceremony, and language. The educators of Palau lost a leader in Kaleb Olegeriil, who had served over thirty years as a teacher and elementary school principal. Steve Umetaro, a teacher turned congressman, will also be greatly missed by his colleagues in the National Congress and Ministry of Education. Hideo Tell, former Vice Speaker of the House of Delegates and master mariner, also passed away during the year. He had been one of the few licensed harbor pilots in Palau. Joe Adachi passed away at the young age of fifty-five. He had worked at the Palau Commu-

nity College for many years and was the best printer in Palau. *Ngirakebou* Eusebio Rechucher passed away at age seventy. With a keen business mind, Rechucher had risen to the top of the Trust Territory administration as the high commissioner's director of resources and development. After resigning in 1978, he had become one of Palau's most successful businessmen. Tragically, three of Palau's promising women athletes participating in the Pohnpei Micronesian Games—Claudia Ngirasob, Rita Gracia Sungino, and Dawn Rechemang—died in a freak flash flood. President Remengesau declared a national day of mourning. Dr Robert Johannes, a good friend to Palau who in the early 1970s had alerted people to the dangers of the proposed superport, passed away and was recognized by the OEK House of Delegates for his scientific contributions to Palau and the world.

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

Palauans have become very adept at hosting conferences, whether local, regional, or international events. For over a year, a group of talented organizers have been at work preparing for the 9th Festival of Pacific Arts, which will be held 22–31 July 2004 in Palau. By that time the new Palau National Museum building and Cultural and Performing Arts Center will be com-



pleted. The National Congress has appropriated \$1 million to support the festival, which may draw as many as 3,000 people from twenty-seven Pacific island nations. Support will also be provided by the United States, the Republic of China, Japan, and the Republic of the Philippines. The festival will feature performing arts, creative arts, traditional medicine and healing arts, traditional navigation, and contemporary carving, weaving, jewelry making, tattooing, and pottery.

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

Another expression of cultural solidarity is a number of recently published books. *The Wisdom of the Past, A Vision for the Future*, published by the Republic of Palau in 2002, provides an in-depth description of the role of the judiciary in Palau's legal system, operations of the courts, and the officers and personalities making up the system. Also in 2002, *Entertainment, Songs and Dances of Palau*, by Palau's Society of Historians, was published by the Republic of Palau Bureau of Arts and Culture, in both Palauan (edited by Melson Miko) and English (edited by Carmen C H Petrosian-Husa). Translated and awaiting publication is a portion of Augustin Kramer's massive five-volume study of Palau conducted in 1907–1910. When available, this

early, comprehensive study of Palau should be of great interest to all Palauans. *Roman Tmetuchl: A Palauan Visionary* was published by the Tmetuchl family trust in late 2002. Written by Donald Shuster of the University of Guam, the biography covers all aspects of Tmetuchl's fascinating life and is the first research-based biography of a Palauan and Micronesian leader.

Women are powerful behind-the-scenes forces in Palau. Under the leadership of *Bilung* Gloria Salii, *Ebil Reklai* Umai Basilius, Vice President Pierantozzi, and First Lady Debbie Remengesau, the women of Palau held their tenth annual Mechesil Belau Women's Conference in April. After three days of discussion, the women released a unanimously adopted eleven-point resolution that is a fascinating statement of contemporary culture: (1) there will be no making of imitation Palauan money; (2) there will be no inappropriate usage of Palauan arts and motifs; (3) there will be no harvesting of turtles and turtle eggs; (4) there will be no making of turtle jewelry except when part of traditional ceremonies; (5) *cheldechoduch* (estate settlement conference) is final; (6) there will be an increase of fines for prostitution pimps, businesses, and customers; (7) men of Palau should have their own conference and take an active part in social issues; (8) state historians should be appointed by traditional leaders of a state, not by the governor; (9) Palauan orthography should be written based on the spoken language; (10) amendments to the Constitution of Palau should include provisions that OEK members can retain their chiefly titles, that the

Palauan language should prevail over English in cases of conflicting interpretations, and that the National Congress should be enlarged to include a House of Traditional Leaders; and (11) every registered Palauan voter should be required to vote at election time and should be fined for failing to do so. The women have clear ideas about the directions social change should take in Palau.

Finally, after nearly a decade of strong economic activity, a recent Bank of Hawai'i study predicts a slowdown for Palau's economy in the near future. It appears the economy has not sustained the momentum it achieved in the late 1990s. The report indicates that growth in tourism provides some optimism, but this should be balanced by concerns for the fragile ecosystem and for institutional transparency, which impacts on for-

eign investment. On the other hand, Palauans have a knack of fooling predictors and already are finding ways to tighten their economic belt.

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