

ration continued to stir up controversy in its leasing of public land. One lease to a developer included land used for the Boy Scout camp, which had to be relocated to a less desirable site. However, the corporation did undertake not to lease further land for golf courses. Legislative efforts to dissolve the corporation have so far been unsuccessful.

The CNMI Supreme Court determined that land purchases by the local agents of outside developers (who then lease the land to the developer) was a violation of Article XII of the CNMI constitution, which prohibits the alienation of land to persons of non-Northern Marianas descent. The decision nullified many existing lease arrangements, and deprived some hotel owners and private citizens of their property. It also created the impression in Japan that the Northern Marianas was an unsafe place to invest because the rules could change at any time. The CNMI government countered by saying that there is no problem if the developers deal directly with the landowners. The Article XII issue remains controversial, and is believed to have contributed to the decline in major development projects started in the last year or so.

After a lackluster beginning in 1991, the "902" talks resulted in some positive movement in May 1992. During a round of discussions in New Mexico, the new permanent US representative to the talks, Lou Gallegos, and CNMI representative Lieutenant Governor Benjamin Mangloña agreed to establish a study group to define some controversial terms used in the covenant. These include sovereignty—Is there such a thing as "internal sovereignty"?

—and self-government—Can the federal government intervene in purely local matters? The CNMI team has been appointed but the composition of the US group has yet to be announced. A final report is due by August 1992.

The "702" talks were far less fruitful. Over several meetings between Mangloña and Assistant Secretary of the Interior Stella Guerra, the United States has gradually reduced its offer for the third seven-year financial support package. Mangloña originally asked for about US\$500 million over the period, and Guerra countered with an offer of about \$150 million. She contended that the CNMI is doing very well economically and should be carrying more of the burden.

On 30 September 1991 the Trust Territory Office of Transition on Capitol Hill on Saipan closed its doors for the last time, marking the end of a Trust Territory Headquarters presence of nearly thirty years. All remaining functions of that office were transferred to the Trust Territory Office in Palau, the world's last Trust Territory.

SAMUEL F. MCPHETRES

MARSHALL ISLANDS

After a dozen years of self-rule, the Republic of the Marshall Islands has come face-to-face with the business of being independent. In the period under review, the Marshalls experienced the first open political discord after the formation of the only opposition party, became a member of the United Nations and several key international financial institutions, suffered the first substantial cutbacks in American

financial aid after thirty years of Washington's largesse, and found that most of its economic potential had yet to be realized.

Three national parliamentary elections were held between the establishment of constitutional government in 1979 and 1991. But the campaign leading up to the November 1991 election was unprecedented. Long before he was elected president, Amata Kabua was the leading political figure, not least because of his traditional role as a paramount chief. Two events fueled the formation in mid-1991 of the opposition Ralik Ratak Democratic Party (RRDP), the first organized and open challenge to President Kabua.

The first event was the removal of Chief Justice of the High Court Philip Bird by resolution of the Nitijela (parliament). This was precipitated by the speed with which Bird moved a chiefly title dispute toward a trial showdown. The case directly involved the president and his family, and centered on the question of which paramount chief would control Kwajalein, site of a multibillion-dollar US missile-testing range that yields several million dollars in rent every year. When the *Marshall Islands Journal*, the only independent newspaper, reported the events in detail and sharply criticized parliament's action, the government retorted by banning any government printing at the newspaper's parent print company. It was the first overt action the avowedly probusiness government had taken against any local business. Government printing business was restored some months later, but the point did not go unnoticed in the business community.

Among the founders of the RRDP were Tony deBrum, longtime spokesman and chief strategist for President Kabua, and a former cabinet member; Ramsey Reimers, the chief executive officer of Robert Reimers Enterprises, the largest business in the Marshalls; John Silk, a trial assistant in private practice; and Alik Alik, the government's former chief public defender.

The campaign was an acrimonious and mudslinging affair. Opposition candidates challenged the incumbents for being corrupt and out of touch with the needs of the country. Many government party members, astonished at the vociferousness of the criticism, were slow to react. But as it became evident that the opposition party aroused a certain latent discontent in the community, incumbents began their own assault on the challengers. Big rallies for each of the two parties highlighted the later days of the election campaign; some feared that emotions were running so high that the remarkably quiet community of Majuro could turn violent. However, leaders on both sides kept their followers under control.

It took a month to hand-count the twenty thousand ballots cast throughout some one hundred inhabited islands in the Marshalls. Although early in the counting many incumbents trailed by substantial margins, in the end only two avowed RRDP members—deBrum and Alik—were successful. Several other newly elected members were regarded by the majority party as RRDP sympathizers.

As the 33-seat Nitijela opened in January for a new four-year term, it quickly became clear that the election campaign was still a major issue,

despite the government's overwhelming majority. Government party leaders lashed out at the RRDP, criticizing them for attempting to take their seats and for openly challenging the government. Alik and deBrum in turn waged a two-man attack on government policies during the session, although deBrum—in what was seen as a welcome gesture of reconciliation—complimented Kabua when he announced a doubling of copra prices to aid the remote outer Islanders.

The *Journal*, reporting on some of the political rhetoric at the Nitijela during February and March 1992, again came under attack from the floor by prominent government party leaders. The Nitijela adjourned in late March until its next regular session in August. The tension in the community, sustained from the campaign period by these uncharacteristically vitriolic speeches, ebbed somewhat as the session ended, but the 1991 election campaign has forever changed the political environment in the Marshall Islands.

As the 1991 election campaign was moving into full swing in September, the Marshalls was admitted to the United Nations. Until UN membership was granted, the Marshalls had struggled with its poorly understood status as a quasi-independent state. In fact, while the Compact of Free Association gives the United States veto power over any foreign affairs action in conflict with American military interests, this has not been exercised in the first six years of the fifteen-year treaty. The Marshalls has gained control over its affairs and operated independently.

In the early part of 1992, the Marshalls added the World Bank and

the International Monetary Fund (IMF) to a growing list of international agency memberships. The government views these organizations, along with the Asian Development Bank (ADB), as key to changing the financial future of the country.

Finance Minister Ruben Zackhras commented on the dilemma facing the country: "Under US assistance what has developed here is a dependency 'par excellence'. Even more damaging is the sad situation of the dependency of the mind—the feeling that we cannot do things for ourselves and that someone else has to do things for us—which has taken root over the past forty years." However, with appropriate assistance from the ADB, World Bank, and IMF, "we can gradually break out of this dependency situation" (*Marshall Islands Journal*, 12 June 1992, 1).

The Marshalls experienced its first major funding cutbacks with the beginning of the second five-year period of the compact. Beginning in late 1991, the budgets for health and education programs, among others, were cut across the board. This came at a critical time, particularly for public education, which has been on the verge of collapse for some years. In 1989 the government requested a review of the system by an independent educational agency. However, implementation of the resulting ten-year master plan to revamp the entire school system has been slowed by staff and funding constraints.

The health system continues to confront a problem of preventable "lifestyle" illnesses, the most prominent of which is malnutrition. Community

awareness of the problem has been high since a joint UNICEF–Marshall Islands study in 1991 reported that 70 percent of the children were poorly nourished. The Ministry of Health has a range of active prevention programs but, like education, now faces substantial funding cutbacks.

Meanwhile, the government is attempting to get the long-stalled economy into gear. It has placed its hopes and its money on the development of a viable tuna export industry. Air Marshall Islands launched a jet service to Hawai'i in January 1990. It lost US\$7 million in 1991, but this was a significant improvement over 1990. The fisheries operation has been unable to attract the number of longline fishing vessels needed to fill the cargo holds of the DC8 that at one time flew four weekly flights to Honolulu. However, a Honolulu business group is confident that the export operation will live up to its potential and has already sunk about US\$2 million into ice-making and related shoreside equipment for the tuna facility.

A joint venture tuna cannery with Z Fishing Company of Guam is also being contemplated for Majuro, following the signing of a letter of intent in mid-March. The major constraint for a cannery is the lack of fresh water. During the five months from January through the end of May 1992, Majuro experienced its worst drought in ten years. Barely an inch of rain fell during that time, and city water was tightly rationed to several hours every third day—not the best environment for a water-intensive tuna-canning industry. The government moved with dispatch to purchase from Israel a multimillion-dollar desalination plant (similar to the

one located on Ebeye Island, the other urban center in the Marshalls) that is expected to be in operation by early 1994.

The Marshalls is now facing many of the tough decisions that its neighbors to the south were confronted with at independence. Though the financing from the United States puts the Marshalls well ahead of most Pacific islands on a per capita basis, the aid has yet to translate into sustained development.

GIFF JOHNSON

NAURU

Nauru will face considerable difficulties when the economic life of phosphate is exhausted, leaving a financial void once kept replete by this stable and dependable source of income. The government is taking steps to adjust present methods of economic, financial, and social management to prepare for the post-phosphate economy.

In his national address marking the twenty-fourth anniversary of independence on 31 January 1992, President Dowiyogo stated that the government was investigating alternatives for Nauru that would avoid wasteful expenditures and achieve maximum benefits for the Nauruan community. He reported that both the Nauru Phosphate Royalty Trust (NPRT) and the Nauruan Landowners Royalty Trust Fund (Ronwan) had yielded modest increases in 1990–91 despite the prevailing economic climate. NPRT was valued at A\$1255 million, while Ronwan had generated a net income of A\$14.5 million. Additional income had come from the successful sellout of