

as several incumbent senators opted not to run for reelection. Veteran Senator Lou Leon Guerrero stepped down midterm to assume presidency of the Bank of Guam, and three senators ran for lieutenant governor.

The year 2006 marks the first time that the island's attorney general and public auditor positions will appear on primary ballots. This will whittle down the number of contenders to two candidates per position, ensuring that the seats are won by a majority rather than a plurality of votes.

When the year under review ended, there were four teams competing in the race for governor. Incumbent Governor Felix Camacho and first-time Senator Mike Cruz ran under the slogan, "Honest Men, Proven Leaders." They were the first team to install large signage and saturate television airwaves with messages noting the benefits that they had delivered to the island. However, media coverage of government shortfalls, the nonpayment of teacher salaries, and other problems challenged some of those claims.

A mixed-party team, Republican Lieutenant Governor Kaleo Moylan and former Democratic Senator Francis Santos, was running for the Republican nomination. They ran a hard-line campaign—challenging Camacho's description of an improved economy and stating that they understood that government was "not a one-man show." Former Guam Governor Carl T C Gutierrez and former Chief Justice and current Senator Benjamin J "BJ" Cruz ran with such slogans as "Real Leaders" and "Bring the Sunshine Back." One of their main challenges was dispelling the controversy surrounding Gutierrez's

former reign as island governor (*MV*, 1 June 2006). Leading island polls as of this writing were former US Congressman Robert Underwood and Guam Senator Frank Aguon Jr, touting the slogan "Leadership for Change" (*PDN*, 31 March 2006).

Island voters will once again decide whether to keep the drinking age at eighteen or raise it to twenty-one. Senators have proposed that voters also determine whether or not to retain former Education Superintendent Flores, and whether or not to raise the minimum wage.

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

From July to November 2005, the main issues in Commonwealth of the Northern Mariana Islands (CNMI) were electrical power, the cancellation

of Japanese Airlines flights between Saipan and Tokyo, and, not surprisingly, the general election in November. Other issues in the news included the continuing upswing in gasoline prices, the commonwealth budget deficit, and the drying up of foreign investment.

In the months preceding the general election of November, four political parties pulled out all the stops in financing, campaigning, and mudslinging to achieve victory. The Republican Party, represented by incumbent Juan Babauta and his lieutenant governor Diego Benevente, and the Covenant Party under the direction of former House Speaker Benigno Fitial and his running mate Timothy Villagomez, were challenged by newcomer Heintz Hofschneider and David Apatang, as well as former Governor Froilan Tenorio, whose running mate was Tony Santos. In a campaign in which money did not appear to make a difference (although much was spent), the end result was what could be called a three-way technical tie. Former Speaker and former executive of Tan Holdings Ben Fitial won with 28 percent of the total votes cast. Former legislator Hofschneider (Independent) came in second with 27 percent of the vote, followed by former Governor Babauta (Republican) with 26 percent of the vote. Former Governor Tenorio (Democrat) came in a distant fourth with 18 percent. There were over 14,000 registered voters and an 80 percent turnout.

This election was painful for the general population because the traditional family unity behind a single candidate broke down early in the campaign. Many families had two or more candidates calling for loyalty

because of blood relationships. In addition, voters not of Marianas descent, who now account for an estimated 25 to 30 percent of the registered voters (higher in some voting precincts and lower in others), made their presence felt. Because votes cast on island yielded such close results, absentee ballots from voters in Iraq and elsewhere became extremely important. However, when they were finally counted, almost a month after the actual election, the outcome at the gubernatorial level remained unchanged.

Once inaugurated, Governor Fitial wasted no time in proclaiming that the economy was his priority. One of his first measures was to continue the surcharge of 3.5 cents per kilowatt-hour on utility bills, and he put the Commonwealth Utilities Corporation directly under his supervision through the Department of Public Works. In his State of the Commonwealth address in March, Lt Governor Tim Villagomez gave a detailed account of the condition of the utilities agency. Noting that there had been no maintenance and no capital purchases of equipment in many years, he painted a picture of imminent doom. The governor himself, using a PowerPoint presentation, described the economy in similar terms. He told the crowd that there would have to be salary cuts, reductions in personnel, or both, if the commonwealth was to get out from under its burgeoning debt. He said he was going to ask the legislature to cancel the government's contributions to the retirement fund for government employees, and organize a US\$40 million loan from the retirement fund for the Commonwealth Utilities Corporation to purchase new

generators. He also promised to sell approximately five hundred government vehicles to the public and cancel all but the most essential individual telephone services, including government-owned cell phones.

As of this writing, telephone services have been cancelled, a directive has been issued that in October 2006 all government agencies will be responsible for their own utility bills, and an inventory has been conducted on government vehicles (some of which turned up missing). Some “nonessential” employees were given letters of termination. The governor reassured them that they would be rehired if he got his debt-reduction plan through the legislature. So far, even though a little over half of the legislators are members of the Covenant Party, no substantial legislation has been passed except those allowing the governor to cease employer contribution to the retirement fund, and authorizing the US\$40 million loan. However, there are legal issues regarding the governor’s authority to take these actions. More importantly, perhaps, many retirees and retirement fund officials are protesting the move as a violation of the sanctity of the fund.

In this climate of economic slash and burn, both the public school system and the Northern Marianas College have been severely affected. The public schools, whose enrollment has increased substantially, but whose budget has not changed in five years, will receive no new funds from the administration. In the past, the college has received funds generated by the new hire and renewal process for contract workers through a dedicated renewal fee. Along with other agen-

cies having “earmarked” sources of funding, the college has suffered the loss of the dedicated fund in favor of the general fund, and received only US\$6.1 million for an US\$8 million payroll.

Throughout this process, the specter of the Tom DeLay/Jack Abramoff saga continues to impact the commonwealth. Almost every news story dealing with those two figures refers to their involvement in the commonwealth. For example, DeLay’s 1999 trip with his wife to spend Christmas on Saipan as Abramoff’s guest (allegedly using money paid to Abramoff to block an increase in minimum wage and the federalization of immigration) is often mentioned. The situation, confirmed by Representative Pedro A Tenorio in his State of the Washington Office message in March, has practically sealed the fate of any legislation in Congress to establish a nonvoting CNMI delegate in the House of Representatives. Most recently, Representative George Miller (Democrat of California) came out with a new bill that would transfer control of the minimum wage and immigration to the federal government. The bill uses the phrase “indentured servitude” throughout, referring primarily, but not exclusively, to conditions in the garment industry in the late 1980s and 1990s. Although Mr Miller does not recognize it, these conditions have actually improved. Statements by Congresswoman Nancy Pelosi, also of California, calling the people of the Marianas “criminals,” also suggest that many in the US House of Representatives, at least among the Democrats, believe nothing has changed from the bad old days.

Apparently, a feature on the commonwealth in the spring 2006 edition of *Ms Magazine*, called “Sex, Greed and Forced Abortions in ‘Paradise’” on the cover, was widely circulated within Congress.

There is still much apprehension in the commonwealth about the impact of Abramoff’s testimony to the federal government. One prominent Interior Department official, a desk officer for the Marianas Islands in the Office of Territorial Affairs, recently pled guilty to misdemeanor charges for accepting free tickets to baseball games, the use of Abramoff’s skybox in the stadium, and dinners at his Signatures restaurant in Washington DC. According to the *Washington Post*, the official provided Abramoff with unclassified internal memos involving the commonwealth. Press accounts from around the world have detailed how Abramoff collected money from prominent CNMI businesspeople, and funneled it through various pseudo-charitable organizations. The close connections between this administration, Tan Holdings, and Abramoff have not been lost on the press. It must be said, however, that the mood in Saipan is rather upbeat on this issue as the governor continues to praise Mr Abramoff for his good friendship and success in preventing the imposition of more federal control.

There has been little movement in the area of economic development. Several trips to the Philippines and China by the governor yielded expressions of interest from a large shoe-manufacturing corporation in China and a brewery in the Philippines. One resort company reportedly wants to build a floating hotel and a

five-thousand-seat convention center at the Garapan fishing base. Another would like to build a shopping mall on the site of the Garapan Elementary School, while a third is interested in setting up a resort on the land presently occupied by Hopwood Junior High School. All of these cases have generated very significant public opposition. More promising are proposals for casinos on Tinian. At least two stateside corporations have signed memoranda of understanding with the governor and have taken out casino licenses from the Tinian authorities. Although ceremonial groundbreaking have taken place, real construction has not. Two other casino corporations have expressed interest, but as of this writing nothing has eventuated. The governor created a stir when he suggested that after Tinian has its five casinos he would see about opening one on Saipan.

In the process of streamlining decision-making, the governor decided it would be better if the Marianas Public Land Authority (MPLA) was under his direct supervision. The MPLA board of directors had become well known for spending very large amounts of money on travel and per diem expenses. One member of the board, resident on the US mainland, was provided with a business-class round-trip ticket each time there was a meeting on Saipan.

As a result of the governor’s decision to stop paying employer contributions, the retirement fund has been forced to dip into its reserves in order to meet the biweekly payroll of over US\$2 million for its retirees. This money is supposed to be invested so the fund will be self-sustaining by the year 2020. Class-action lawsuits as

well as a lawsuit by the board of directors of the retirement fund are under consideration.

In related areas, the governor dismissed the private company running the Marpi landfill and put the operation under the direction of the Department of Public Works. He claimed it was costing too much money to operate, but some observers believe that he may eventually have to re-privatize the service. The federally funded three-hundred-bed correctional facility on Saipan was not so fortunate. It was supposed to open in the fall of 2005, and all but minor construction has been completed, but no new opening date has been announced, pending funding for operations. A new addition that doubles the total floor space of the Commonwealth Health Center, primarily for a new dialysis center, also ran out of funds for completion and staffing.

In fall 2005, an organization made up of South Vietnamese refugees and expatriates living in the United States came to Saipan to establish a program called "Safe Haven." Headed by the titular president-in-exile of the Democratic Republic of Vietnam, the group sought support from the commonwealth to receive up to six hundred girls, aged six to sixteen, who were rescued from brothels in Cambodia and Vietnam. The objective was to place them in a secure facility in Saipan, where they would receive rehabilitation, medical care, and education from Vietnamese-American volunteers. Despite the support of then Attorney General Pamela Brown, the proposal provoked a massive public outcry. People objected to the speed with which the project had been approved, and pointed out that

the girls would be essentially stateless and without passports. No further action has been taken.

The Micronesian Games took place on Saipan for one week in June and were very successful. Hundreds of athletes, staff members, trainers, and escorts from as far away as the Marshall Islands, Kosrae, and Kiribati took over the athletic fields of the island and had problem-free sports contests, with good nature and hospitality displayed by everyone. The games almost did not take place because the government felt the costs were too high. After a strong public response, generous donations from the private sector made the quadrennial meeting possible.

The governor continues to press Washington for control of the two-hundred-mile exclusive economic zone. Congress has been willing to grant control of a three-mile limit, as it does for other territories, but the governor has rejected this proposal. Because of a recent US Supreme Court decision, the federal government controls all submerged lands up to the high-water mark and extending two hundred miles from the coastline.

During the year under review, several more garment factories closed their doors. This is due to the application of the terms of World Trade Organization treaties on international trade. As of this writing, only ten factories remain. There are still an unknown number of workers from now defunct factories looking for reemployment, and others who were left stranded when the owners absconded and the bonding agencies could not meet their obligations to provide transportation home. Both the CNMI repatriation fund and the

awards from a class-action lawsuit have been exhausted.

The redeployment of 8,000 Marines from the Japanese island of Okinawa to Guam will have substantial social and economic impacts on the Marianas. In particular, there is talk of establishing a permanent training facility, probably including staff housing, on the island of Tinian, where the Department of Defense controls 17,000 acres. The people of Tinian have been complaining since the establishment of the commonwealth that they were promised a base. Now they very well might have it. If there are mixed feelings on the island about this development, it will certainly provide a shot in the arm for the CNMI economy.

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REPUBLIC OF PALAU

Major issues and events for July 2005–June 2006 included the conclusion of the second Constitutional Convention for the Republic of Palau (ROP), work of the executive and National Congress (Olbiil Era Kelulau, or OEK), various megaprojects, and relations with countries that provide needed assistance and labor to Palau.

In November 2004, President Remengesau had outmaneuvered the National Congress by using popular initiative to place five amendments on the general election ballot. The voters approved four of the president's amendments: dual citizenship, a three-term limit for OEK members, a requirement that candidates for president and vice president run jointly as a team ticket, and a requirement that

congressmen be paid via a uniform fee structure for each day of official session. An initiative calling for a one-house congress failed. Also on the November 2004 ballot, voters were asked if they desired a second constitutional convention (Con-Con), the first one having been held in 1979. A second convention would be a way for the National Congress to respond to Remengesau's initiatives.

A second Con-Con was approved by the Palauan voters in the 2004 election and the twenty-five-member convention was in session from 17 May to 15 July 2005. Of the convention's 251 proposals, the delegates approved 22 for presentation to the people for ratification in the 2008 national elections. Regarding some of the key proposals: first, the joint-ticket amendment (for the offices of ROP president and vice president) was reversed by the Con-Con, thus affirming the separate-ticket arrangement established by Palau's original constitution. Second, the term-limit amendment for congressmen could be repealed by the voters at the 2008 election but, oddly, will be in place for the 2008 election. Third, Remengesau's dual-citizenship initiative was clarified by the Con-Con thusly: "A person born of parents, one or both of whom are citizens of Palau or are of recognized Palauan ancestry, is a citizen of Palau. Citizenship of other foreign nations shall not affect a person's Palauan citizenship." Ironically, the Con-Con then changed the eligibility for running for the offices of president, vice president, and national congressman to exclude dual citizenship. Also proposed: after 31 December 2009, trial by jury would be available for cases involving a crimi-