

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

When the period in review began, one of the two biggest concerns for Commonwealth of the Northern Mariana Islands (CNMI) leaders and policy-makers was the looming end of the federal CW (CNMI-only Transitional Worker) program, which provides special CW-1 visas that allow non-US citizens to work in the CNMI. Set to expire in December 2019, the CW program has provided the bulk of the workers making up the CNMI private sector, providing much-needed support to the economy. The other concern was the November 2018 general election.

During the period under review, the party in power, the local Republican Party, could feel the wind in its sails. The local economy, whose spectacular downturn started in 1998, was finally recovering. For the first time in so many years, tourist numbers were up, and there were new investors actually investing in the CNMI (US Government Accountability Office 2017). More economic activities meant more government revenue, and the issues that had bedeviled previous administrations and legislatures—the lack of funding for critical services, agencies, and outstanding obligations, among them the pension fund—could now be addressed. But, as the late veteran newscaster Eric Sevareid is widely attributed to have said, the chief cause of problems are solutions.

For some residents, their main concern was no longer the economy but “overdevelopment” (MV, 29 June 2018). For these residents, the gaudy Saipan casino, still under construction,

symbolized larger issues in the Commonwealth.

Opponents of the Saipan casino argued that voters should have been able to approve its legalization. Proponents, however, argued that the casino legalization went through the proper legal process. The casino bill was signed into law by then-Governor Eloy S Inos, who said that it was the only way to prevent the collapse of the pension fund. Opponents of the new law challenged it in court, saying that its passage violated the Open Government Act’s requirement that the legislature issue a meeting notice at least seventy-two hours before the meeting. The CNMI Legislature responded by passing another Saipan casino law that complied with the notice requirement.

Since the exclusive US\$2 billion casino license was awarded in July 2014 to Best Sunshine International, now known as Imperial Pacific International, opponents have doubted its viability. For their part, the casino owners have seemed to have a knack for attracting or creating controversies. Imperial Pacific management hired contractors from China who turned out to have brought in construction workers on tourist visas—the “quickest” way, given the federal restrictions on the hiring of guest workers (MV, 29 May 2017). This illegal activity unraveled just as quickly following the accidental death of one of the “tourists” at the casino’s construction site (MV, 3 April 2017). Imperial Pacific then did what it should have done from the get-go: It employed a US contractor who hired H2-B (employment visa) workers (MV, 16 July 2018).

In July 2017, the casino had a “soft

opening” at its still-unfinished hotel in Garapan, where it had relocated from its previous site, an area in nearby T Galleria (*MV*, 7 July 2017). Meanwhile, the remaining Chinese “tourists” hired by Imperial Pacific’s contractors staged protests near the new casino, demanding back wages and additional compensation (*MV*, 13 Dec 2017).

On Guam, the island’s legislative committee on ethics announced that it was launching a full investigation into a complaint against Guam Senator James Espaldon for facilitating a questionable US\$11.5 million generator deal, which the CNMI’s Commonwealth Utilities Corporation (CUC) ultimately had to scrap (*GDP*, 17 May 2017). The controversy over this project also resulted in CNMI Governor Ralph Deleon Guerrero (D L G) Torres’s decision to “ask” CUC board members to resign (*MV*, 15 May 2017).

In the health sector, Esther Muna, chief executive officer of the Commonwealth Healthcare Corporation (CHCC), expressed her desire to evict Pacific Health Inc (PHI), the privately owned pharmacy doing business in the CNMI’s only hospital, the Commonwealth Health Center, if PHI would not agree to a rent increase. But Muna said the governor “disagreed” with the higher amount that CHCC wanted to charge PHI (*MV*, 19 July 2017). Later, the public learned that Muna and the governor had disagreements regarding other hospital management issues.

On 6 August 2017, the CNMI’s youngest governor in history, Ralph D L G Torres, celebrated his thirty-eighth birthday at a well-attended fundraising event at a hotel (*MV*, 7 Aug 2017). A former CNMI House member and

Senate president, Torres was elected lieutenant governor in 2014 and became the CNMI’s chief executive following the death of then-Governor Eloy S Inos, age sixty-six, in December 2015 (*MV*, 30 Dec 2015).

Also in August 2017, North Korea threatened to nuke Guam after US President Trump vowed to meet Pyongyang’s threats “with fire and fury like the world has never seen” (*GDP*, 10 Aug 2017). In response, Governor Torres expressed support for the American president (*MV*, 11 Aug 2017). Back in March 2016, he endorsed Trump ahead of the US Republican Party’s local caucuses to select delegates to the Republican National Convention (*MV*, 14 March 2016). In April 2017, Trump met with the CNMI governor in the Oval Office of the White House. “This is the first governor to endorse me; he is a long time friend,” Trump was quoted as saying. “We need to do what we can to continue the economic growth in the CNMI. Take care of my friend,” the president told his then Chief of Staff Reinhold Priebus (*MV*, 6 April 2017).

In August, the governor signed a US\$20 million measure to pay land compensation owed to several local families (*MV*, 17 Aug 2017). This was among the many long-standing obligations that the government could not afford to pay after the economy crashed in 1998. In 2017, however, the government found a new funding source: the Saipan casino tax payments.

In September, CNMI Settlement Fund Trustee Joyce Tang reported to the federal court that the CNMI government was making weekly payments

of US\$1 million, partly because of increased Saipan casino gross revenue tax collected in 2016 and 2017 (*MV*, 22 Sept 2017). The Settlement Fund was created by the federal court after a global settlement agreement was reached in retiree Berry Johnson's class-action lawsuit against the CNMI Retirement Fund and the CNMI government for its failure to remit its contributions to the pension fund (*MV*, 30 Sept 2013). Under the settlement agreement, the CNMI government was required to pay 75 percent of the retirement benefits, but the additional revenue from the Saipan casino allowed the government to pay 100 percent. As of September 2017, Tang said that there were 3,035 settlement class members, including seventy-two active CNMI government employees. The CNMI Settlement Fund owns a consent judgment totaling US\$779 million, which the fund may enforce against the CNMI government in federal court if the CNMI fails to meet its obligations.

On 26 September 2017, Governor Torres signed the fiscal year (FY) 2018 budget bill, amounting to US\$236 million—the largest in CNMI history (*MV*, 27 Sept 2017). In FY 2017, the budget amounted to US\$212.6 million; in FY 2016, it was US\$183.5 million; in FY 2015, US\$170 million; FY 2014, US\$145.9 million; FY 2013, US\$133.6 million; and FY 2012, US\$120.6 million (CNMI Law Revision Commission). The FY 2019 budget amount? US\$258.1 million (*MV*, 3 April 2018).

When asked about the concern raised by Settlement Fund Trustee Joyce Tang, who warned against the risks of the CNMI government's reliance on the Saipan casino revenue,

the governor said the gaming industry was creating a ripple effect: "Property values are increasing and more tourists are arriving which benefits hotels, restaurants, stores, their suppliers and vendors, building owners, landowners and other businesses. You may say the casino is just one investment but the ripple effect it brings is huge" (*MV*, 28 Sept 2017).

In October, the governor signed another appropriation measure, amounting to US\$1.4 million for the retroactive lump-sum payments owed to 350 active and inactive employees. "[E]ven if the law said we should pay," the governor said, "if the revenue is not available we cannot still pay that obligation If our economy hasn't grown this much there is no way we could meet these obligations" (*MV*, 2 Oct 2017).

On 4 October 2017, the thirty-five-year-old Republican chairman of the House Committee on Ways and Means, Representative Angel Aldan Demapan, announced that he was running against incumbent US Congressman Gregorio Camacho Kilili Sablan, a sixty-two-year-old Independent who caucuses with US Democrats (*MV*, 5 Oct 2017). Kilili, as he is known in the Marianas, was elected as the CNMI's first delegate to the US Congress in 2008. He was reelected in 2010, 2012, 2014, and then in 2016 when he, for the first time, ran unopposed. Governor Torres expressed support for Demapan. Backed by a formidable Republican "machinery" that controls the main levers of CNMI government, Demapan is Kilili's toughest opponent yet. But Kilili is also a battle-tested politician with the ability to reach out and create coalitions.

tions that transcend party affiliations. As a political pundit might put it, the winner of the 2018 delegate race could very well be the candidate who receives the most votes.

Also in October, the US Bureau of Economic Analysis (BEA) reported that the CNMI's real gross domestic product (GDP) grew by 28.6 percent in 2016 after increasing only 3.8 percent in 2015 (MV, 17 Oct 2017). According to the BEA, "For comparison, real GDP for the U.S. (excluding the territories) increased 1.5 percent in 2016. Guam increased by 0.4 percent, while American Samoa decreased by 2.5 percent" (MV, 17 Oct 2017). The BEA also noted that this was the largest GDP increase by any US territory since the agency started calculating GDP estimates for the territories in 2002 (MV, 17 Oct 2017).

On 1 November 2017, it was reported that the autonomous CNMI Board of Education (BOE) had fired Education Commissioner Cynthia I Deleon Guerrero, who had been hired the previous year (MV, 1 Nov 2017). Deleon Guerrero was considered a more acceptable education commissioner to the governor compared to her predecessor, Rita A Sablan, who openly supported the opposition ticket in the 2014 gubernatorial election. The BOE, however, indicated that it would not work with Deleon Guerrero. In public, the governor did not raise a fuss over her firing. She was later hired by Northern Marianas College as one of its interim vice presidents (MV, 1 March 2018).

In contrast, the governor went public with his disappointment over the version of Congressman Kilili's H R 339 that became US Public Law

115-53 (MV, 2 Nov 2017). The bill's original draft would have increased the CW-1 cap for FY 2017 to 15,000 from 12,998. The bill was amended by the US Senate to add 350 CW-1 slots only; it also imposed a ban on non-resident construction workers hired through the CW program.

Meanwhile, several politicians who ran as Independents in 2016 joined the Republican Party (MV, 17 Nov 2017). On 19 November 2017, the governor announced that Senate President Arnold Indalecio Palacios would be his running mate (MV, 20 Nov 2017).

A couple of days later, the governor had to be the bearer of bad news: the US Department of Homeland Security-US Citizenship and Immigration Services (DHS-USCIS) had reduced the CW-1 cap for FY 2018 to 9,998 from 12,998 (MV, 22 Nov 2017). The CNMI government and business community had requested DHS-USCIS to reduce the cap by one visa only. But DHS said it was its "legal responsibility to make larger cuts to the CW number" while operating under the law that would end the CW program in December 2019 (MV, 22 Nov 2017). The governor urged "Congressman [Kilili] to work with me and the community to make the extension of the CW program the top priority on his agenda before it is too late" (MV, 22 Nov 2017). He also told Kilili to "stop saying" that he, the governor, supported Kilili's H R 339 (MV, 20 Dec 2017). "What was passed is not what I supported," the governor reiterated, adding, "And the outcome of H.R. 339 has devastated everyone here on island. I am very concerned because those folks that have been on island as construction workers,

gardeners, farmers, maintenance people and [others who] fall under the category of construction workers are now no longer being renewed so H.R. 339 has devastated not only the economy but also people's lives" (MV, 20 Dec 2017).

In December, former Governor Juan Nekai Babauta neither confirmed nor denied that he would run for the islands' top elective post in 2018 (MV, 19 Dec 2017). A former Republican senator and Washington representative, Babauta was governor from 2002 to 2006. He was an unsuccessful gubernatorial candidate in 2005, 2009, and 2014. He also ran unsuccessfully for US congressman in 2010.

As 2017 drew to an end, CNMI leaders said it was a good year, despite a looming workforce shortage (MV, 29 Dec 2017).

In January 2018, Governor Torres publicly criticized Esther Muna, chief executive officer of CHCC. He said he was disappointed with Muna for renovating the hospital's new outpatient pharmacy instead of purchasing new pharmacy hoods for its existing inpatient pharmacy (MV, 11 Jan 2018). When the hospital-based outpatient pharmacy opened, the governor was not among the officials who cut the ceremonial ribbon (MV, 12 Jan 2018). According to an e-mail from the chief of staff of the hospital's department of medicine, the governor had told the hospital board to fire Muna (MV, 16 Jan 2018). "As of this time," the doctor said, "they [the hospital board members], being of sound mind, have declined" (MV, 16 Jan 2018). In the CNMI House of Representatives, Republican Vice Speaker Janet Maratita introduced a bill to abolish

the CHCC and to, in its place, reestablish a public health department under the executive branch (MV, 22 Jan 2018). Hospital officials and other key personnel opposed the bill (MV, 29 Jan 2018). PHI Pharmacy, which Muna wanted evicted from the hospital, received a five-year lease extension (MV, 22 Jan 2018). The governor asked Vice Speaker Maratita to recall her bill to abolish CHCC (MV, 2 Feb 2018).

As all of this was happening, the moribund CNMI Democratic Party nominated a former mayor of Rota as its gubernatorial nominee (MV, 22 Jan 2018). Although a former president of the Republican Senate, Joseph Songao Inos, age seventy, was elected Rota mayor in 1993 as a Democrat. He failed in his reelection bid in 1997 but won a second term in 2005 on the slate of the Covenant Party, a splinter group of Republicans. He is the brother of the late former Governor Eloy S Inos, whose running mate in the 2014 elections was Ralph D L G Torres, the incumbent governor.

In February 2018, the Democrats announced that Joseph Songao Inos had withdrawn from the gubernatorial race "for personal and family reasons" (MV, 8 Feb 2018). Most of his family members were with the Republican camp.

In the same month, Bloomberg Businessweek posted a sensational article by Matthew Campbell on its website, which the governor's opponents hoped could change the trajectory of CNMI election-year politics. The synopsis of the article—titled "A Chinese Casino Has Conquered a Piece of America"—said it all: "Construction workers maimed and

killed. Millions paid to the governor's family. An impossibly lucrative gambling operation. And all on U.S. soil" (Campbell 2018). The governor and his allies said it was a politically motivated hit piece (MV, 19 Feb 2018). Among the local sources of the article were critics of the Saipan casino and former Governor Juan Nekai Babauta, who was thinking of running for governor again (MV, 19 Feb 2018).

In March, concerned citizen Jack Muna said that lawmakers and other top officials did not need a pay hike. He was reacting to the passage in the CNMI House of Representatives of two bills that would increase the salaries of executive branch officials and reestablish a special annuity for the governor and lieutenant governor. Muna said that low-income people were "struggling to buy food" while their officials were giving themselves a pay increase (MV, 1 March 2018).

Many in the opposition believed that the proposed pay hikes and the Bloomberg article were potent campaign issues—even as the administration announced the enactment of a US\$24 million supplemental budget and the reduction of the government's long-standing debts, including judgments, to US\$1 million from US\$60 million (MV, 2 March 2018).

On 5 March 2018, the CNMI's first bishop, Tomas A Camacho, passed away. He was eighty-four. A year before, two Guamanian residents had accused the bishop of raping them. His lawyer, William Fitzgerald, told the *Pacific Daily News* at the time: "Everybody in the CNMI loves Bishop Camacho and everybody's shocked, including the bishop himself about the allegations. His health is not good. He

basically lives by himself, but people take care of him" (PDN, 5 March 2018). The lawyer also said the allegations against the bishop "date back to nearly 50 years ago, making it hard to find witnesses who were present during the period alleged in the cases" (PDN, 5 March 2018).

As the year went on, there was more bad news for the CNMI. Despite pending legislation in the US Congress that would extend the CW program and increase the CW-1 cap, US Citizenship and Immigration Services (USCIS) announced that the CW cap for FY 2019 would be 4,999. The FY 2018 cap was 9,998 (MV, 22 March 2018). USCIS also said it would conduct a lottery for the FY 2019 CW-1 applications (MV, 13 April 2018). Congressman Kilili said that the "Trump administration's decision" was "terrible for the CNMI economy" and a "slap in the face of everyone in the Marianas who made the effort and expense to send CW applications" (MV, 17 April 2018). He also said that the CNMI government was "sitting on \$22.5 million that should be going to families in the Marianas who need help putting food on the table" (MV, 23 March 2018). This provoked a spirited rebuttal from Department of Community and Cultural Affairs Secretary Robert H Hunter, who accused Kilili of playing "petty politics" (MV, 23 March 2018). Before the end of March, US Senator Lisa Murkowski, the Republican chairwoman of the US Senate Committee on Energy and Natural Resources, which has jurisdiction over the territories, visited Saipan and Tinian. Senator Murkowski had introduced the CNMI Workforce Bill, which she said was likely to be signed

by President Trump if passed by both houses of the US Congress (MV, 28 March 2018).

In April, former Governor Juan N Babauta, age sixty-three, announced his independent gubernatorial bid with former Education Commissioner Rita A Sablan, age sixty-one, as his running mate. Babauta said that he and Sablan “believe that the time has come to direct the path of the Commonwealth in the right direction” (MV, 13 April 2018). Babauta’s wife is the sister of Governor Torres’s wife.

Early in May, the Commonwealth Healthcare Corporation said that its CW-1 petitions for over 100 nurses were rejected by USCIS (MV, 17 May 2018).

On 21 May 2018, another beloved CNMI figure passed away. The Commonwealth’s longest serving and only three-term governor, Pedro “Teno” Pangelinan Tenorio, was eighty-four. CNMI, regional, and US officials, as well as local politicians on both sides of the aisle, paid tribute to Teno’s accomplishments and record as public servant (MV, 22 May 2018).

In June, Saipan’s casino investor, Imperial Pacific International, sued Bloomberg and its reporters for defamation. The lawsuit was filed in Hong Kong (MV, 11 June 2018).

Following the enactment of the CNMI Workforce Bill in July (MV, 26

July 2018), which promised to ensure that the Commonwealth will continue to have access to the workers it needs, all eyes turned to the ever-changing local political scene and the fast-approaching November elections.

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