

cost some \$70 million, with completion scheduled for late 1997. Although Chen is attempting to relocate the project from Airai to Ngiwal State, an influential Airai chief has filed suit in the Belau Supreme Court claiming the land lease is illegal.

This particular case is reminiscent of the IPSECO power plant scandal of ten years ago, and highlights the difficulty of doing foreign investment business in Belau, when clear title to land is not available and individuals seek to subvert laws, regulations, and traditional authority.

The Compact capital improvement funds have generated considerable activity in the public sector, with some 45 infrastructure projects costing over \$50 million in various stages of completion. The biggest such project, now in the design stage, is the Babeldaob road, which the United States agreed to build as part of the Compact agreement. The road is estimated to have a final price tag of some \$149 million and will circle the large island. The US Army Corps of Engineers will manage the project. The Palau Resource Institute, an indigenous organization, has been contracted for its expertise in carrying out social impact studies.

The Compact trust fund has generated an amazingly healthy 21.3 percent return on investments, growing from \$66 million to \$88 million in fourteen months. This aspect of the Compact will serve Belau well for the long term.

In the private sector, tourism numbers continue their steady increase, and projections indicate annual arrivals will reach 150,000 in a decade. Japan Airlines made an inaugural flight to Belau late in 1995 and has signed an

agreement with the government concerning the establishment of a national airline.

Although the concept of ecotourism is current in Belau, the thirst for "finder's fees" associated with large-scale hotel development is attractive to local businessmen. Thus the Palasia, Hilton, and Outrigger schemes, which sooner or later will tax Koror's water, power, and sewer systems. These developments, and other smaller ones, have contributed to substantial increases in local revenues, which are projected to reach \$19 million by the end of the current fiscal year.

All this activity bodes well for President Nakamura and his supporters in the *Olbiil Era Kelulau* (national congress) as they face reelection in November. Given the president's slim 134-vote margin of victory over Toribiong in 1992, and the campaign enthusiasm being generated by the Palau Nationalist Party, Belau's fourth general election will be the most interesting and important contest in its fifteen years of self-government.

DONALD R SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The specter of labor unrest raised its head on Saipan during the year under review. Hawai'i Hotel Union Local Number Five has been actively attempting to organize hotel workers, who are mostly from the Philippines. In the face of heavy opposition from the business community and the legislature, the National Labor Relations Board has organized several union

votes. Only one major hotel (the Hafa Adai) has voted for the union. A small restaurant has also joined, and recent efforts seem to be directed at a few karaoki clubs. The major issue is whether or not the union can promise renewal of employment contracts for nonresident workers when their employment contracts expire, when qualified local workers are available. The focus on nonresident workers is a source of some concern, given the demographics of the commonwealth and union action. The union has polarized some parts of the community against the foreign workers.

Over the past several years there have been serious allegations of labor abuse in the Northern Marianas, some of which have been confirmed. The allegations have caused serious reactions in Washington and Manila. Last year the Manila government banned the movement to the Marianas of women in "vulnerable" categories (housemaids, waitresses, entertainers, and the like). Although that ban was lifted in May after negotiations between the commonwealth governor and Manila officials, it has become much more difficult to hire Philippine citizens, who now outnumber all other ethnic groups in the Northern Marianas.

Casinos have finally made their presence felt on Tinian. None of the original five casinos authorized by a popular vote in 1989 eventuated. In 1994 a small group called Lone Star opened a storefront gambling establishment. It was not successful in attracting enough gamblers, and over the Christmas holidays of 1995 abandoned its personnel and equipment. In

the meantime, a major Chinese enterprise, Hong Kong Investment (Overseas) Limited, succeeded in getting a license. Construction began in July for an eventual five-hundred-room casino hotel to be built in two stages. Six hundred to one thousand construction workers will be working on Tinian for the first phase, which will last approximately one year. Arrangements are being made to station two large hydrofoil boats on Saipan to ferry clients to Tinian from Saipan and Guam. A second license was granted to local citizen Antonio Guerrero, who hopes to get construction under way before the end of 1996. He is also planning a five-hundred-room complex.

The whole issue of land alienation took on a new twist during 1995-96. In previous years a battle raged over the leasing of private land in alleged violation of various parts of Article 12 of the constitution. More recently the issue has been the leasing of public land for commercial purposes. Garment magnate Willy Tan signed a lease with Governor Froilan Tenorio for a piece of prime land to build a first-class shopping mall with multiplex movie theaters. Construction has been held up because of a civil action against the governor by a few citizens, who charge that the lease price is well below market value and that the governor was violating his fiduciary duty as custodian of the people's (public) land. There has been no resolution so far, but investors are now as leery of leasing public land as they earlier were about private land.

Another issue that reached a climax in 1995-96 was that of the minimum wage. As a result of federal and other

pressures, Public Law 8-20 was passed to raise the minimum wage for all categories of workers except houseworkers and farmers and fishers by thirty cents per hour per year until it reached the federal level. In December 1995 the garment and construction industries moved to block that annual increase. A panel headed by an employee of one of the garment enterprises was appointed to "study" the impact of the increase. Tempers were hot and heavy as the industries attempted to discredit community groups, including the Saipan Chamber of Commerce, and the Hotel Association, which favored the increase. The end result was a bill that raised the wages thirty cents per hour on a one-time basis for all but the garment and construction industries. Workers in those industries would get two fifteen-cents-per-hour raises over the next year. The governor then hired the prestigious Hay Group to do a professional wage study and make recommendations for legislation. The federal Department of the Interior was not pleased and attempted to get Congress to federalize the minimum wage as part of the PL 8-20 process. Congress failed to act on that measure, and it is presumed that nothing will happen until next year when the new Congress takes office.

An attempt to restore the status quo at the local level also failed, when Vice President of the Senate Paul Manglona used a brief stint as acting governor (in the absence the governor, lieutenant governor, and senate president) to veto the new legislation and declare PL 8-20 restored. He also signed into law a bill opening the way for a fiber-optic communications cable between the

Northern Marianas and Guam, legislation vehemently opposed by the governor. On his return, Governor Tenorio claimed that he had already signed the new wage bill into law, and that the veto was moot. Senator Manglona has sued the governor, and the case is still in court.

Delegates to the Third Constitutional Convention were elected in early 1995, and the convention concluded its work in October. This convention was different from both previous ones in that it proposed a complete rewrite of the whole constitution. At the referendum in March 1996, the people were faced with 19 ballot questions (one for each proposed new article) encompassing more than 180 line-item amendments. It was all or nothing on each ballot. Needless to say, all 19 proposals were rejected, nullifying all of the work of the convention, good and not so good. This left in place the original constitution as amended in 1986.

One of the most disheartening developments during the year in review was an increase in violent crime. By the end of 1995 there had been ten murders, only three of which have been solved. Most of the murders involved third-country nationals, and there is suspicion that they were the acts of either local juveniles (as in the case of a Bangladeshi security guard beaten to death), or organized Chinese crime gangs (Tongs). Armed crime is on the increase, and several arrests were made of Chinese who were beating up on their own. Many of those arrested were residing in the Northern Marianas illegally. A commonwealth law enforcement task force has been formed to work on these issues,

especially where illicit drugs are involved.

In an attempt to reduce reliance on nonresidents, legislation was passed banning employment of nonresident government workers. It resulted in massive reductions in the numbers of skilled workers, particularly in the hospitals and in education. Many of the teachers had held positions in Saipan for over ten years. Some of the workers are protesting in court, claiming discrimination. A group of about seventy mostly Filipino teachers had won a wage-discrimination lawsuit against the school system the previous year, and they are claiming that the nonrenewal of their contracts is in retribution. As a way around the law, some enterprising local businessmen have formed personnel agencies that hire nonresident workers. These companies then contract with the government to supply nursing and other skilled services.

The issue of immigration control was raised again during the year. Governor Tenorio expressed particular concern about increased numbers of migrants from the Micronesian states freely associated with the United States. Some four thousand citizens of these places, mainly from Chuuk, have come to Saipan. According to the government, the resultant demand for social services at the hospital and in the schools has caused a serious drain on local resources, which has not been adequately offset by federal "compact impact funding." Pending resolution of this issue, the governor is talking of charging students from the freely associated states a special fee to attend public school in the commonwealth.

Congressional visits were a feature of the early part of 1996. In March, Senators Murkowski (Alaska) and Akaka (Hawai'i) spent several days touring the commonwealth. They visited a garment factory, which was later described in oversight hearings as a "sweatshop" with totally unacceptable working conditions. Shortly after, at the invitation of Governor Tenorio, several key staffers of House Majority Leader Dick Armey visited to get some first-hand exposure. Representative Elton Gallegly, who was not informed about the visit, was incensed. Gallegly chairs the House Subcommittee on Native American and Insular Affairs, which has oversight responsibility for the insular areas, and has long been a critic of the Northern Marianas' immigration and minimum-wage policies.

Oversight hearings were held on 26 June in both Senate and House subcommittees. The commonwealth was allowed very limited time on the floor, and significant congressional action appears unlikely this year, including on the establishment of a nonvoting delegate position for the Northern Marianas. This initiative is supported by Gallegly, but strongly opposed by Governor Tenorio.

Perhaps the most significant events of the year were the early gubernatorial declarations for election in November 1997. In December, Tenorio, citing personal reasons, announced that he would not run for a second term as governor. But after Lieutenant Governor Jesus Borja announced his candidacy, Tenorio reversed himself and in May 1996 announced his intention to run. This left Borja hanging. The Democratic

Central Committee declared in favor of Borja, but Tenorio is fast adopting a high-profile campaign stance. On the other side, Republicans and former governors Pedro P Tenorio and Lorenzo I Guerrero declared their candidacies. Washington Representative Juan Babauta initially announced his candidacy, but withdrew a couple of months later. The campaign season is already launched and the campaign promises to be interesting and ardent.

The good news was that a new resort opened on Rota, and the new port on Saipan is already partly operational. Tourism is up to more than 600,000 visitors a year. Japanese still account for the largest number of visitors, but Korean numbers are growing fast, and there is a concerted effort to attract tourists from mainland China. Road construction continues, and the economy seems to be recovering from the depression that followed the amendments to the previous tax law that was driving businesses out of the area.

Disputes involving the estate of DHL founder and business tycoon Larry Hillblom attracted much attention in 1995–96. Hillblom disappeared in March 1995 while flying his fifty-year old amphibian airplane over the northern islands of the Marianas. The bodies of two of the plane's passengers, the pilot, and Legislative Vice Speaker Jesus Mafnas, were found in the ocean several days later. Hillblom's body was never found, but a local court declared him officially dead.

Hillblom's estate, valued at between \$450 million and \$1 billion, includes

holdings in United Micronesia Development Association (including Continental Micronesia Airlines), various overseas branches of the international courier company DHL, a bank, hotel interests, a resort in Vietnam, as well as property in the Philippines, France, and elsewhere. Because there was no current will, a probate court has taken on the responsibility of determining the division of the estate. Claimants include several children who claim Hillblom paternity; two young women who claim common law spouse status; two members of the Saudi royal family who claim the deceased promised them a part of his fortune; the University of California hospital, which claims Hillblom promised money for a medical research center after treatment following an earlier plane crash; and numerous business associates seeking various types of compensation.

SAMUEL F MCPHETRES

GUAM

The accomplishments and activities of Guam's governor, its member of congress, the controversial land trust issue, and the territory's quest for commonwealth status, were the major events on Guam during 1995–96.

In January, Governor Carl Gutierrez awarded his administration an A-plus for its first year's performance evaluation. He identified his two goals for 1996 as completing the strategic plan for implementing his Vision 2001 concept announced in November, and growing the economy. Vision 2001 requires specific action plans to