

There is still some infighting going on over the distribution of the funds and the management of the children's assets. But Judge Castro closed the books on the overall case, and most of the lawyers have packed their bags and returned to their homes. In a controversial decision, the judge also distributed some of the assets to people who had made significant contributions to the conduct of the proceedings. A law allowing the courts to retain the interest on trust funds under their care for their own use was challenged in federal court and found to be unconstitutional. The Superior Court lost some \$800,000 in interest accrued from the Hillblom trust.

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PALAU

President Nakamura, in his eighth and last year in office, was particularly busy in foreign relations during the period under review. After some considerable waiting—at least four years—he established formal diplomatic relations with the Republic of China (Taiwan) and received its first ambassador to Palau, Clark Chen. In May, the president led a large delegation sponsored by Taiwan to the inauguration of the newly elected Chen Shui-bian and Annette Lu as Taiwan's president and vice president, respectively. Coming on the heels of the new diplomatic recognition was a grant to Palau of \$10 million, with references to another \$90 million "in the pipeline" (*Tia Belau*, 16–22 April 2000, 14). Nakamura also chaired both the Palau meeting of the South Pacific Forum and the Pacific Islands Leaders Meet-

ing summit in Japan and performed superbly at both as chair.

In mid 2000, Nakamura traveled to Japan to attend the funeral of former prime minister Keizo Obuchi. It was Obuchi's government that provided Palau with some \$33 million for a new Koror-Babeldaob bridge and a coral reef research center now under construction. Nakamura continued to cultivate the generosity of the Japanese in recent requests for aid to construct a new air terminal building; a national capital facility in Melekeok State, located in central east-coast Babeldaob; a coral reef road for Koror town, which now confronts work-day traffic jams; and the establishment of a Koror-Tokyo sister-city relationship. The Japan International Cooperation Agency agreed to fund yet another development study to determine the best ways to expand Palau's local economy. In the role of statesman, President Nakamura made a plea for international leaders to pressure the Fiji coup leaders to end the crisis that began on 19 May.

Despite these considerable achievements in the international arena, Nakamura could not escape the snags of local politics and problems. He indicated that he would announce the "anointed one," the presidential candidate he supported as his successor, but this took some time. Given that campaign politics are Nakamura's specialty, subtleties emerged, such as the first lady's attendance at Vice President Remengesau's first big campaign rally prior to the announcement in favor of him in late June. What is worrisome is the perceived abuse of power and alleged illegality that cast gray clouds over the Nakamura presi-

dency. Reportedly, the president got caught up in the Pam Pacific garment factory's request for a foreign investment permit by sending policemen to fetch members of Palau's Foreign Investment Board to attend a meeting where the company's permit was approved. Disclosure of this at a Senate hearing by the board's attorney, Sam Cooper, led to his sacking (*Tia Belau*, 16–31 March 2000, 2). The American lawyer for the board was also terminated.

After some initial skepticism regarding allegations of illegal banking activities in Palau, Nakamura stated in mid-year that concerns had been raised by the Bank of New York and the Deutsche Bank that one of four banks listed in Palau with some local ownership had some involvement in questionable money-laundering activity to the tune of \$1.7 billion. The president sent a high-level delegation led by Vice President Remengesau to New York to talk with banking officials about their charges. If this situation is not contained and ended, the IPSECO electric power plant scandal of the mid-1980s, which Palau survived thanks to the efforts of Nakamura, will look like child's play in comparison.

A Nakamura cabinet member, Minister of Justice Elias Chin, came under fire for allowing John O Ngiraked, convicted of master-minding the assassination of Palau's first president, Haruo Remeliik, to roam Koror's restaurants under the pretense of writing a history book. Further, one of the justice minister's relatives was charged as a major illegal drug trafficker (*Tia Belau*, 18–25 May 2000, 1). And just when the Senate's suit against Presi-

dent Nakamura and three other top executive-branch officials seemed to be over, the Senate filed for a rehearing. The Appellate Division of Palau's Supreme Court had ruled that the president and other officials were in violation of the Palau Constitution for spending funds in fiscal year 1995 that had not been appropriated by the national congress. This amounted to some \$644,000, and the Senate found the appellate decision, which was in their favor, unacceptable because the funds were not recovered.

Another situation that reflects negatively on the republic's international reputation is the continued abuse of foreign laborers. An ongoing case being pursued by attorney Mark Doran on behalf of four Filipinas may result in the Palau Labor Office being found in violation of basic human rights. This would be most unfortunate for Palau as the youngest member of the United Nations.

As the republic's fourth elected president, Nakamura has carved out his place in Palau's history as a great president. He resolved the IPSECO debt problem, completed the compact agreement with the United States thus regaining Palauan sovereignty and a new political status, responded effectively to individual and infrastructure calamities, brought Palau into the United Nations, kept the domestic peace, represented Palau with distinction on the international scene, and garnered hundreds of millions of dollars of grant and loan aid from Japan and Taiwan.

The *Olbiil Era Kelulau*, Palau's bicameral national congress, became a center of controversy regarding the Code of Ethics bill, which the con-

gress finally passed in August 1999. In April 2000, the sixteen-member House of Delegates, which generated to the code, attempted to rescind or void it in late-night sessions without soliciting input from the public. The code requires, among other things, that candidates for office make disclosure statements regarding their financial interests. It also prohibits foreign nationals from making direct or indirect contributions to candidates or in support or opposition of a national or state ballot measure. The attempt by leaders of the House to pull back the code resulted in a storm of public protest, and the effort was soundly rejected by the senators, who were cast in the hero's role. This miscalculation, coming soon after public and media criticism regarding the extravagant spending some legislators have engaged in for overseas travel—valued at some \$540,000 for calendar 1999—has raised serious questions about the motives of some congressmen. The mood of "Let's throw those bums out" that ran high during the code of ethics controversy still lingers and may affect the results of the November elections.

National elections, held every four years, are very important in Palau. A primary in late September will reduce the field of five presidential candidates to two. Those five are Tommy Remengesau, the current vice president; Peter Sugiyama, senator; Billy Kuartei, current minister of education in the Nakamura cabinet and a reverend in the local Lutheran church; Senator Santos Olikong, a former minister of state and holder of the distinguished Rubasech title of Koror; and newcomer Ben Roberto, former governor

of Angaur State. Candidates for the vice presidency are Senator Sandra Pierantozzi and Delegate Alan Seid. Since there are only two, a primary will not be needed. Pierantozzi is very popular and lost in her 1992 bid for the vice presidency by just 320 votes. Seid, a nephew of his opponent, has put together a number of high-value foreign investment arrangements and campaigns in a high-profile style, but also came under criticism for leading the effort to rescind the code of ethics law.

Given that the Senate went through its third reapportionment, the competition for November 2000 will be fierce for just nine seats filled on an at-large basis. Many aspiring newcomers and incumbents are running for the Senate because the results are indicative of the candidates' popularity on an all-Palau basis, a gauge for a future run for the presidency. All sixteen seats in the House of Delegates (one representative for each of Palau's small states) will be up for election with the current speaker, Ignacio Anastacio, throwing his hat into the senate race after twenty years in the House.

The massive fifty-three-mile Babeldaob circle-road construction project funded by compact moneys is under way but not without handicaps of criticism and foul weather. Daewoo's construction work and heavy rains have caused a deterioration of existing roads that has led to complaints. The Kajima construction company of Japan is doing well on a new permanent bridge linking Koror to Babeldaob. After a number of failed attempts at golf course construction in Palau over the years, it appears a

\$20 million golf course project may become a reality in Aimeliik State, where there is no conflict over land ownership—at least for now. Delegate Alan Seid is brokering the deal that involves investors from Japan, the United States, and Taiwan. Permits for the project are yet to be secured from Palau's Foreign Investment Board and environmental quality office. A high quality golf course would likely increase tourism to Palau from Japan and Taiwan.

One long-time observer of Palau, P F Kluge, has termed the contemporary period in Palau the "age of the deal," referring to foreign investment arrangements like Seid's golf course scheme in Aimeliik, where benefits to the individual far outweigh those to the community. It appears, however, that more deals go sour than succeed, at least at present.

Among the floundering deals is the Pam Pacific garment factory project, which caused embarrassment for both House Speaker Anastacio and President Nakamura. The Bank of Micronesia failure resulted in a suit by the Palauan depositors and remains unsettled. The Kuniyoshi Fishing Company suit filed by Palau's special prosecutor was finally resolved after a year of debate when the company paid an \$8,000 fine. Nakamura Cabinet Minister Melairei was also fined \$1,000 for his involvement in the fishing company's unlicensed fishing activity in Palau's waters. Further, individuals who are members of the land authorities of two of Palau's largest states, Koror and Airai, have experienced harsh criticism for placing private gain above concern for the good of the community. A suit claim-

ing violation of the Airai State Constitution and national and state laws with respect to the pocketing of \$500,000 has been filed against the former Airai governor and two of his associates. In Koror, high-ranking land authority officials have been questioned about conflicts of interest concerning the development of a rock quarry.

On 16 October 1999, Palau endured another tragic accident when a boat carrying nineteen passengers went out of control and slammed against a rock island at full throttle. Two people were killed on impact and all the others were injured. Last year, nine people died in the crash of a small plane and in 1996, five Paluans were killed and ten injured in a head-on collision of two speed boats near Ngardmau State.

Palau also lost three of its leading citizens at mid-year to natural causes. Roman Tmetuchl died at age seventy-three. He was a man of extraordinary talent and vision who convinced the United States in 1977 that Palau should negotiate a political status separate from the other political-ethnic entities making up the former Trust Territory of the Pacific Islands. Tmetuchl, holder of the traditional title Ngiraked, was a member of the Congress of Micronesia from 1965 to 1978, and although he was unsuccessful in three runs for the Palau presidency, he excelled in community affairs, church activities, and business, amassing assets of some \$30 million. Another member of the old Congress of Micronesia, Isidoro Rudimch, president of the Senate of the Palau National Congress, died suddenly at age fifty-nine. He was a leading entre-

preneur in Koror. Fumio Rengiil, who carried the traditional title Uchelsias, died at age eighty-five. He was, like Rudimch and Tmetuchl, a successful businessman and legislator. Each of these men contributed to the building of Palau's political economy, especially Tmetuchl.

Events and social forces unifying Palau and giving the people a sense of pride and direction include the conference of Micronesian traditional leaders, the selection of a Palauan environmentalist as a hero, and Palau's participation in the Olympic torch relay. The conference of traditional leaders of Micronesia was the first ever organized and included traditional or elected leaders from ten jurisdictions. In a solemn and moving ceremony held on an ages-old stone platform in Melekeok, one of Palau's four high villages, the leaders signed a seven-point declaration defining a three-year agenda for the region's leaders.

Palau's Noah Idechong was selected by *Time* magazine as one of the millennium's eight "Heroes for the

Planet." This prestigious recognition came for Idechong's revitalization of traditional conservationist knowledge in the form of Palau's Marine Protection Act and for the preservation of numerous marine species in the islands' waters. One hundred Palauans, including Ngiraked Johnson Toribiong, newspaper publisher Moses Uludong, Vice President Tommy Remengesau, and champion sprinter Daniel Adachi, carried the Olympic flame in an impressive relay around Airai and Koror on 23 May 2000. The Republic of Palau is the Olympic movement's two-hundredth member, and the Sydney Organizing Committee assisted the Palau National Olympic Committee in carrying out the event. The passing of the Olympic flame was enormously successful and demonstrated Palauan unity and uniqueness.

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